



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
VILLAGE COUNCIL OF KAMANJAB  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

Published by authority

Price (Vat Excluded) N\$ 51.00  
Report no: 61/2018



**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 Kamanjab for the financial year ended 30 June 2017, 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 2018**

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  
KAMANJAB VILLAGE COUNCIL  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

---

**1. Report on the Financial Statements**

**1.1 INTRODUCTION**

The accounts of the Kamanjab Village Council for the financial year ended 30 June 2017 are presented to the National Assembly in accordance with the provisions set out in the Local Authorities Act, 1992 (Act No. 23 of 1992).

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

I certify that I have audited the accompanying financial statements of the Kamanjab Village Council for the financial year ended 30 June 2017. These financial statements comprise the following:

Annexure A: Balance sheet;  
Annexure B: Income statement;  
Annexure C: Cash flow statement; and  
Annexure D: Notes to the financial statements

The financial statements were submitted to the Auditor-General by the Chief Executive Officer in compliance with Section 87(1) of the Local Authorities Act, 1992 (Act No. 23 of 1992).

The financial statements and notes to the financial statements provided by the Chief Executive Officer are attached as Annexure A-D.

**2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 86 of the Local Authorities Act, 1992 (Act No. 23 of 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 sufficient and appropriate to provide a basis for the audit opinion.

## **4. ACKNOWLEDGEMENT**

I would like to express my appreciation for the courtesy extended by the staff of the Kamanjab Village Council during the audit.

## **5. KEY AUDIT FINDINGS**

### **5.1 Depreciation**

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. In terms of IAS 16 paragraph 48 it states that depreciation charge for each period shall be recognised in profit or loss unless it is included in the carrying amount of another asset.

#### **Finding**

The auditors observed that the Council do depreciate its depreciable assets as required, however the Council failed to recognise depreciation charged for the period under review amounting to N\$ 3 458 718 in the profit or loss statement.

#### **Impact**

Failure to charge depreciation for the period under review to the profit/loss might result in overstatement of profit & loss and not properly adhering to accounting standards and principles.

#### **Recommendation**

The Chief Executive Officer should ensure that depreciation charged for each period shall be recognised in the profit or loss statement.

#### **Management comment**

The audit finding and recommendation are for entities reporting in terms of International Financial Reporting Standards (IFRS). Our understanding is that local authorities are not yet required to report in accordance with IFRS hence we did not comply with the requirement.

### **5.2 Fruitless expenditure**

The State Finance Act 27 (6) (b) states, “The Auditor-General shall, in a report, draw attention to any expenditure which is, in the Auditor-General’s opinion, wasteful or detrimental to the State or the statutory institution concerned”.

#### **Finding**

The auditors discovered that the Council incurred expenditure amounting to N\$ 11 459 (accumulating to N\$ 583 192 since 2010) in legal fees to collect debts on behalf of the Council, however no debts were recovered during this exercise.

#### **Impact**

This exercise resulted in a huge income loss of the Council (expenditure outweighs the income).

## **Recommendation**

The Chief Executive Officer should ensure that the Council only enter into agreements that benefit both parties.

## **Management comment**

Council will ensure that any contract entered into must benefit both parties.

## **5.3 Capital expenditures**

### **Finding**

Capital expenses amounting to N\$ 447 828 were expensed and at the same time disclosed under assets for the year under review.

### **Impact**

The above-mentioned finding resulted in the expenditures of the Council being overstated.

## **Recommendation**

The Chief Executive Officer should ensure that correct classification of accounting entries are adhered to.

## **Management comment**

The capital expenditure of N\$ 447 828 is included in property, plant and equipment and was expensed as well in compliance with fund accounting which is the practice of local authorities in Namibia and is consistent with the accounting policy used in prior year. We are not aware of any instruction sent to the local authority to stop the application of fund accounting. In addition, the template on the Circular D3/2015 also provides for fund accounting.

## **5.4 Investment properties**

In terms of IAS40 investment properties are properties (land or building or part of a building) held to earn rentals or for capital appreciation or both.

