



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
MUNICIPALITY OF HENTIES BAY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

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**REPUBLIC OF NAMIBIA**



**TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY**

I have the honour to submit herewith my report on the accounts of the Municipality of Henties Bay for the financial year ended 30 June 2015, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**WINDHOEK, July 2016**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF  
THE MUNICIPALITY OF HENTIES BAY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

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**1. Report on the Financial Statements**

**1.1 INTRODUCTION**

This report on the accounts of the Municipality of Henties Bay for the financial year ended 30 June 2015 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).

The firm MAC & Associates of Windhoek has been appointed by the Auditor-General in terms of Section 26(2) of the State Finance Act, 1991, to audit the accounts of the Municipality on his behalf and under his supervision.

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

I certify that I have audited the accompanying financial statements of the Municipality of Henties Bay for the financial year ended 30 June 2015. These financial statements comprise 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 Municipality's financial statements were submitted on time by the Accounting Officer to the Auditor-General on 28 September 2015 in compliance with Section 87(1) of the Local Authorities Act, 1992.

The financial statements and notes to the financial statements provided by the Accounting 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 87(1) of the Local Authorities Act, (Act 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**

The assistance and co-operation by the staff of the Henties Bay Municipality during the audit is appreciated.

## **5. KEY AUDIT FINDINGS**

### **5.1 Understatement of the property, plant and equipment**

A fire fighting vehicle donated by the Ministry at a value of N\$ 2 535 399 is not reflected in the financial statements. The property, plant and equipment and the related Fund account reflected in these financial statements are therefore understated by the said amount net of the related depreciation charge.

### **5.2 Unexplained difference on property, plant and equipment reconciliation**

The financial statements are reflecting the property, plant and equipment amounting to N\$ 68 262 472 while the fixed assets register is reflecting N\$ 65 395 532 resulting in an unexplained difference of N\$ 2 866 940.

### **5.3 Understatement of the TIPEEG Fund**

The TIPEEG Fund is understated by N\$ 521 739 due to the inelligible application of output VAT on the TIPEEG funds received, a grant. As a result, the VAT receivable balance is understated by the said amount.

### **5.4 Unexplained movements on the appropriation account**

- The opening balance of the appropriation account does not agree to the closing balance of the prior year by N\$ 2 578 748.
- The movement in the provision for doubtful debts per the appropriation account is overstated by N\$ 2 535 588.

### **5.5 Overstatement of VAT receivable**

The VAT receivable reflected in these financial statements is overstated by N\$ 1 694 711 attributable to penalties levied by the Receiver of Revenue. The Municipality is disputing the penalties and did not recognise them in its financial statements and the dispute is yet to be resolved. The auditors were therefore unable to ascertain the correct VAT receivable amount.

### **5.6 Overstatement of the overdrawn cashbook balance**

Unknown receipts (direct deposits) amounting to N\$ 1 060 307 were not processed in the cash book and stale cheques amounting to N\$ 295 940 were not written back resulting in the overstatement of the overdrawn cashbook balance by N\$ 1 356 247.

### **5.7 Understatement of liabilities**

Liabilities and related expenditure amounting to N\$ 773 758 were omitted from these financial statements.

### **5.8 Inventories**

The auditors did not perform inventory count at year end and were unable to verify the physical quantities of owing to the nature of the accounting records maintained by the Municipality.

### **5.9 Understatement of income**

The dividend of N\$ 370 400 received from Erongo RED was misallocated to surcharges revenue while actual surcharges and the related receivable (of the same amount) were not recognised in the financial statements. As a result, the income and the related receivable are not reflected in these financial statements.

## 6. FINANCIAL RESULTS

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

	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus/ (deficit)</b>	<b>Balance</b>
	N\$	N\$	N\$	N\$
Accumulated deficit at 01/07/2014				(26 990 675)
<b>General services</b>				
Non-profitable	15 202 894	(22 995 629)	(7 792 735)	
Self-supporting	4 971 763	(1 537 544)	3 434 219	
<b>Trade accounts</b>				
Electricity services	2 365 724	(651 495)	1 714 229	
Water supply	8 622 764	(4 178 512)	4 444 252	
Surplus for the year	31 163 145	29 363 180	1 799 965	1 799 965
				(25 190 710)
Adjustments and utilisations (See Note 10, Annexure D)				(1 343 666)
Accumulated deficit at 30-06-2015				<b>(26 534 376)</b>



**7. CURRENT BANK ACCOUNT**

The cash-book reflected a negative balance of N\$ 4 973 307 (2014:N\$ 844 677) while the bank statement reflected a favourable balance of N\$ 709 915 (2014:N\$ 844 295). Cheques not presented for payment amounted to N\$ 4 331 571 (2014: N\$ 1 490 935).

