



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

**VILLAGE COUNCIL OF BETHANIE**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Published by authority

Price (Vat excluded) N\$ 37.50  
Report no: 87/2015

**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 Bethanie 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, November 2015**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

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

---

**1. Report on the Financial Statements**

**1.1 INTRODUCTION**

This report on the accounts of the Bethanie Village Council for the financial year ended 30 June 2014 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and provisions set out in the State Finance Act, 1991 (Act 31 of 1991), read with the Local Authorities Act, 1992 (Act 23 of 1992).

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

I certify that I have audited the accompanying financial statements of Bethanie Village Council for the financial year ended 30 June 2014. These financial statements comprise of the following statements submitted for the year then ended:

Annexure A: Balance Sheet  
Annexure B: Income Statement  
Annexure C: Cash flow Statement  
Annexure D: Notes to the 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 they were only submitted on 18<sup>th</sup> February 2015 instead of three months after the end of the financial year as stipulated in the Act.

The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as: 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 87 (1) of the Local Authorities Act 1992, (Act 23 of 1992), 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 audit opinion.

## **4. ACKNOWLEDGEMENT**

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

## **5. KEY AUDIT FINDINGS**

### **5.1 Overstatement of expenditures**

Auditors noted that expenditures were overstated by unexplained transfers and capital projects expenditures amounting to N\$ 191 357 and N\$ 1 506 688 respectively.

### **Recommendation**

It is recommended that the Council should record transactions to their appropriate class of accounts in the financial statements to avoid misstatements.

## **5.2 Overstatement of the Bank overdraft**

Auditors noted that the current account with an overdraft balance of N\$ 381 952 was overstated with an amount of N\$ 178 511. This is as a result of incorrect bank reconciliation which was performed at year end.

### **Recommendation**

It is recommended that bank reconciliation should be performed properly at year end, to avoid misstatements in the financial statements.

## **5.3 Undisclosed Bank accounts**

Auditors observed that some bank accounts for the Council, totalling to N\$ 56 471 were not disclosed in the financial statements.

### **Recommendation**

It is recommended that the Council should ensure that all the bank accounts are properly disclosed in the financial statements.

## **5.4 Unexplained Control account**

During the audit, it was observed that creditors were overstated with an amount of N\$ 66 506, which could not be explained and no supporting documents were provided for audit purposes.

### **Recommendation**

The Council is recommended that it should provide supporting documents for audit purposes and explain why the creditors were overstated.

## **5.5 Unreconciled balances for accrued creditors**

At the time of the audit, it was noted that balances for accrued creditors amounting to N\$ 2 261 622, which were disclosed in the financial statements for the year under review, were the same balances as the previous year, although payments were made to creditors.

### **Recommendation**

The Council is recommended that it should review creditor's balances and take corrective action to ensure that proper reconciliations are performed to reflect correct balances in the financial statements.

## **5.6 None submission of supporting documents**

During the audit, the Council could not provide proper supporting documents to verify the balance for external loans payable to the Government amounting to N\$ 1 323 359 as disclosed in the financial statements. Furthermore, a difference of N\$ 625 890 was noted between the amount disclosed in the financial statements and a confirmation received from the Ministry of Finance.

### **Recommendation**

The Council is recommended that it should provide supporting documents in regard to Government loans for audit purposes.

## **5.7 Understatement of Livestock**

At the time of the audit, livestock inventory in the financial statements at year end was understated with an amount of N\$ 225 250.

### **Recommendation**

The Council is recommended that livestock inventory should be disclosed in the financial statements at fair value.

## **5.8 Understatement of Income**

During the audit it was observed that the Council received income in advance from the Road Fund Administration amounting to N\$ 175 464 that was not recorded in the financial statements. Furthermore revenue from NATIS was understated by N\$ 178 279.

The Council could also not provide explanations for adjustments amounting to (N\$ 1 794 730).

### **Recommendation**

The Council is recommended that all income received should be recorded and adjustments should be adopted and explained.

## **5.9 Build Together loans**

During the audit it was noted that the Council made unexplained adjustments to the Build Together loans repayment amounting to N\$ 296 394. Furthermore a difference of N\$ 46 628 was noted between the repayments in the FINSTEL system report and the financial statements.

### **Recommendation**

The Council is recommended to ensure that supporting documents, explanations of adjustments for all balances disclosed in the financial statements are provided for audit purposes.