### **Finding**

The auditors discovered that the Council has eighteen (18) houses and five (5) grazing camps, held for rentals hence this was classified under property, plant and equipment (IAS 16) while they were supposed to be classified under investment properties (IAS 40), as these properties will generate revenue for the Council.



## **Impact**

Wrong classification of investment properties results in the Council misstating its property, plant and equipment for the financial year under review.

## **Recommendation**

The Chief Executive Officer should ensure that the Council comply with IAS 40 to reflect a true financial position of the Council's assets.

## **Management comment**

The finding and recommendation are for entities reporting in terms of International Financial Reporting Standards (IFRS). Our understanding is that local authorities are not yet required to report in accordance with IFRS hence the Council did not comply with the requirement.

## **5.5 Value added tax receivables/payables**

### **Finding**

The auditors discovered that the Council disclosed Value Added Tax receivables amounting to N\$ 137 938, while the Value Added Tax report from Inland Revenue indicated that the Council owed N\$ 317 814 in Value added Tax. An unexplained difference of N\$ 179 876 was observed.

### **Impact**

The Council's trade and other receivables is overstated for the year under review, due to incorrect disclosure of the VAT.

### **Recommendation**

The Chief Executive Officer should ensure that the Council request VAT reports from Inland Revenue at year end for reconciliation purposes and discuss any discrepancies observed.

### **Management comment**

The Ministry of Finance has paid an amount of N\$ 286 087.51 into the Council's bank account on the 10<sup>th</sup> of August 2016 for the June 2016 VAT period, before the new VAT ruling request became effective. The new ruling request states that VAT on construction of gravel roads and bridges subsidised by the government should be treated as a non-deductible capital expenditure. However, the Council was not informed about the new ruling.

No objection letter sent to the Council to express its opinion concerning the new rule. No VAT statement was sent to the Council, as the Council does not owe Inland Revenue at the time. Therefore, the mistake is on the side of the Ministry of Finance who paid the Council before calling the audit for verification for input and output.

## **5.6 Water sales**

IAS 2 defines inventories as assets that are: (a) held for sale in the ordinary course of business, (b) in the process of production for such sale, (c) in the form of materials or supplies to be consumed in the production process or rendering of services.

### **Finding**

Auditors discovered that the Council did not disclose the closing balance of water in the financial statements at year-end.

### **Impact**

Failure to disclose the closing balance in the current period resulted in the current assets (inventory) to be understated.

### **Recommendation**

The Chief Executive Officer should ensure that all outstanding stock is disclosed for fair presentation.

### **Management comment**

The opening balance of water inventory sets off against the closing balance hence there is no impact on the reported cost of sales.

## **5.7 Going concern**

IAS 1 requires management to make an assessment of an entity's ability to continue as a going concern. If management has significant concerns about the entity's ability to continue as a going concern, the uncertainties must be disclosed.

### **Finding**

The Council incurred a net loss of N\$ 1 796 162 (2016: N\$ 2 069 111) and its current liabilities exceed its current assets by N\$ 1 099 133 (2016: N\$ 1 043 818). The Council failed to service its Government loans and consequently loans amounting to N\$ 1 555 402 (2016: N\$ 1 450 829) were due and payable.

Furthermore the Council reported an accumulated loss of N\$ 6 488 438 (2016: N\$ 4 214 878).

### **Impact**

This resulted in a negative impact on going concern of the Council due to continuous losses being reported.

## **Recommendation**

The Chief Executive Officer should ensure that the Council improve on revenue collection in order to be able to meet operational obligations.

## **Management comment**

The loss incurred by the Council during the period under review was caused by outstanding subsidy from the line ministry.

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


- Depreciation amounting to N\$ 3 458 718 is not disclosed in the profit and loss statement.
- Fruitless expenditure incurred in legal fees; no debts recovered.
- Capital expenses amounting to N\$ 447 828 expensed.
- Investment properties classified as property, plant and equipment.
- A difference amounting to N\$ 179 876 between the VAT records of the Council and Inland Revenue.
- Non-disclosure of water sales closing balance.
- Going concern.