**8. INVESTMENTS AND INTEREST PROCEEDS**

On 30 June 2015 there was N\$ 20 508 680 (2014: N\$ 20 784 291) invested at financial institutions and other institutions as follows:

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Commercial banks	1 845 114	2 183 053
Nampost	138 340	257 339
	1 983 454	2 440 392
Investment - Erongo RED	17 907 356	17 907 356
Listed shares	617 870	436 543
	<b>20 508 680</b>	<b>20 784 291</b>

The investments and interest earned were allocated as follows:

	<b>2015</b>		<b>2014</b>	
	<b>Investment</b>	<b>Interest</b>	<b>Investment</b>	<b>Interest</b>
	N\$	N\$	N\$	N\$
Fixed Property Fund	1 152 106	-	706 455	23 204
Jetty Fund	124 136	5 038	119 098	16 190
Capital Development Fund	-	35 752	-	-
Sewerage Fund	383 524	18 494	465 032	117 702
Build Together Fund	406 872	68 847	1 330 344	566 470
Social Housing Fund	279 300	14 984	56 032	38 452
Low Cost Housing Fund	93 858	4 444	169 413	87 214
Mayoral Relief Fund	12 623	53	-	-
TIPEEG	148 905	46 389	30 561	74 020
	<b>2 601 324</b>	<b>194 001</b>	<b>2 876 935</b>	<b>923 252</b>

## 9. FUND ACCOUNTS

The position of the fund accounts at the end of the year is shown in Note 5 of Annexure D.

## 10. TRADE ACCOUNTS

10.1 The results of operations of water distribution are as follows:

	2015	2014
	N\$	N\$
Sales	8 111 085	7 705 146
Cost of bulk purchases	(3 625 875)	(3 445 660)
Gross profit	4 485 210	4 259 486
Expenses (net)	(40 958)	(686 613)
<b>Net surplus</b>	<b>4 444 252</b>	<b>3 572 873</b>
Mark-up % on bulk purchases	123%	124%
Net profit % on bulk purchases	123%	104%

10.2 The results of water distribution losses are as follows:

	2015	2014
	N\$	N\$
Units sold	352 054	367 626
Units purchased	(495 497)	(518 513)
Gross loss	<b>(143 443)</b>	<b>(150 887)</b>
Gross loss % on bulk purchases	29%	29%

## 11. SELF-SUPPORTING SERVICES

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

	2015	2014
	N\$	N\$
Tourism	(432 428)	(567 181)
Health and cleaning services	3 866 648	1 831 779
<b>Total</b>	<b>3 434 220</b>	<b>1 264 598</b>

The Council should put measures in place to make tourism a self – supporting service.

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

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

**13. SUSPENSE ACCOUNTS**

No money was accounted for in suspense accounts during the year under review.

**14. IRREGULARITIES AND LOSSES**

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

**15. CAPITAL PROJECTS**

The following expenditure was incurred during the year for capital projects or acquisitions.

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Infrastructure	-	4 578 214
Plant & equipment	-	63 679
Office equipment	-	78 390
Motor vehicles	-	3 290 754
Total additions for the year (*)	13 197 638	-
<b>Total</b>	<b>13 197 638</b>	<b>8 011 037</b>

(\*) – the breakdown per category was not provided.

Expenditure was financed as follows:

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Fund accounts	13 197 638	7 783 297
Income	-	227 740
<b>Total</b>	<b>13 197 638</b>	<b>8 011 037</b>

**16. BURSARIES**

No bursaries were awarded during the year under review (2014: N\$ 247 599).

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

An amount of N\$ 482 800 was received from the Road Fund Administration as a subsidy for street maintenance (2014: N\$ 344 000).

