



**REPUBLIC OF NAMIBIA**



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

# **MUNICIPALITY OF GOBABIS**

**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 Municipality of Gobabis 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.

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**WINDHOEK, May 2015**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF  
THE MUNICIPALITY OF GOBABIS  
FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2014**

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**1. INTRODUCTION**

The accounts of the Gobabis Municipality 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 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 Municipality 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 Municipality'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. The following annexures are also attached to this report:

- 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 Municipality is responsible for the preparation and fair presentation of these 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 these statements based 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, 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 judgement, 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 controls 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 overall presentation of the financial statements.

#### **4. AUDIT OBSERVATIONS AND COMMENTS**

Items that were also reported in the previous financial year are indicated by way of an asterisk (\*).

##### **4.1 Understatement of provision for doubtful debts (\*)**

Provision made by the Municipality for bad and doubtful debts as per the financial statements is N\$ 9 374 835 (2013: N\$ 9 374 835). The auditors review and considering the slow debt collection on consumer accounts indicate and under-provision of N\$ 20 117 601. It is acknowledged that a significant portion of debt has been handed over to lawyers for collection but to date, no fruitful recoveries have been made. It is recommended that the Municipality should take steps against the listed debtors.

The Municipality should review its provision for bad and doubtful debts at year-end and ensure that it is adequate.

##### **4.2 Unsupported adjustments posted to the appropriation account (\*)**

There were no supporting documents for VAT accounts adjustment amounting to N\$ 1 481 641 posted to the appropriation account. As a result, the VAT receivable and the appropriation account are misstated by the said amount.

##### **4.3 Inventories**

The auditors did not observe the counting of the inventories at year-end. There were no alternative practical audit procedures that they could perform to confirm quantities of the inventories due to the nature of the accounting records.

##### **4.4 Unsupported journals posted to electricity own consumption expense account**

The Municipality did not provide meter readings and workings which formed the basis for electricity expense for own consumption amounting to N\$ 858 728. As a result the auditors were unable to verify the validity of reported expenditure.

##### **4.5 Understatement of interest on overdue accounts**

Interest on overdue accounts is understated by N\$ 2 016 473 as a result of error in calculation.

#### **5. ACKNOWLEDGEMENT**

The assistance and co-operation given by the staff of the Gobabis Municipality during the audit is highly appreciated.

## 6. 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 surplus at 01/07/2013</b>				714 312
<b>General accounts</b>				
Non-profitable services	27 194 894	26 606 139	588 755	
Self-supporting services	7 441 138	5 075 048	2 366 090	
<b>Trade accounts</b>				
Water	10 449 150	11 855 082	(1 405 932)	
Electricity	31 515 460	32 851 624	(1 336 164)	
	<b>76 600 642</b>	<b>76 387 893</b>	<b>212 749</b>	
Surplus for the year				212 749
Adjustments and appropriations (Note 15, Annexure D)				(3 462 998)
<b>Accumulated deficit at 30/06/2014</b>				<b>(2 535 937)</b>

## 7. CURRENT BANK ACCOUNT

### 7.1 Operational account

	2014	2013
	N\$	N\$
Cash-book balance at 30 June	2 529 776	6 225 432
Outstanding deposits	(228 375)	(172 931)
Outstanding cheques	120 623	77 684
Unknown difference	(28 286)	-
<b>Balance as per bank statement</b>	<b>2 393 738</b>	<b>6 130 185</b>

### 7.2 Smallerland bank account

	2014	2013
	N\$	N\$
Cash-book balance at 30 June	173 645	160 163
Unknown difference	(20 499)	-
<b>Balance as per bank statement</b>	<b>153 145</b>	<b>160 163</b>

### 7.3 Build Together bank account

	2014	2013
	N\$	N\$
Cash-book balance at 30 June	638 184	666 489
Outstanding cheques	-	5 000
Unknown difference	91 888	-
<b>Balance as per bank statement</b>	<b>730 072</b>	<b>671 489</b>