## **7. QUALIFIED AUDIT OPINION**

The accounts of the Kamanjab Village Council for the year ended 30 June 2017 have been audited in terms of Section 85 of the Local Authorities Act, 1992 (Act No.23 of 1992).

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Audit Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Kamanjab Village Council as at 30 June 2017, and their financial performance and cash flow for the year then ended.

**WINDHOEK, April 2018**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## 8. FINANCIAL RESULTS

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

	Revenue	Expenditure	Surplus/ (Deficit)	Balance
	N\$	N\$	N\$	N\$
<b>Accumulated deficit 01/07/2016</b>				(4 214 878)
<b>General accounts</b>				
Rates and general	1 419 934	(3 160 878)	(1 740 944)	
Non-profitable services	384 670	(741 695)	(357 025)	
Self-supporting	1 334 509	(1 619 611)	(285 102)	
<b>Trade accounts</b>				
Water	1 902 043	(1 385 283)	516 760	
Electricity	233 311	(163 162)	70 149	
	5 274 467	(7 070 629)	(1 796 162)	(1 796 162)
Adjustments and appropriations (Note 9, Annexure D)				(477 398)
Accumulated deficit 30/06/2017				<b>(6 488 438)</b>

## 9. CURRENT BANK ACCOUNT

	2017	2016
	N\$	N\$
Cash-book balance at 30 June	(34 443)	177 210
Outstanding cheques	156 420	148 174
Outstanding deposits	(4 983)	(11 457)
Balance as per bank statement	<b>116 994</b>	<b>313 927</b>

## 10. INVESTMENTS

The investments as at 30 June are as follows:

Institution	2017		2016	
	Investments	Interest	Investments	Interest
	N\$	N\$	N\$	N\$
Commercial banks	950 028	49 132	2 598 359	279 523
Equity investment (CENORED)	1 398 279	-	1 398 279	-
<b>Total</b>	<b>2 348 307</b>	<b>49 132</b>	<b>3 996 638</b>	<b>279 523</b>

The investments are allocated as follows:

Allocation	2017		2016	
	Investments	Interest	Investments	Interest
	N\$	N\$	N\$	N\$
<b>Commercial banks</b>				
Capital Development Fund	11 811	35 019	1 236 447	60 148
Build Together Fund	627 972	807	649 609	126 767
Revenue	310 245	13 306	712 303	92 608
	<b>950 028</b>	<b>49 132</b>	<b>2 598 359</b>	<b>279 523</b>
<b>Equity</b>				
Revenue Account	1 398 279	-	1 398 279	-
	<b>2 348 307</b>	<b>49 132</b>	<b>3 996 638</b>	<b>279 523</b>

## 11. FUND ACCOUNTS

### 11.1 Internal Funds

	2017	2016
	N\$	N\$
Build Together Fund	1 663 349	1 385 940
Capital Development Fund	5 820 198	5 781 758
Sale of Erven Fund	290 066	-
	7 773 613	7 167 698
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(6 488 438)	(4 214 878)
	<b>1 285 175</b>	<b>2 952 820</b>

### 11.2 Capital Funds

	2017	2016
	N\$	N\$
Loans redeemed	312 491	279 177
Contributions to General Capital	5 445 881	6 188 177
Contributions from Revenue	28 533 359	30 801 954
<b>Total</b>	<b>34 291 731</b>	<b>37 269 308</b>

## 12. TRADE ACCOUNTS

### 12.1 The results of water operations are as follows:

	Water	
	2017	2016
	N\$	N\$
Sales	1 881 250	1 678 185
Cost of sales	(898 884)	(1 108 805)
Gross surplus	982 366	569 380
Other net expenses	(465 606)	(316 882)
<b>Net surplus</b>	<b>516 760</b>	<b>252 498</b>
Gross surplus percentage on cost of sales	(109.3%)	(51.4%)
Net surplus percentage on cost of sales	(57.4%)	(22.8%)
Gross surplus percentage on sales	52.2%	33.9%
Net surplus percentage on sales	27.4%	15.0%