### **5.10 Provision for doubtful debts**

At the time of the audit, auditors found that, provision for doubtful debts was understated by N\$ 3 649 978. The Council does not have proper debt collection methods in place, and it could also not provide supporting documents to verify Other Receivables amounting to N\$ 139 605.

#### **Recommendation**

The Council recommended that adequate provision should be provided in accordance with an applicable policy, and effective debts recovery methods should be implemented.

### **5.11 Overstatement of Salaries and Wages**

Auditors noted a material difference of N\$ 123 078 between the final earning report and the annual financial statements.

#### **Recommendation**

The Council is recommended to ensure that account balances are correctly disclosed in the annual financial statements.

### **5.12 Non-disclosure of Depreciation**

Auditors noted that the Council did not disclose depreciation charged for the year under review in the financial statements; as a result, expenses were understated.

#### **Recommendation**

The Council is recommended to ensure that depreciation is correctly charged on assets and disclosed in the financial statements.

## **6. BASIS FOR DISCLAIMER OF AUDIT OPINION**

- Overstatement of expenditure amounting to N\$ 1 698 045;
- Overstatement of the bank overdraft amounting to N\$ 178 511;
- Undisclosed bank accounts amounting to N\$ 56 471;
- Unexplained control account with an amount of N\$ 66 506;
- Unreconciled balances for accrued creditors amounting to N\$ 2 261 622;
- Inadequate supporting evidence for instalments on Government loans of N\$ 1794 730
- Understatement of the livestock amounting to N\$ 225 250;
- Understatement of the income amounting to N\$ 353 743;
- Unexplained adjustments made to sundry recoveries;
- Unexplained adjustments made to the Build Together loans repayment account amounting to N\$ 296 394;
- The provision for doubtful debts is understated with an amount of N\$ 3 649 978;
- There were no supporting documents to verify other receivables amounting to N\$ 139 605;
- Overstatement of salaries and wages by N\$ 123 078; and
- Non-disclosure of depreciation, resulting in the understatement of expenditure.

## **7. DISCLAIMED AUDIT OPINION**

The accounts of the Bethanie Village Council for the financial year ended 30 June 2014, summarised in Annexures A to D, were audited by me in terms of Section 85 of the Local Authorities Act, 1992, Act 23 of 1992 read with Section 25(1) (b) of the State Finance Act, 1991, Act 31 of 1991).

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, **I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.** Accordingly, I do not express an opinion on the financial statements.

**Windhoek, November 2015**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



## 8. FINANCIAL RESULTS

	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus/ (deficit)</b>	<b>Balance</b>
	N\$	N\$	N\$	N\$
Accumulated Surplus as at 01/07/2013				290 566
<b>General accounts</b>				
Non-profitable	2 100 581	3 808 569	(1 707 988)	
Self-supporting	2 905 707	3 400 819	(495 112)	
<b>Trade accounts</b>				
Water supply	929 818	1 029 397	(99 579)	
Electricity supply	3 393 926	2 168 256	1 225 669	
	9 330 032	10 407 041	(1 077 009)	
Deficit for the year				(1 077 007)
Adjustments and utilisations (See Note 10, Annexure D)				1 209 015
Accumulated surplus/ (deficit) 30/06/2014				<b>422 574</b>

## 9. CURRENT BANK ACCOUNT

	<b>2014</b>	<b>2013</b>
	N\$	N\$
Cash-book balance at 30 June	*(381 952)	(429 393)
Outstanding cheques	292 696	498 474
Unexplained difference	-	33 795
Balance as per bank statement	<b>89 256</b>	<b>102 876</b>

\* As explained on paragraph 5.2 the bank overdraft is overstated by N\$ 178 511.

## 10. INVESTMENTS AND INTEREST PROCEEDS

At 30 June 2014 an amount of N\$ 56 471 (2013: N\$ 37 814) was invested at financial institutions, as follows:

	<b>2014</b>	<b>2013</b>
	N\$	N\$
Investments were allocated to the following Funds:		
Build Together Fund	-	-
Revenue Fund	*56 471	37 814
	<b>56 471</b>	<b>37 814</b>

\*Figure of investment bank accounts not included in the financial statements.

## 11. FUND ACCOUNTS

The position of the Fund accounts at the end of the financial year is shown in Note 2 of Annexure D.

