



**REPUBLIC OF NAMIBIA**



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

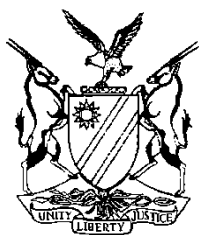
**MUNICIPALITY OF TSUMEB**

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

Published by authority

Price (Vat excluded) N\$ 37.00  
Report no: 90/2015

**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 Municipality of Tsumeb 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  
THE MUNICIPALITY OF TSUMEB  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

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**1. INTRODUCTION**

The accounts of the Municipality of Tsumeb 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 PKF 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 at Annexure A is a true reflection of the original signed by the accounting officer.

The financial statements also include:

- Annexure B: Abridged income statement;
- Annexure C: Cash flow statement; and
- 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm complies with ethical requirements, plan

and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 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 controls. 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 an audit opinion.

#### **4. KEY AUDIT FINDINGS**

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

##### **4.1 Collection of debts (\*)**

Outstanding services debts remained high at year-end. This has a negative impact on the Municipality's cash flow position. Trade receivables decreased with N\$ 1 765 301 in 2014. Due to the fact that an amount of N\$ 7 536 229 was written off.

##### **4.2 Bad and doubtful debts (\*)**

The Municipality provided for bad debts of N\$ 36 797 377. The provision for bad debts was reduced from N\$ 44 333 606 by a write-off of N\$ 7 536 229 against debtors. However, the auditors' calculation revealed that the provision is understated by N\$ 42 546 543. The total provision should be N\$ 79 343 920.

##### **4.3 Cash flow position (\*)**

The Municipality is facing a cash flow problem as indicated by the temporary advances to revenue from other funds and accounts amounting to N\$ 36 516 100 (2013: N\$ 46 621 607) at year-end. External loan redemptions and interest amounting to N\$ 20 678 526 (2013: N\$ 19 031 969) are in arrears. Council is in arrears by N\$ 2 199 190 (2013: N\$ 1 742 823) with the Regional Council fees.

Salaries, wages and allowances for 2014 amounted to 50.2% of revenue (2013 - 47.7%) and the pressure on cash flow may threaten the regular payments for human resource services.

##### **4.4 VAT differences**

The VAT differences with the Receiver of Revenue have been written off and paid where applicable and the correct amount is now reflected in the financial statements.

## 5. ACKNOWLEDGEMENT

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

## 6. FINANCIAL RESULTS

The results of the operations and 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 surplus on 1 July 2013				2 715 534
<b>General accounts</b>				
- Non profitable	19 978 693	35 482 560	(15 503 867)	
- Self supporting	14 806 364	8 965 988	5 840 376	
<b>Trade accounts</b>				
- Electricity	6 018 482	453 171	5 565 311	
- Water	14 153 473	12 647 967	1 505 506	
Deficit for the year	54 957 012	57 549 686	(2 592 674)	(2 592 674)
Adjustments and utilisations (see note 11, Annexure D)				122 860 (17 603 043)
Accumulated surplus on 30 June 2014				<b>(17 725 903)</b>

## 7. CURRENT BANK ACCOUNT

	<b>2014</b>	<b>2013</b>
	N\$	N\$
Overdraft balance at 30 June 2014	(9 553 402)	(9 214 544)
Outstanding cheques	9 886 676	9 573 620
Unexplained difference	-	(7 763)
Outstanding deposits	(11 700)	(13 912)
Favorable balance as per bank statement	<b>321 574</b>	<b>337 401</b>

The amount of outstanding cheques emphasizes the negative cash flow position of the Council.

## 8. INVESTMENTS

The investments as at 30 June were as follows:

	2014		2013	
	Investment	Revenue	Investment	Revenue
	N\$	N\$	N\$	N\$
Commercial banks	16 733 293	1 177 637	1 380 171	40 506
Shares in Central-North Electricity Distribution Company (Pty) Ltd	56 058 969	629 950	35 236 648	-
	<b>72 792 262</b>	<b>1 807 587</b>	<b>36 616 819</b>	<b>40 506</b>

The investments were allocated as follows:

	2014	2013
	N\$	N\$
Revenue account	56 058 969	35 236 648
Build Together Fund	4 529 774	1 380 171
Dantago Hoadá	217 750	-
Khaibasen Group	108 308	-
Khomás Group	145 705	-
Natural disaster fund	300 000	-
Omwene Tukwafa Group	174 810	-
Peace Maker	182 096	-
Renewal Fund	10 544 536	-
Self-Study Scheme	62 694	-
Twatameka Two Savings	307 683	-
	<b>72 792 262</b>	<b>36 616 819</b>

## 9. FUND ACCOUNTS

The position of the funds and accounts at year-end was as shown in note 6 in Annexure D. Temporary advances amounting to N\$ 36 516 100 for 2014 (2013: N\$ 46 621 607) were made from the fund accounts to revenue to finance operating expenditure. Funds are as such no longer cash backed and can thus not be fully utilized for the purposes for which they have been created.