### 12.2 Water distribution results, in cubic meters

	Water	
	2017	2016
	Units	Units
Sales	93 528	84 238
Purchases	(73 490)	(93 479)
Gain/(loss)	<b>20 038</b>	<b>(9 241)</b>
Percentage gain/(loss) on purchases	(27.27%)	9.8%

## 13. SELF-SUPPORTING SERVICES

The results for the year under review are as follows:

Service	Income	Expenses	Surplus/ (deficit)	Surplus/ (deficit)
	2017	2017	2017	2016
	N\$	N\$	N\$	N\$
Health	792 416	(458 151)	334 265	(61 762)
Sewerage	539 299	(1 125 749)	(586 450)	(643 758)
Commonage	2 794	(35 711)	(32 917)	42 424
<b>Total</b>	<b>1 334 509</b>	<b>(1 619 611)</b>	<b>(285 102)</b>	<b>(663 096)</b>

Note: Council should ensure that all services are self-supporting.

## 14. FRUITLESS UNAUTHORIZED OR AVOIDABLE EXPENDITURE

### 14.1 FRUITLESS AND UNAUTHORIZED EXPENDITURE

There was no fruitless or unauthorised expenditure.

## 14.2 EXCESSIVE OR AVOIDABLE EXPENDITURE

There was no excessive or avoidable expenditure.

## 15. REVENUE WRITTEN OFF

There was no revenue written off.

## 16. BURSARIES

No bursaries were granted during the year under review.

## 17. TRANSFER OF PROPERTY TO OR FROM THE GOVERNMENT

### 17.1 Transfer of property to the Government

There was no transfer of property to the Government during the year under review.

### 17.2 Transfer of property by the Government to the local authority

There was no transfer of property by the Government to the local authority during the year under review

### 17.3 Transfer of property to/from other than Government

There was no transfer of property to/from other than Government during the year under review.

## 18. MOTOR VEHICLES

### 18.1 Motor vehicles inventory

	Sedan		LDV's, 4x4's and Combi's		Other	
	Quantity	Value	Quantity	Value	Quantity	Value
Balance at 1 July 2016		N\$		N\$		N\$
Additions	1	67 859	3	92 139	11	936 565
	-	-	-	-	-	-
	<b>1</b>	<b>67 859</b>	<b>3</b>	<b>92 139</b>	<b>11</b>	<b>936 565</b>
Depreciation	-	(33 930)	-	(46 070)	-	(169 419)
Balance at 30 June 2017	<b>1</b>	<b>33 929</b>	<b>3</b>	<b>46 069</b>	<b>11</b>	<b>767 146</b>

### 18.2 Motor accidents

There were no motor vehicle accidents during the year under review.

## 19. CAPITAL PROJECTS

The following were spend on capital projects:

Nature of projects/acquisition	Capital expenditure	
	2017	2016
	N\$	N\$
<b>Revenue Account</b>		
Gravel Road KMJV Ext. 3 and 4	355 025	
Sewerage System upgrade	92 803	
Furniture	-	49 350
Office upgrading	-	79 706
Organogram Structure KMJVC	-	72 760
Interlock Office Paving	-	245 379
High mast	-	141 174
Office equipment	-	14 730
<b>Capital Development Fund</b>		
Township Establishment Ext.4&5	-	257 692
Fencing of Town land	-	17 476
Drain Giga Jet model 170-130	-	334 783
Road upgrading	-	7 642 185
<b>Total</b>	<b>447 828</b>	<b>8 855 235</b>

## 20. IRREGULARITIES AND LOSSES

No irregularities and losses took place during the year under review.

## 21. CONTRIBUTIONS/GRANTS/FINANCIAL AID BY THE LOCAL AUTHORITY

There were no contributions, grants and financial aid by the local authority during the year under review.

## 22. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

### 22.1 Gifts/donations

There were no gifts and donations granted by the local authority during the year under review.

### 22.2 Free services

There were no free services granted by the local authority during the year under review.

## 23. GIFTS TO THE LOCAL AUTHORITY

There were no gifts granted to the local authority during the year under review.