## 12. TRADE ACCOUNTS

12.1 The results of operations of electricity are as follows:

	<b>2014</b>	<b>2013</b>
	N\$	N\$
Sales	3 283 308	2 913 490
Cost of bulk purchases	(1 584 916)	(1 552 047)
<b>Gross profit</b>	<b>1 698 392</b>	<b>1 361 443</b>
Expenses (net)	(472 723)	(186 827)
<b>Net surplus</b>	<b>1 225 669</b>	<b>1 174 616</b>
Gross profit on sales	51.7%	46.7%
Net profit percentage on sales	37%	40.3%

## 12.2 Electricity distribution:

Electricity distribution results, in kilo watt hours (Kw/h) are as follows:

	<b>Electricity</b>	
	<b>2014</b>	<b>2013</b>
	Kw/h	Kw/h
Units sold for the year	2 440 000	1 633 399
Units purchased during the year	(2 571 000)	(2 025 270)
<b>Distribution loss</b>	<b>(131 000)</b>	<b>(391 871)</b>
Loss as percentage of units sold	(5.95%)	(24%)

### 12.3 Water distribution:

The results of operations of water are as follows:

	<b>2014</b>	<b>2013</b>
	N\$	N\$
Sales	826 445	1 133 944
Cost of bulk purchases	615 345	(377 966)
<b>Gross profit</b>	211 100	755 978
Expenses (net)	(310 680)	(465 647)
<b>Net surplus/(deficit)</b>	<b>(99 580)</b>	<b>290 331</b>
Gross profit sales	25.5%	66.7%
Net surplus/deficit percentage on sales	(12%)	25.6%

### 12.4 Water distribution:

Water distribution results, in cubic metres (m<sup>3</sup>), are as follows:

	<b>Water</b>	
	<b>2014</b>	<b>2013</b>
	m <sup>3</sup>	m <sup>3</sup>
Units sold for the year	101 047	84 131
Units purchased during the year	(98 130)	(106 273)
<b>Distribution loss</b>	<b>2 917</b>	<b>(22 142)</b>
Loss as percentage of units sold	2.97%	(26.3%)

## 13. SELF-SUPPORTING SERVICES

The net results of self-supporting services are as follows:

	<b>Income</b>	<b>Expenses</b>	<b>Surplus/(Loss)</b>	<b>Surplus/(Loss)</b>
	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>
	N\$	N\$	N\$	N\$
Natis	208 419	335 291	*(126 872)	68 061
Street and roads	350 000	465 344	*(115 344)	(322 587)
Town lands	185 492	390 576	*(205 084)	(221 652)
Parks and recreation	1 000 000	1 192 846	*(192 846)	(1 219)
Health Services	-	15 000	*(15 000)	-
Cleansing services	1 161 796	1 001 762	160 034	71 343
	<b>2 905 707</b>	<b>3 400 819</b>	<b>(495 112)</b>	<b>(406 054)</b>

\* Council should put measures in place to make these services self-supporting.

#### **14. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE**

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

#### **15. SUSPENSE ACCOUNTS**

No transactions were accounted for in suspense accounts during the financial year under review.

#### **16. IRREGULARITIES AND LOSSES**

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

#### **17. CAPITAL PROJECTS**

The following capital expenditure was incurred during the financial year under review:

<b>Nature of projects /acquisitions</b>	<b>2014 Expenditure</b>	<b>2013 Expenditure</b>
	N\$	N\$
General administration	415 269	160 074
Cleansing services	344 037	-
Water	17 049	725 163
Parks	1 065 217	-
<b>Total</b>	<b>1 841 572</b>	<b>885 237</b>

#### **18. BURSARIES**

No bursaries were granted during the financial year under review.

#### **19. CONTRIBUTIONS, GRANTS AND FINANCIAL AID**

	<b>2014</b>	<b>2013</b>
	N\$	N\$
Contribution from Government	3 102 319	4 229 160
	<b>3 102 319</b>	<b>4 229 160</b>

#### **20. COMPENSATION PAYMENTS**

No compensation payments were made during the financial year under review.

#### **21. VISITS TO FOREIGN COUNTRIES**

There were no such visits during the financial year under review.

## 22. CLAIMS AGAINST THE LOCAL AUTHORITY

No claims against the Local Authority were made during the financial year under review.

## 23. GIFTS / DONATIONS BY/TO THE LOCAL AUTHORITY

No grants and donations were given by/ to the Local Authority during the financial year under review.

## 24. TRANSFER OF PROPERTY TO / FROM GOVERNMENT

No properties were transferred to or from the Government during the financial year under review.