## 8. INVESTMENTS

The investments as at 30 June 2014 are as follows:

Institution	Investments	
	2014	2013
	N\$	N\$
<b>Invested at:</b>		
Commercial banks	30 711 808	33 106 298
	<b>30 711 808</b>	<b>33 106 298</b>
<b>Distribution</b>		
Smallerland Fund	1 510 211	1 510 211
Build Together Fund	1 425 165	1 425 165
General Capital Fund	21 821 610	23 130 389
Revenue Fund	5 954 822	7 040 533
	<b>30 711 808</b>	<b>33 106 298</b>

## 9. FUND ACCOUNTS

The position of Funds and Reserves as at year end is shown in note 10 of annexure D.

## 10. TRADE ACCOUNTS

### 10.1 Operating results

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

	Electricity		Water	
	2014	2013	2014	2013
	N\$	N\$	N\$	N\$
Sales	31 378 801	28 588 533	10 195 089	11 207 926
Cost of sales	(27 033 805)	(23 462 761)	(9 118 815)	(7 840 191)
Gross profit	4 344 996	5 125 772	1 076 274	3 367 735
Other expenses	(5 681 160)	(5 230 922)	(2 482 207)	(2 306 665)
<b>NET (DEFICIT)/SURPLUS</b>	<b>(1 336 164)</b>	<b>(105 150)</b>	<b>(1 405 933)</b>	<b>1 061 070</b>
Gross profit on sales	13.8%	17.9%	10.6%	30.0%
Net profit percentage on sales	(4.3%)	(0.4%)	(13.8%)	9.5%

### 10.2 Distribution results are as follows:

Distribution results, in kilowatt hour (Kw) and cubic metres (m<sup>3</sup>) are as follows:

	Electricity		Water	
	2014	2013	2014	2013
	Kw	Kw	m <sup>3</sup>	m <sup>3</sup>
Sold	19 654 601	22 166 879	752 051	697 168
Bought	23 744 530	23 584 080	890 684	775 473
Distribution loss	<b>(4 089 929)</b>	<b>(1 417 201)</b>	<b>(138 633)</b>	<b>(78 305)</b>
Loss as percentage of units bought	(17.2%)	(6.0%)	(15.6%)	(10.1%)

The Municipality should conduct an investigation into the distribution losses to determine the main reasons pertaining thereto.



## 11. SELF-SUPPORTING EXTERNAL SERVICES

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

	<b>Income 2014</b>	<b>Expenses 2014</b>	<b>Surplus/deficit 2014</b>	<b>Surplus 2013</b>
	N\$	N\$	N\$	N\$
Sewerage	3 297 879	2 251 752	1 046 127	930 800
Sanitation	4 131 198	2 791 126	1 340 072	686 269
Ongulumbashe Quarters	12 060	32 169	(20 109)	(17 324)
	<b>7 441 138</b>	<b>5 075 048</b>	<b>2 366 090</b>	<b>1 599 745</b>

The municipality should put measures in place to ensure that the quarters are self-supporting.

## 12. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

The audit did not reveal any fruitless, unauthorized or avoidable expenditure that were incurred during the year under review.

## 13. SUSPENSE ACCOUNTS

The suspense accounts balance amounted to N\$ 492 271 (2013: N\$ 305 966) for the year under review. These accounts are properly maintained, controlled and reconciled on a regular basis.