## **24. COMPENSATION PAYMENTS**

There were no compensation payments made during the year under review.

## **25. VISITS TO FOREIGN COUNTRIES**

There were no visits to foreign countries during the year under review.

## **26. LOANS**

### **26.1 Balances written-off**

There were no loans written-off during the year under review.

### **26.2 Balances suspended**

There were no loan balances suspended during the year under review.

### **26.3 Motor Vehicle financing loans**

There were no motor vehicles financing loans raised during the year under review.

### **26.4 Housing loans to staff**

There were no housing loans granted to staff.

### **26.5 Private work approved**

There was no private work during the year under review.

## **27. TARIFF ADJUSTMENTS**

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

## **28. SALE OF ERVEN**

During the current financial year, cash proceeds from sale of erven amounted to N\$ 94 402 (2016: N\$ 235 556) and was allocated the revenue account.

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

During the current financial year, sale of erven on instalment basis amounted to N\$ 668 178 (2016: NIL) and was allocated the Sale of Erven Fund.

## **30. CERTIFICATES**

### **30.1 Securities**

Securities held by the local authority are valid, sufficient and kept properly.

### 30.2 Suspense accounts

- (a) Every suspense account as at 30 June 2017 has been analysed and reconciled with the main ledger.
- (b) Continuous efforts are being put to clear suspense accounts.

### 30.3 Leave reserve fund

The provision for leave pay is adequate and is paid out of the revenue fund as and when the liability falls due.

## 31. APPROVALS

### 31.1. Excess on approved budget

All excess expenditure was approved by the Council.

## 32 BIOLOGICAL ASSETS/LIVESTOCK

The local authority has no biological assets.

## 33. SPECIAL INVESTIGATIONS

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

## 34. TRADE AND OTHER RECEIVABLES/PAYABLES

### 34.1 Trade and other receivables at 30 June are as follows:

	2017	2016
	N\$	N\$
Consumer debtors	3 944 726	3 402 645
VAT receivable	137 938	300 454
CENORED surcharges accrual	15 363	17 760
Build Together loans	1 734 536	1 960 963
Sale of Erven loans	406 324	-
Subtotal	6 238 887	5 681 822
Provision for bad debts	(5 278 439)	(4 775 492)
<b>Total</b>	<b>960 448</b>	<b>906 330</b>

Consumer debtors are in respect of all services rendered by the Council.

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

	<b>2017</b>	<b>2016</b>
	N\$	N\$
Trade payables	115 647	399 494
Provision for leave pay and bonus	349 000	344 941
Consumer deposits	82 003	54 115
Housing debtors suspense	11 549	11 549
Ministry of Finance Loan (instalments outstanding)	1 555 402	1 450 829
<b>Total</b>	<b>2 113 601</b>	<b>2 260 928</b>

**35. ASSESSMENT RATES**

	<b>2017</b>	<b>2016</b>
	N\$	N\$
The proceeds from assessment rates	371 088	298 872
<b>Business</b>		
Tariffs per N\$1 valuation per annum - Site valuation	0.055	0.050
Tariffs per N\$1 valuation per annum - Improvements	0.018	0.016
<b>Residential</b>		
Tariffs per N\$1 valuation per annum - Site valuation	0.042	0.040
Tariffs per N\$1 valuation per annum - Improvements	0.013	0.012

**36. SUBSIDIES FROM GOVERNMENT (TRANSFERS FROM MURD)**

Subsidies received from the line Ministry are as follows:

	<b>2017</b>	<b>2016</b>
	N\$	N\$
Capital expenditure	-	4 717 318
Operations	315 158	1 726 770
	<b>315 158</b>	<b>6 444 088</b>

**37. HIV/AIDS**

There was no expenditure relating to HIV/AIDS funded by donors.

**38. RISK MANAGEMENT**

The Councillors and Council management are responsible for risk management within the local authority.

**39. INTERNAL AUDIT AND AUDIT COMMITTEE**

The local authority has no Audit Committee in place.

**40. ENVIRONMENTAL MATTERS**

There were no activities with significant impact on the environment.