## 25. TRADE AND OTHER RECEIVABLE/PAYABLES

**25.1 Trade and other receivables** at 30 June 2014 comprise the following:

	<b>2014</b>	<b>2013</b>
	N\$	N\$
Services	5 142 049	4 580 988
Consumer deposits	(13 922)	(16 673)
Build Together advances	5 497 992	5 747 759
Receiver of revenue - VAT	268 408	522 108
Sundry receivables	139 605	139 608
Less: Provision for bad debts	(553 076)	(553 076)
	<b>10 481 056</b>	<b>10 420 714</b>

**25.2 Trade and other payables** at 30 June 2014 comprise the following:

	<b>2014</b>	<b>2013</b>
	N\$	N\$
Trade payables	442 409	2 261 622
Provisions: - Leave	101 314	101 314
- Accrued Creditors	2 261 622	-
- Control account	66 506	-
Arrear instalments on Government loans	1 323 359	1 323 359
	<b>4 195 210</b>	<b>3 686 295</b>

## 26. ASSESSMENT RATES

	2014	2013
Net proceeds from assessment rates	N\$ 513 879	N\$ 234 796
Tariffs per N\$ 1 valuation per annum - Business Valuation per annum		
- Land	0.0145	0.0141
- Improvements	0.0196	0.0196
Tariffs per N\$ 1 valuation per annum - Residential Valuation per annum		
- Land	0.0141	0.0138
- Improvements	0.0196	0.0196

## 27. LOANS

### 27.1 External loans

External loans payable to the Government of Namibia amounting to N\$ 277 275 (2013: N\$ 289 497) were outstanding at year-end. Instalments in arrears amounted to N\$ 1 323 360 (2013: N\$ 1 323 360).

### 27.2 Internal loans

Internal loans advanced or received during the financial year under review amounted to N\$ 12 853.

### 27.3 Housing loans

The amount advanced in favour of housing loans under the Build Together Programme are reflected at N\$ 5 497 992 (2013: N\$ 5 747 759).

## 28. SALE OF ERVEN

During the current financial year, cash proceeds to the value of N\$ 22 700 (2013: N\$ 27 734) were received for erven sold and allocated to the Revenue Fund.

## 29. PROPERTY SOLD ON INSTALLMENT BASIS

No details of houses that were sold on an instalment basis during the financial year under review could be provided.

## 30. TARIFF ADJUSTMENTS

Tariff adjustments were in accordance with the relevant Official Government Gazette.

### 31. APPROVALS

Approvals for all over expenditure were obtained.

### 32. STOCK AND EQUIPMENT

#### 32.1 Motor vehicles

	Passenger Vehicles, LDV's and Kombi's		Heavy Vehicles Lorries, Trucks, Tankers	
	Number	Value	Number	Value
		N\$		N\$
On hand 01/07/2013	7	1 713 408	9	961 601
Upgrading		41 471		
Sub Total	7	1 754 879	9	961 601
Depreciation		342 682		228 720
On Hand 30/06/2014	<b>7</b>	<b>1 412 197</b>	<b>9</b>	<b>732 881</b>

The Council inventory of vehicles balanced with extract of NATIS and asset register.

#### 32.2 Inventory

Inventory comprising of livestock amounted to N\$ 603 400 (2013: N\$ 526 000).

#### Biological assets/ Livestock

2014	Opening balance	Births	Purchases	Transfers in/ (out)	Death	Sales	Total
Bulls	1	-	-	2	-	-	3
Goats	183	27	-	-	29	19	162
Cows	81	-	12	(9)	5	-	79
Calves (< 1 year)	15	11	-	-	-	-	26
Other (Ram)	1	-	-	-	-	-	1
<b>TOTAL</b>	<b>281</b>	<b>38</b>	<b>12</b>	<b>7</b>	<b>34</b>	<b>19</b>	<b>271</b>

	<b>2014</b>	<b>Fair Value</b>	<b>2013</b>	<b>Fair Value</b>
	<b>Quantity</b>	<b>N\$</b>	<b>Quantity</b>	<b>N\$</b>
Goats	162	750 = 121 500	184	*
Sheep	-	-	-	*
Bulls	3	7000 = 21 000	1	*
Cows	79	5000 = 395 000	81	*
Calves (< 1 year)	26	2500 = 65 000	15	*
Other (Ram)	1	900 = 900	-	*
<b>TOTAL</b>	<b>271</b>	<b>603 400</b>	<b>281</b>	<b>*</b>

	<b>2014</b>	<b>2013</b>
	<b>N\$</b>	<b>N\$</b>
<b>Opening balance</b>	281	*
<u>add</u> Purchases/new Born/Stray animals	50	*
<b>sub Total</b>	331	*
<u>less</u> Disposals/Sales/Death/Donation	60	*
<b>Closing Balance</b>	<b>271</b>	<b>*</b>

\* The Council could not provide the information.