## 14. IRREGULARITIES AND LOSSES

14.1 The audit did not reveal any irregularities.

14.2 No losses were reported.

## 15. CAPITAL PROJECTS

Capital expenditure for the 2014 financial year amounted to N\$ 15 610 506 (2013: N\$ 4 003 322) and comprises the following:

	<b>Financed by</b>			<b>Total</b>	<b>Total</b>
	<b>Revenue account</b>	<b>General capital</b>	<b>Internal loans</b>	<b>Expenditure 2014</b>	<b>Expenditure 2013</b>
	N\$	N\$	N\$	N\$	N\$
Fire Brigade	-	2 497 571	-	2 497 571	-
Town Grounds & Pounds	20 000	-	-	20 000	-
Public buildings	166 812	-	1 816 923	1 983 735	339 504
Parks and Gardens	26 412	-	164 536	190 948	-
Council's General Expenses	-	-	-	-	67 086
Sewerage	-	-	-	-	1 663 910
Sanitation	104 948	-	-	104 948	175 000
Town Treasurer	165 000	-	274 240	439 240	193 457
Streets	630 000	-	2 768 500	3 398 500	-
Human Resource	-	-	-	-	18 754
Sport and recreation	-	-	-	-	105 688
Single Quarters	-	678 281	-	678 281	877 170
Chief Executive Officer	-	-	-	-	2 170
Local Economic Development	-	-	128 696	128 696	20 157
Electricity	19 960	3 681 369	164 536	3 865 865	540 426
Water	56 790	2 004 128	-	2 060 918	-

Town Engineer	-	113 108	128 696	241 804	-
	<b>1 189 922</b>	<b>8 974 457</b>	<b>5 446 127</b>	<b>15 610 506</b>	<b>4 003 322</b>

**16. STUDY LOANS/BURSARIES**

No bursaries were granted during the year while study loans granted amounted to N\$ 56 005.

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

No contributions, grants and financial aid were made during the year under review.

**18. COMPENSATION PAYMENTS**

There were no compensation payments during the year under review.

**19. VISITS TO FOREIGN COUNTRIES**

There were no visits to foreign countries.

**20. CLAIMS AGAINST THE LOCAL AUTHORITY**

There were no claims against the Municipality.

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

An amount of N\$ 16 420 (2013: N\$ 11 168) was paid as donations during the year under review.

**22. TRANSFER OF PROPERTY TO/FROM THE GOVERNMENT**

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

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

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

	<b>2014</b>	<b>2013</b>
	N\$	N\$
Trade	31 781 885	28 741 571
Trade – Handed over for collection	5 217 433	6 654 605
Value added taxation	3 721 921	1 265 466
Sundry debtors	1 141 080	1 213 099
Less: Consumer deposits	(1 272 832)	(1 275 622)
	40 589 487	36 599 119
Less: Provision for bad debts	(9 374 835)	(9 374 835)
	<b>31 214 652</b>	<b>27 224 284</b>

The average collection period of trade receivables, is 216 days (2013: 208 days). The Council should attend to the arrears as a matter of urgency.

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

	<b>2014</b>	<b>2013</b>
	<b>N\$</b>	<b>N\$</b>
Trade creditors and other accruals	5 100 120	4 379 040
Provision for leave pay	2 340 293	1 371 750
	<b>7 440 413</b>	<b>5 750 790</b>

## 24. ASSESSMENT RATES

	<b>2014</b>	<b>2013</b>
	<b>N\$</b>	<b>N\$</b>
The proceeds from assessment rates	8 591 670	8 902 034
Tariffs per N\$1 valuation per annum – Site valuation	0.067668	0.067668
Tariffs per N\$1 valuation per annum – Improvements	0.011688	0.011688

## 25. LOANS

### 25.1 External loans

	<b>2014</b>	<b>2013</b>
	<b>N\$</b>	<b>N\$</b>
External loans	4 390 151	4 599 954

### 25.2 Internal loans

	<b>2014</b>	<b>2013</b>
	<b>N\$</b>	<b>N\$</b>
Internal loans	17 316 484	13 295 932

### 25.3 Housing loans

On 30 June, the amounts outstanding in respect of loans made from the following funds are as follows:

	<b>2014</b>	<b>2013</b>
	<b>N\$</b>	<b>N\$</b>
Built Together Fund	3 119 993	3 177 151
Smallerland Fund	4 542 862	4 391 004
Housing Fund	53 645	50 159

## 26. SALE OF ERVEN

During the current financial year, cash proceeds to the value of N\$ 1 410 976 (2013: N\$ 2 723 527) were received for erven sold and was allocated to the Fixed Property Fund.