**41. AUDIT REPORT**

There was no audit report tabled during the year under review. The last audit report tabled in a Council meeting is for the 2013/14 financial year and was tabled on 27 April 2016.

All minutes of Council meetings were sent to the Minister on a monthly basis.

## ANNEXURE A

**KAMANJAB VILLAGE COUNCIL  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE**

	Note	2017 N\$	2016 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>37 406 645</b>	<b>42 065 867</b>
Property, plant and equipment	2	35 058 338	38 069 229
Investments	3	2 348 307	3 996 638
<b>Current assets</b>		<b>1 084 911</b>	<b>1 217 110</b>
Trade and other receivables	4	960 448	906 330
Inventories		124 351	133 570
Cash and cash equivalents	5	112	177 210
<b>TOTAL ASSETS</b>		<b>38 491 556</b>	<b>43 282 977</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>		<b>35 576 906</b>	<b>40 222 128</b>
Capital outlay	6	34 291 731	37 269 308
Funds accounts and reserves	7	1 285 175	2 952 820
<b>Non-current liabilities</b>			
External loans		766 606	799 921
<b>Current liabilities</b>		<b>2 148 044</b>	<b>2 260 928</b>
Bank overdraft	5	34 443	-
Trade and other payables	8	2 113 601	2 260 928
<b>Total liabilities</b>		<b>2 914 650</b>	<b>3 060 849</b>
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>38 491 556</b>	<b>43 282 977</b>

## ANNEXURE B

**KAMANJAB VILLAGE COUNCIL  
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE**

	Note	<u>2017</u> N\$	<u>2016</u> N\$
INCOME		5 261 161	11 116 960
EXPENDITURE		<u>(7 070 629)</u>	<u>(13 278 679)</u>
<b>OPERATING DEFICIT</b>		<b>(1 809 468)</b>	<b>(2 161 719)</b>
INTEREST RECEIVED		13 306	92 608
<b>DEFICIT AFTER INTEREST</b>		<b>(1 796 162)</b>	<b>(2 069 111)</b>
APPROPRIATION ADJUSTMENTS	9	<u>(477 398)</u>	<u>(1 089 420)</u>
<b>NET DEFICIT FOR THE YEAR</b>		<b>(2 273 560)</b>	<b>(3 158 531)</b>
<b>REVENUE ACCOUNT</b>			
AT THE BEGINNING OF THE YEAR		<u>(4 214 878)</u>	<u>(1 056 347)</u>
AT THE END OF THE YEAR		<u><b>(6 488 438)</b></u>	<u><b>(4 214 878)</b></u>

## KAMANJAB VILLAGE COUNCIL

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	2017	2016
Note	N\$	N\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	4 704 096	11 116 960
Cash paid to suppliers and employees	(3 724 470)	(13 380 056)
Cash utilised by operations	10 979 626	(2 263 096)
Interest received	13 306	92 608
<b>Net cash flows from operating activities</b>	<b>992 932</b>	<b>(2 170 488)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase)/(decrease) in Fund accounts	605 915	(5 138 355)
(Decrease)/increase in Capital outlay	(2 977 577)	7 953 359
<b>Net cash flows from financing activities</b>	<b>(2 371 662)</b>	<b>2 815 004</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property plant and equipment	(447 829)	(5 117 946)
Decrease in external loan	(33 314)	(30 507)
Decrease/(increase) in investments	1 648 332	4 594 494
<b>Net cash flows from investing activities</b>	<b>1 167 189</b>	<b>(553 959)</b>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(211 541)</b>	<b>90 557</b>
<b>CASH AND CASH EQUIVALENTS</b>		
- AT THE BEGINNING OF THE YEAR	177 210	86 653
- AT THE END OF THE YEAR	<b>(34 331)</b>	<b>177 210</b>

## KAMANJAB VILLAGE COUNCIL

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

**1. ACCOUNTING POLICIES****1.1 Introduction**

The financial statements are compiled in accordance with the historical cost convention and are presented in Namibia Dollar.

The principal accounting policies of the Village Council, which are set out below and 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.