**18. COMPENSATION PAYMENTS**

No compensation payments were made during the year under review.

**19. VISITS TO FOREIGN COUNTRIES**

No expenditure was incurred on visits to other countries during the year under review.

**20. CLAIMS AGAINST THE LOCAL AUTHORITY**

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

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

No amount was paid as donations for the year under review.

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

No such transfers took place during the year.

**23. DEBTORS AND CREDITORS**

**23.1 Debtors at 30 June 2015 are as follows:**

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Consumers	15 819 376	14 714 809
Provision for bad debts	(11 328 653)	(9 978 290)
	4 490 723	4 736 519
Sundry debtors	929 860	236 460
Value Added Tax	3 208 136	-
Surcharges - Erongo RED	23 887	197 143
	<b>8 652 606</b>	<b>5 170 122</b>

**23.2 Creditors at 30 June 2015 are as follows:**

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Accruals	618 743	95 062
Sundry creditors	-	788
Consumer deposits	1 230 758	1 065 989
Retention	75 675	75 675
Provision for audit fees	82 793	82 793
Provision for staff leave	1 172 655	992 618
Other / Trade creditors	71 313	71 313
	<b>3 251 937</b>	<b>2 384 238</b>

**24. ASSESSMENT RATES**

Proceeds from assessment rates amounted to N\$ 11 519 761 (2014: N\$ 9 773 503). Tariffs for residential and business properties were between N\$.0270 and N\$.0360 (2014: N\$.0252 and N\$.0336) per dollar per year on site valuations and N\$.0169 and N\$.0189 per dollar per year on valuation of residential and business improvements respectively and are in line with gazetted rates.

## **25. SALE OF ERVEN**

Cash proceeds of N\$ 1 595 306 (2014:N\$ 3 811 396) were received for erven sold and allocated to the Fixed Property Fund during the current financial year.

## **26. PROPERTY SOLD ON INSTALMENT BASIS**

Due to the non-disclosure of property sold on instalment basis in the financial statements as prepared by the Municipality the auditors could not determine the value of these properties nor the revenue received.

## **27. TARIFF ADJUSTMENTS**

All tariff adjustments were in accordance with the relevant Official Government notice.

## **28. STOCK AND EQUIPMENT**

### **28.1 Motor vehicles**

The Municipality did not provide the inventory of motor vehicles.

### **28.2 Inventory**

Inventories comprised of stationery and consumables amounting to N\$ 428 768 (2014: N\$ 429 032).

## **29. SPECIAL INVESTIGATIONS**

No special investigations were carried out during the year.

## **30. GENERAL**

### **30.1 Internal controls**

The accounting and internal controls were satisfactory, except where indicated otherwise in this report. Proper segregation of duties is not feasible due to the small number of staff employed. While increased management involvement reduces risks, the risk arises that management and Council override existing controls, a potential dangerous practice which the Council should vigilantly guard against.

### **31. FORMAL AND INFORMAL QUERIES**

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

**31.2** The informal query addressed to the Chief Executive Officer is as follows:

- Slow debt collection

## 32. QUALIFIED AUDIT OPINION

The accounts of the Municipality of Henties Bay for the financial year ended 30 June 2015, summarised 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.

A qualified audit opinion is being expressed due to following:

- Understatement of the property, plant and equipment;
- Unexplained difference on property plant and equipment reconciliation;
- Understatement of the TIPEEG Fund;
- Unexplained movement on the appropriation account;
- Overstatement of the VAT receivable;
- Overstatement of the overdrawn cashbook balance;
- Understatement of liabilities;
- Lack of supporting documentation for physical quantities of inventory; and
- Understatement of income.

Except for the matter referred to in the preceding paragraph, the annual financial statements, in my opinion present fairly, in all material respects the financial position of the Municipality of Henties Bay as at 30 June 2015 and of its financial performance and its cash flows for the year then ended and in the manner required by the Local Authorities Act, 1992 and the State Finance Act, 1991.