## 27. PROPERTY SOLD ON AN INSTALMENT BASIS

No information could be obtained with regards to the erven sold on an instalment basis.

## 28. TARIFF ADJUSTMENTS

Tariff adjustments were applied in accordance with the relevant Official Government Notices.

## 29. APPROVALS

There was no evidence of approval of overspending made available.

### **30. STOCK AND EQUIPMENT**

#### **30.1 Motor vehicles**

The Municipality could not provide the auditors with any information in this regard.

#### **30.2 Inventory**

Inventories comprise of stationery and other consumables amounting to N\$ 4 724 765 (2013: N\$ 5 102 456).

### **31. SPECIAL INVESTIGATIONS**

No special investigations were carried out during the year.

### **32. GENERAL**

#### **32.1 Internal controls**

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

### **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.

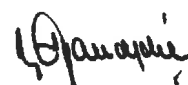
### **34. QUALIFIED AUDIT OPINION**

The accounts of the Municipality of Gobabis for the financial year ended 30 June 2014, 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 the provision for doubtful debts by N\$ 20 117 601;
- Unsupported adjustments posted to the appropriation account amounting to N\$ 1 481 641;
- Unsupported journals posted to the own electricity consumption expense account; and
- Understatement of interest on overdue accounts to the amount of N\$ 2 016 473.

Except for the effects of any adjustments which might be necessary as referred to in the preceding paragraphs, in my opinion, the financial statements fairly present the financial position of the Municipality as at 30 June 2014, 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.



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**WINDHOEK, May 2015**

## BALANCE SHEET AS AT 30 JUNE 2014

	Notes	2014 N\$	2013 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	61 175 433	48 407 960
Investments	3	30 711 808	33 106 298
Secured loans	4	7 716 500	7 618 314
<b>Current assets</b>			
Trade and other receivables	5	31 214 652	27 224 284
Inventories	6	4 724 765	5 102 456
Loans receivable	7	1 216 813	1 009 882
Cash and cash equivalents	8	3 342 065	7 052 544
<b>TOTAL ASSETS</b>		<b>140 102 036</b>	<b>129 521 738</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>			
Capital outlay	9	61 290 408	53 642 462
Funds and accounts	10	66 488 794	65 222 566
<b>Non-current liabilities</b>			
Long-term liabilities	11	4 390 151	4 599 954
<b>Current liabilities</b>			
Trade and other payables	12	7 440 413	5 750 790
Suspense accounts	13	492 270	305 966
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>140 102 036</b>	<b>129 521 738</b>