**1.3 Inventory**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs 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>2017</b>	<b>2016</b>
	N\$	N\$
Income assets	28 533 359	30 801 954
General capital assets	5 445 881	6 188 177
Loan assets	1 079 098	1 079 098
	<b>35 058 338</b>	<b>38 069 229</b>



**KAMANJAB VILLAGE COUNCIL**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 30 JUNE(continued)**

	<b>2017</b>	<b>2016</b>
	N\$	N\$
<b>3. INVESTMENTS</b>		
Commercial banks	950 028	2 598 359
Equity (CENORED)	1 398 279	1 398 279
	<b>2 348 307</b>	<b>3 996 638</b>
ALLOCATED AS FOLLOWS:		
<b>Commercial banks</b>		
Capital Development Fund	11 811	1 236 447
Build Together Fund	627 972	649 609
Revenue Account	310 245	712 303
Total investments with banks	<b>950 028</b>	<b>2 598 359</b>
<b>Equity</b>		
Revenue Account	1 398 279	1 398 279
	<b>2 348 307</b>	<b>3 996 638</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
Consumers	3 944 726	3 402 645
VAT receivable	137 938	300 454
Accrued surcharges - CENORED	15 363	17 760
Sale of Erven loans	406 324	-
Build Together loans	1 734 536	1 960 963
	6 238 887	5 681 822
Provision for bad debts	(5 278 439)	(4 775 492)
	<b>960 448</b>	<b>906 330</b>

**KAMANJAB VILLAGE COUNCIL**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 30 JUNE(continued)**

	<b>2017</b>	<b>2016</b>
	N\$	N\$
<b>5. CASH AND CASH EQUIVALENTS</b>		
Petty cash	112	-
Current account	(34 443)	177 210
	<b>(34 331)</b>	<b>177 210</b>
Disclosed as follows:		
Current assets	112	177 210
Current liabilities	34 443	-
<b>6. CAPITAL OUTLAY</b>		
Loans redeemed	312 491	279 177
General Capital Contributions	5 445 881	6 188 177
Revenue Contributions	28 533 359	30 801 954
Sale of Erven loans	<b>34 291 731</b>	<b>37 269 308</b>
<b>7. FUNDS, ACCOUNTS AND RESERVES</b>		
Capital Development Fund	5 820 198	5 781 758
Build Together Fund	1 663 349	1 385 940
Sale of Erven Fund	290 066	-
	<b>7 773 613</b>	<b>7 167 698</b>
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(6 488 438)	(4 214 878)
	<b>1 285 175</b>	<b>2 952 820</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
Trade payables	115 647	399 493
Provision for leave pay and bonus	349 000	344 941
Consumer deposits	82 003	54 116
Housing debtors suspense	11 549	11 549
Ministry of Finance (loan instalments outstanding)	1 555 402	1 450 829
	<b>2 113 601</b>	<b>2 260 928</b>

**KAMANJAB VILLAGE COUNCIL**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 30 JUNE(continued)**

	<b>2017</b>	<b>2016</b>
	N\$	N\$
<b>9. ADJUSTMENTS</b>		
Expenditure adjustments	(4 145)	(213 221)
Movement in provision for bad debts	(502 947)	(380 666)
Correction of debtors master file	-	(56 751)
Bad debts written off	-	(430 346)
VAT adjustments	29 694	-
Other	-	(8 436)
	<b>(477 398)</b>	<b>(1 089 420)</b>
<b>10. CASH UTILISED BY OPERATIONS</b>		
Deficit for the year	(1 796 162)	(2 069 111)
<b>Adjustments</b>		
Appropriation account	(477 398)	(1 089 420)
Depreciation	3 458 718	-
Interest received	(13 306)	(92 608)
Operating surplus/(deficit) before changes in working capital	<b>1 171 852</b>	<b>(3 251 139)</b>
Changes in working capital		
(Increase)/decrease in trade and other receivables	(54 118)	534 027
Decrease in inventories	9 219	24 852
(Decrease)/increase in trade and other payables	(147 327)	429 164
	<b>979 626</b>	<b>(2 263 096)</b>