WINDHOEK, July 2016



**JUNIAS ETUNA KANDJEKE**  
**AUDITOR-GENERAL**

## MUNICIPALITY OF HENTIES BAY

## BALANCE SHEET AS AT 30 JUNE

	Note	2015 N\$	2014 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>		102 472 023	92 525 595
Property, plant and equipment	2	68 262 472	59 209 764
Property loans	9	13 700 871	11 484 007
Work-in-progress		-	1 047 533
Investments	3	20 508 680	20 784 291
<b>Current assets</b>		9 083 414	10 700 727
Inventory		428 768	429 032
Trade and othe receivables	4	8 652 606	5 170 123
VAT claims		-	5 099 532
Cash and cash equivalentents		2039	2 040
<b>Total assets</b>		<b>111 555 436</b>	<b>103 226 322</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		103 065 188	99 585 039
Funds	5	129 599 564	126 575 714
Accumulated deficit		(26 534 376)	(26 990 675)
<b>Non-current liabilities</b>			
Finance agreements	6	265 004	412 369
<b>Current liabilities</b>			
Bank overdraft		4 973 307	844 677
Trade and other payables	7	3 251 937	2 384 237
<b>Total equity and liabilities</b>		<b>111 555 436</b>	<b>103 226 322</b>

## MUNICIPALITY OF HENTIES BAY

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Income	31 163 145	26 090 511
Expenditure	(29 363 180)	(28 758 683)
Net operating surplus /(deficit)	1 799 965	(2 668 172)
Accumulated deficit		
– Beginning of the year	(26 990 675)	(19 319 014)
– Adjustments for the year	(1 343 666)	(5 003 489)
End of the year	<b>(26 534 376)</b>	<b>(26 990 675)</b>



## MUNICIPALITY OF HENTIES BAY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2015 N\$	2014 N\$
<b>Cash generated/(utilised) by operating activities</b>	8	2 751 271	(4 553 905)
Interest received		190 042	975 490
		<u>2 941 313</u>	<u>(3 578 415)</u>
Capital and funds accounts		<u>3 023 850</u>	<u>(9 555 953)</u>
Net cash flows from operating activities		<u>5 965 163</u>	<u>(13 134 368)</u>
<b>Cash flows from investing activities</b>			
Movement in property, plant and equipment		(9 052 708)	(7 773 014)
(Increase)/Decrease in property loans		(2 216 864)	30 920
Movement in work in progress		1 047 533	-
Decrease in investments		275 611	19 334 380
<b>Net cash flows from investing activities</b>		<u>(9 946 428)</u>	<u>11 592 286</u>
<b>Cash flows from financing activities</b>			
Net decrease in suspensive sale agreements		<u>(147 366)</u>	<u>(134 945)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(4 128 631)</u>	<u>(1 677 027)</u>
Net cash and cash equivalents			
– at beginning of the year		(842 636)	834 391
– at the end of the year		<u>(4 971 267)</u>	<u>(842 636)</u>

## MUNICIPALITY OF HENTIES BAY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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**1. ACCOUNTING POLICIES**

The annual financial statements are compiled in accordance with the historical convention modified by the restatement of the financial instruments to fair value, 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 Fixed assets and depreciation**

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 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 cost incurred in bringing the inventories to their present location and condition.

**1.3 Funds****Revenue account**

All monies received by and accrued to and expenses paid, except for allocation to other funds, are reflected in this account, and are kept in compliance with section 86(1) (b) of the Local Authorities Act of 1992.

**Reserve Fund**

The purpose of this Fund is to provide for replacement of moveable assets.

**Capital Development Fund**

The purpose of this Fund is to finance electrical reticulation network projects. Revenue is derived from interest on investments, internal loans and contributions from revenue.

**Betterment Fund**

The purpose of this Fund is to provide for future improvements of Council assets.

**Fixed Property Fund**

Proceeds of sale of development property accumulate in this Fund, which is used to develop properties.

**Jetty Fund**

The purpose of this Fund is to create a jetty at the river mouth. Income consists of contributions made by the public.

**Low Cost Housing Fund**

The purpose of the Fund is to provide for housing loans to lower income groups of people. Revenue is derived from the sale of houses and installments received.

## MUNICIPALITY OF HENTIES BAY

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

**Mayoral Relief Fund**

The purpose of this Fund is to provide funding to enable the Mayor to make donations/contributions towards various events. Income is derived from the revenue accounts and donations from the public.

**Sewerage Fund**

The purpose of this Fund is to create a sewerage system. Income is derived from the monthly basic charges on sewerage.