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 N\$	2013 N\$
INCOME		75 998 527	73 386 550
EXPENDITURE		<u>(76 273 693)</u>	<u>(67 740 463)</u>
<b>OPERATING (DEFICIT)/SURPLUS FOR THE YEAR</b>		(275 166)	5 646 087
Investments income		602 115	243 488
<b>NET SURPLUS FOR THE YEAR</b>		<u>326 949</u>	<u>5 889 575</u>
Transfer to Funds	14	<u>(114 200)</u>	<u>(121 475)</u>
		212 749	5 768 100
Add : Appropriation and adjustments	15	<u>(3 462 998)</u>	<u>(5 110 576)</u>
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>		(3 250 249)	657 524
RETAINED (DEFICIT)/SURPLUS			
- 30 June 2013		<u>714 312</u>	<u>56 788</u>
<b>- 30 June 2014</b>		<u><b>(2 535 937)</b></u>	<u><b>714 312</b></u>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 N\$	2013 N\$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		75 998 527	73 386 550
Cash paid to suppliers		(81 794 572)	(77 483 769)
<b>Cash utilised by operations</b>	16	<b>(5 796 044)</b>	<b>(4 097 219)</b>
Investments income		602 115	243 488
<b>Net cash flows from operating activities</b>		<b>(5 193 931)</b>	<b>(3 853 731)</b>
<b>Cash flows from investing activities</b>			
Increase in property, plant and equipment		(12 767 472)	(1 783 990)
Decrease/(Increase) in investments		2 394 490	(6 400 054)
Increase in secured loans		(98 186)	(875 729)
<b>Net cash flows from investing activities</b>		<b>(10 471 168)</b>	<b>(9 059 773)</b>
<b>Cash flows from financing activities</b>			
Increase in Fund accounts		4 516 477	4 420 756
Increase in capital outlay		7 647 946	9 987 037
Decrease in long-term liabilities		(209 803)	(187 177)
<b>Net cash flows from financing activities</b>		<b>11 954 620</b>	<b>14 220 616</b>
Net (decrease)/increase in cash and cash equivalents		<b>(3 710 479)</b>	<b>1 307 112</b>
Cash and cash equivalents at the beginning of the year		<b>7 052 544</b>	<b>5 745 432</b>
Cash and cash equivalents at the end of the year	8	<b>3 342 065</b>	<b>7 052 544</b>

## MUNICIPALITY OF GOBABIS

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

## 1. ACCOUNTING POLICIES

The annual financial statements are compiled in accordance with the historical cost convention, except where otherwise stated.

The principal accounting policies of the Municipality, which are set out below, have been consistently applied and are in accordance with the requirements of the Namibian Local Authorities Act.

## 1.1 Property, plant and equipment

Fixed assets 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 not depreciated until the loan is fully repaid, unless the expected lifetime of the asset is less than the repayment period of the loan, in which case depreciation is calculated on the shortfall.

## 1.2 Inventories

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

	<u>2014</u>	<u>2013</u>
	N\$	N\$
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Consists of :</b>		
Infrastructure, land and buildings, motor vehicles, office equipment, furniture and fittings and computer equipment, plant and other equipment.	<u>61 175 433</u>	<u>48 407 960</u>
<b>Financed by :</b>		
Loans redeemed	28 004 663	23 723 598
Revenue account	4 953 366	4 217 543
General capital	28 217 404	20 466 819
	<u>61 175 433</u>	<u>48 407 960</u>
<b>3. INVESTMENTS</b>		
Fixed deposits and money on call	<u>30 711 808</u>	<u>33 106 298</u>
<b><u>Allocated as follows:</u></b>		
Smallerland Fund	1 510 211	1 510 211
Build Together Fund	1 425 165	1 425 165
General Capital Fund	21 821 610	23 130 389
Revenue Fund	5 954 822	7 040 533
	<u>30 711 808</u>	<u>33 106 298</u>



## MUNICIPALITY OF GOBABIS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

	2014	2013
	N\$	N\$
<b>4. SECURED LOANS</b>		
Smallerland Fund	4 542 862	4 391 004
Build Together Fund	3 119 993	3 177 151
Housing Fund	53 645	50 159
	<b>7 716 500</b>	<b>7 618 314</b>
<b>5. TRADE AND OTHER RECEIVABLES</b>		
Trade	31 781 885	28 741 571
Trade – Handed over	5 217 433	6 654 605
Value added tax	3 721 921	1 265 466
Sundry debtors	1 141 080	1 213 099
Less: Consumer deposits	(1 272 832)	(1 275 622)
	<b>40 589 487</b>	<b>36 599 119</b>
<i>Less :</i>		
Provision for doubtful debts	(9 374 835)	(9 374 835)
	<b>31 214 652</b>	<b>27 224 284</b>
<b>6. INVENTORIES</b>		
Consumable stores	4 724 765	5 102 456
	<b>4 724 765</b>	<b>5 102 456</b>
<b>7. LOANS RECEIVABLE</b>		
Study loans	621 598	483 634
Erf loans	578 685	511 135
Personnel loans	16 530	15 113
	<b>1 216 813</b>	<b>1 009 882</b>
<b>8. CASH AND BANK BALANCES</b>		
Current accounts	3 341 605	7 052 084
Petty cash	460	460
	<b>3 342 065</b>	<b>7 052 544</b>
<b>9. CAPITAL OUTLAY</b>		
<b>Financing of capital</b>		
Loans	6 298 028	5 827 712
Revenue contributions	4 296 700	4 217 543
General Capital contributions	50 695 680	43 597 207
	<b>61 290 408</b>	<b>53 642 462</b>