- 13 Cows were delivered but could not be accounted for.
- Theft case; CR 15/08/2013 was opened, but no progress has been made, still under investigation.

### **33. SPECIAL INVESTIGATIONS**

No special investigations were carried out during the financial year under review.

### **34. INTERNAL AUDIT & AUDIT COMMITTEE**

No internal auditing was done, and no internal Audit Committee exists.

### **35. GENERAL**

#### **35.1 Internal Controls**

The accounting and internal controls applied by the Council are satisfactory, except where indicated in this report. Proper segregation of duties is feasible but hindered by the small number of staff employed.

### **36. FORMAL AND INFORMAL QUERIES**

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

**36.2** Informal queries were discussed with management.



## VILLAGE COUNCIL OF BETHANIE

## BALANCE SHEET AS AT 30 JUNE

	<b>Notes</b>	<b>2014</b>	<b>2013</b>
		N\$	N\$
<b>ASSETS</b>			
<b>Non-current assets</b>		15 314 672	16 885 488
Property, plant and equipment	3	15 314 672	16 847 673
Investments	4	-	37 815
<b>Current assets</b>		10 859 206	10 947 314
Accounts receivable	5	10 481 056	10 420 714
Inventories - livestock	8	378 150	526 600
<b>TOTAL ASSETS</b>		<b>26 173 878</b>	<b>27 832 802</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Funds</b>		21 319 441	23 427 617
Capital outlay	2.1	14 992 235	16 513 015
Funds and accounts	2.2	6 327 206	6 914 602
<b>Non-current liabilities</b>			
Long-term liabilities	7	277 275	289 497
<b>Current liabilities</b>		4 577 162	4 115 688
Accounts payable	6	4 195 210	3 686 295
Bank Overdraft	9	381 952	429 393
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26 173 878</b>	<b>27 832 802</b>

## VILLAGE COUNCIL OF BETHANIE

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
		N\$	N\$
INCOME		9 330 032	10 325 455
EXPENDITURE		<u>(10 407 039)</u>	<u>(7 899 768)</u>
NET OPERATING DEFICIT		(1 077 007)	2 425 687
INVESTMENTS INTEREST EARNED		<u>-</u>	<u>197</u>
NET SURPLUS/(DEFICIT)		(1 077 007)	2 425 884
ADJUSTMENTS/APPROPRIATIONS	10	1 209 015	(2 064 466)
NET SURPLUS/(DEFICIT) FOR THE YEAR		<u>132 008</u>	<u>361 418</u>
APPROPRIATION ACCOUNT AT THE BEGINNING OF THE YEAR		<u>290 566</u>	<u>(70 852)</u>
APPROPRIATION ACCOUNT AT THE END OF THE YEAR		<u><b>422 574</b></u>	<u><b>290 566</b></u>

## VILLAGE COUNCIL OF BETHANIE

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	<b>Notes</b>	<b>2014</b>	<b>2013</b>
		N\$	N\$
Cash receipts from customers		9 330 032	10 325 455
Cash paid to suppliers		(11 604 747)	(10 237 159)
<i>Cash generated/(utilised)by operations</i>	11	(2 274 715)	88 296
Investments income		-	197
<i>Net cash flows from operating activities</i>		(2 274 715)	88 493
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		1 570 816	(1 205 809)
Decrease/ (Increase) in property, plant and equipment		1 533 001	(1 504 757)
Decrease/ (Increase) in investments		37 815	298 948
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		789 155	767 040
Decrease in long-term loans		(12 221)	(12 221)
Increase in capital outlay		1 520 780	1 516 981
(Decrease)/Increase in funds		(719 404)	(737 720)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		47 441	(350 279)
Cash and cash equivalents at the beginning of the year		(429 393)	(79 117)
Cash and cash equivalents at the end of the year		<b>(381 952)</b>	<b>(429 393)</b>

## VILLAGE COUNCIL OF BETHANIE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2014

---

**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.

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 estimation recoverable amount, the assets or cash generating units are written down to their recoverable.