	<u>2015</u>	<u>2014</u>
	N\$	N\$
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
Property, plant and equipment	<u>68 262 472</u>	<u>59 209 764</u>
<b>3. INVESTMENTS</b>		
Erongo RED		
– Unlisted shares, at cost	549 997	549 997
– Assets made over	17 357 359	17 357 359
Shares		
– Listed, at market price	617 870	436 543
Fixed deposits and money on call	1 983 454	2 440 392
Total investments at year-end	<u>20 508 680</u>	<u>20 784 291</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
Consumers	15 819 376	14 714 809
Less: Provision for doubtful debts	<u>(11 328 653)</u>	<u>(9 978 290)</u>
	4 490 723	4 736 519
Sundry	929 860	236 460
Value Added Tax	3 208 136	-
Surcharges - Erongo RED	23 887	197 144
	<u>8 652 606</u>	<u>5 170 123</u>

## MUNICIPALITY OF HENTIES BAY

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

	2015	2014
	N\$	N\$
<b>5. FUNDS AND ACCOUNTS</b>		
<b>5.1 Internal funds</b>		
	61 602 097	67 778 321
Build Together Fund	15 528 454	14 726 928
Betterment Fund	-	-
Capital Development Fund	6 478 590	6 443 017
Fixed Property Fund	27 009 591	33 235 395
Jetty Fund	484 238	479 201
Low Cost Housing Fund	3 594 979	3 495 496
Mayoral Relief Fund	12 623	12 570
Reserve Fund	-	-
Social Housing Fund	279 300	662 185
Sewerage Fund	7 930 256	7 998 887
TIPEEG Fund	284 066	724 642
<b>5.2 Capital funds</b>	67 997 467	58 797 393
Loans redeemed	443 223	295 858
Contributions from general capital	36 010 855	32 807 388
Contributions from revenue	31 543 389	25 694 147
	<b>129 599 564</b>	<b>126 575 714</b>
<b>6. LONG-TERM LIABILITIES</b>		
<b>External loans</b>		
Suspensive sale agreements	<b>265 004</b>	<b>412 369</b>
<b>7. TRADE AND OTHER PAYABLES</b>		
Accruals	618 743	95 062
Sundry creditors	-	788
Consumer deposits	1 230 758	1 065 989
Provision for audit fees	82 793	82 793
Provision for leave	1 172 655	992 618
Retention	75 675	75 675
Other	71 313	71 313
	<b>3 251 937</b>	<b>2 384 237</b>

## MUNICIPALITY OF HENTIES BAY

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

	2015	2014
	N\$	N\$
<b>8. CASH GENERATED/(UTILISED) BY OPERATING ACTIVITIES</b>		
Net surplus /(deficit) for the year, per income statement	1 799 965	(2 668 172)
Adjustments for non-cash and other items		
– Depreciation	-	5 629 576
– Interest received	(190 042)	(975 490)
	<u>1 609 923</u>	<u>1 985 914</u>
Adjustments on appropriation account		
– Receipts	2 841 900	136 019
– Payments	(4 185 566)	(5 139 508)
Operating profit before working capital changes	266 257	(3 017 575)
Working capital changes		
– Accounts payable	867 700	109 821
– Accounts receivable	1 617 050	(2 155 099)
– Inventory	264	195 156
– VAT claims	-	313 792
	<u><b>2 751 271</b></u>	<u><b>(4 553 905)</b></u>
<b>9. PROPERTY LOANS</b>		
Fixed Property Fund	404 818	419 653
Low Cost Housing Fund	1 106 927	1 189 177
Build Together Fund	12 189 126	9 875 177
	<u><b>13 700 871</b></u>	<u><b>11 484 007</b></u>
<b>10. ADJUSTMENTS</b>		
Unexplained movement	2 578 749	-
Income	125 155	-
Bursary refund	86 977	136 181
Unknown credits	51 019	-
Increase in provision for doubtful debts	(3 885 951)	(2 578 750)
Accruals	(117 107)	-
Increase in leave pay provision	(180 037)	-
Other	(2 471)	(161)
Prior period surcharges	-	(394 287)
Equity adjustment	-	(2 166 472)
	<u><b>(1 343 666)</b></u>	<u><b>(5 003 489)</b></u>