## MUNICIPALITY OF GOBABIS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

	2014	2013
	N\$	N\$
<b>10. FUNDS AND ACCOUNTS</b>		
HIV/AIDS Small Grant Fund	1 905	1 905
Betterment Fund	995 529	957 156
Build Together Fund	5 832 872	5 678 941
Capital Reserve Fund	14 426 119	13 388 350
Fixed Property Fund	33 264 858	30 839 106
Housing Fund	2 842 725	2 742 783
Renewal Fund	2 031 845	1 975 164
Sanitation Revolving Fund	162 495	142 770
Smallerland Fund	8 489 923	7 973 581
Study Loan Fund	621 597	483 634
Tariff Stabilization Fund	354 863	324 863
	<u>69 024 731</u>	<u>64 508 253</u>
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(2 535 937)	714 313
	<u><b>66 488 794</b></u>	<u><b>65 222 566</b></u>
<b>11. LONG-TERM LIABILITIES</b>		
External loans	4 390 151	4 599 954
	<u><b>4 390 151</b></u>	<u><b>4 599 954</b></u>
<b>12. TRADE AND OTHER PAYABLES</b>		
Trade creditors	5 100 120	4 379 040
Provision for leave pay	2 340 293	1 371 750
	<u><b>7 440 413</b></u>	<u><b>5 750 790</b></u>
<b>13. SUSPENSE ACCOUNTS</b>		
Sale of houses	174 126	174 126
Deposits	236 606	68 092
Rental in advance	81 538	63 748
	<u><b>492 270</b></u>	<u><b>305 966</b></u>
<b>14. TRANSFER TO FUNDS</b>		
Capital Reserve Fund	(99 200)	(91 475)
Tariff Stabilization Fund	(15 000)	(30 000)
	<u><b>(114 200)</b></u>	<u><b>(121 475)</b></u>

## MUNICIPALITY OF GOBABIS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

	<b>2014</b>	<b>2013</b>
	N\$	N\$
<b>15. APPROPRIATIONS AND ADJUSTMENTS</b>		
Prior year adjustments	(3 607 774)	(4 747 042)
Adjustments	(996)	(363 534)
Prior year adjustments	145 772	-
	<b>(3 462 998)</b>	<b>(5 110 576)</b>
<b>16. CASH (UTILISED IN)/GENERATED BY OPERATIONS</b>		
Net Operating surplus	326 949	5 889 575
Appropriations and adjustments	(3 462 998)	(5 110 576)
Transfers to Funds	(114 200)	(121 475)
Investments income	(602 115)	(243 488)
<b>16.1 Operating (deficit)/surplus before changes in working capital</b>	<b>(3 852 364)</b>	<b>414 036</b>
<b>Changes in working capital</b>		
Increase/(Decrease) in trade and other payables	1 689 623	(577 867)
Decrease/(Increase) in inventories	377 691	(205 267)
(Increase)/Decrease in loans receivable	(206 931)	1 420 937
Increase in suspense accounts	186 305	60 486
Increase in trade and other receivables	(3 990 368)	(5 209 544)
	<b>(1 943 680)</b>	<b>(4 511 255)</b>
	<b>(5 796 044)</b>	<b>(4 097 219)</b>