**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 market instruments, net of bank overdrafts. On the balance sheet, bank overdrafts are included in current liabilities.

**1.4 Fixed Property Fund**

Proceeds from the sale of land that has been developed by the Village Council accumulates in this Fund. Cost incurred on the development of land is charged to this Fund.

**1.5 Housing Fund**

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

**1.6 Capital Reserve Fund**

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

## VILLAGE COUNCIL OF BETHANIE

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

	<b>2014</b>	<b>2013</b>
	N\$	N\$
<b>2. FUND ACCOUNTS</b>		
<b>2.1 Capital outlay:</b>		
Contribution from:	14 992 235	16 513 015
Loans redeemed	121 325	109 103
Revenue contributions	7 904 924	8 350 435
General capital contributions	6 965 986	8 053 477
<b>2.2 Funds</b>	6 327 206	6 914 602
Capital Reserve Fund	1 327 266	1 327 266
Student Loan Fund	12 853	-
Built Together Fund	4 564 513	5 296 770
Accumulated surplus (deficit)	422 574	290 566
<b>TOTAL FUNDS</b>	<b>21 319 441</b>	<b>23 427 617</b>
<b>3. FIXED ASSETS</b>		
Infrastructure, land and buildings, motor vehicles, office equipment, furniture and fittings and computer equipment.	<b>15 314 672</b>	<b>16 847 673</b>
Financed from:		
Revenue account	15 314 672	16 847 673
	<b>15 314 672</b>	<b>16 847 673</b>
<b>4. INVESTMENTS</b>		
Commercial banks	*56 471	37 815
	<b>56 471</b>	<b>37 815</b>
<b><u>Allocated as follows:</u></b>		
Build Together Fund	-	-
Revenue Fund	*56 471	37 815
	<b>56 471</b>	<b>37 815</b>

\*Figure of investment bank accounts not included in the financial statements.

## VILLAGE COUNCIL OF BETHANIE

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

	<b>2014</b>	<b>2013</b>
	N\$	N\$
<b>5. TRADE AND OTHER RECEIVABLES</b>		
Services	5 142 049	4 580 988
Consumer deposits	(13 922)	(16 673)
Built Together advances	5 497 992	5 747 759
Receiver of revenue – VAT	268 408	522 108
Other	139 605	139 608
Less: Provision for bad debts	(553 076)	(553 076)
	<b>10 481 056</b>	<b>10 420 714</b>
<b>6. TRADE AND OTHER PAYABLES</b>		
Trade payables	442 409	2 261 622
Provisions - Leave	101 314	101 314
- Accrued creditors	2 261 622	-
- Control account	66 506	-
Arrear instalments on Government loans	1 323 359	1 323 359
	<b>4 195 210</b>	<b>3 686 295</b>
<b>7. LONG-TERM LIABILITIES</b>		
External loans	277 275	289 497
	<b>277 275</b>	<b>289 497</b>
<b>8. INVENTORIES</b>		
Livestock	378 150	526 600
	<b>378 150</b>	<b>526 600</b>
<b>9. BANK OVERDRAFT</b>		
Current bank account	(381 952)	(429 393)
	<b>(381 952)</b>	<b>(429 393)</b>

## VILLAGE COUNCIL OF BETHANIE

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

	<u>2014</u>	<u>2013</u>
	N\$	N\$
<b>10. ADJUSTMENTS AND UTILISATIONS</b>		
Prior year adjustments	1 209 015	(2 064 466)
	<u><b>1 209 015</b></u>	<u><b>(2 064 466)</b></u>
<b>11. CASH UTILISED BY OPERATIONS</b>		
Cash generated / (absorbed) by operations		
Net surplus/ (deficit) before investment interest and adjustments.	(1 077 007)	2 425 687
Adjustments on appropriation account	1 209 015	(2 064 466)
Unexplained adjustments	(3 003 745)	-
	<u><b>(2 871 737)</b></u>	<u><b>361 221</b></u>
<b>OPERATING SURPLUS/(DEFICIT) BEFORE CHANGES IN WORKING CAPITAL</b>		
Changes in working capital:		
Decrease/(Increase) in accounts receivable	(60 342)	115 949
Decrease/(Increase) in inventories	148 450	8 400
(Decrease)/Increase in accounts payable	508 914	(397 273)
	<u>597 022</u>	<u>(272 925)</u>
<b>CASH UTILISED BY OPERATIONS</b>	<u><b>(2 274 715)</b></u>	<u><b>88 296</b></u>