## 10. TRADE ACCOUNT

10.1 The results of water operations were as follows:

	Water	
	2014	2013
	N\$	N\$
Sales	14 153 473	15 013 195
Cost of sales	10 516 196	(11 849 878)
Gross surplus	3 637 277	3 163 317
Other expenses	(2 131 771)	(1 829 700)
<b>Net surplus</b>	<b>1 505 506</b>	<b>1 333 617</b>
Gross surplus percentages on sales	25.7 %	21.1%
Net surplus percentage on sales	<b>10.6 %</b>	<b>8.9%</b>

10.2 WATER DISTRIBUTION RESULTS IN CUBIC METERS:

	Water	
	2014	2013
	Units	Units
Units pumped	2 761 170	3 017 048
Units sold	2 277 003	2 551 418
Loss	<b>(484 167)</b>	<b>(465 630)</b>
Percentage loss in units purchased	(17.5%)	(15%)

10.3 Electricity

	2014	2013
	kw	kw
	Receipts from Censored	6 018 482
Expenses	(453 171)	(439 310)
Net surplus	<b>5 565 311</b>	<b>5 579 454</b>

## 11. SELF-SUPPORTING SERVICES

11.1 The result for the year under review is as follows:

	<b>Income</b>	<b>Expenses</b>	<b>Surplus</b>	<b>Surplus</b>
	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>
<b>Service</b>	N\$	N\$	N\$	N\$
Sewerage	7 342 846	3 505 905	3 836 941	3 608 558
Cleansing	7 463 518	5 460 083	2 003 435	285 593
	<b>14 806 364</b>	<b>8 965 988</b>	<b>5 840 376</b>	<b>3 894 151</b>

## 12. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

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

## 13. SUSPENSE ACCOUNTS

The balance sheet does not reflect any suspense account.

## 14. IRREGULARITIES AND LOSSES

No irregularities or losses due to theft, fire and accidents were revealed during the year.



## 15. CAPITAL PROJECTS

The following were spent on capital projects:

<b>Nature of projects/acquisitions</b>	<b>Revenue account</b>	<b>Loans</b>	<b>Total expenditure 2014</b>	<b>Total expenditure 2013</b>
	N\$	N\$	N\$	N\$
Cemetery and parks	39 631	-	39 631	41 965
Civic buildings	25 900	-	25 900	-
Council's general expenses	2 024	891 406	893 430	-
Fire brigade	8 083	-	8 083	3 773 266
Housing	-	-	-	34 375
Human resources	95 825	-	95 825	-
Mayor's office	-	-	-	128 012
Sewerage	2 415	-	2 415	228 520
Streets	-	-	-	850 330
Town Clerk's department	10 835	-	10 835	-
Town Engineer's department	7 209	-	7 209	-
Town Treasurer's department	98 124	-	98 124	29 284
Tsumeb Cultural Village	2 959	-	2 959	8 250
Workshop	2 391	-	2 391	-
	<b>295 396</b>	<b>891 406</b>	<b>1 186 802</b>	<b>5 094 002</b>

## 16. BURSARIES

No bursaries were granted during the year.

## 17. CONTRIBUTIONS AND FINANCIAL AID

No contributions other than listed in paragraph 21 were made during the year.

## 18. COMPENSATION PAYMENTS

No compensation payments were made during the year.

## 19. VISITS TO FOREIGN COUNTRIES

There were 2 visits to Sweden (8 delegates), 1 visit to Norway (4 delegates) and 1 visit to India (1 delegate). These visits were duly approved by the Municipality.

## 20. CLAIMS

	Claims against the Municipality			Claims by the Municipality		
		Claimed	Settled		Claimed	Settled
	Number	N\$	N\$	Number	N\$	N\$
Outstanding 1 July 2013	-	-	-	-	-	-
Received 2013/2014	2	16 109	11 109	4	28 241	28 241
Finalised 2013/2014	(1)	(11 109)	-	(4)	(28 241)	-
Outstanding 30 June 2014	<b>1</b>	<b>5 000</b>	<b>11 109</b>	-	-	<b>28 241</b>

## 21. GRANTS AND DONATIONS

### By the local authority

Nature	Beneficiary	Value
Grant	SAIMSA	N\$ 10 000
Grant	Etosha Secondary	400
Grant	Pick 'n Pay	1 115
Grant	Tsumeb Secondary	400
Grant	J.P. Radlege Stadium	5 000
Water basic exemption	Pensioners	558 648
		<b>575 563</b>
<b>To the local authority</b>		
Renovations to Oscar Norich Stadium development		<b>40 000</b>

## 22. TRANSFER OF PROPERTY

There was no transfer of property to and from the Government.

## 23. TRADE AND OTHER RECEIVABLES AND PAYABLES

### 23.1 Trade and other receivables at 30 June were:

	2014	2013
	N\$	N\$
Services rendered and assessment rates	92 600 436	94 365 738
VAT provision	1 400 679	8 104 774
Sundries	302 259	413 410
Provision for bad debts	(36 737 377)	(44 333 606)
Consumer deposits	(1 375 784)	(1 251 062)
<b>Total</b>	<b>56 130 213</b>	<b>57 299 254</b>

### 23.2 Trade and other payables at 30 June were:

	2014	2013
	N\$	N\$
Accruals	80 088	790 386
Provisions	6 673 044	7 110 597
Arrears for loan interest and redemptions	20 678 527	19 031 969
Sundries	7 793	9 960
Unutilised funds for specific purposes	21 382 084	7 348 520
	<b>48 821 536</b>	<b>34 291 432</b>

## 24. ASSESSMENT RATES

Net proceeds from assessment rates were N\$ 8 670 970 (2013: N\$ 8 493 669). The tariffs for private and business property were N\$ 0.23557 (2013: N\$ 0.23557) per N\$ per year of the site valuations plus N\$ 0.00571(2013: N\$ 0.00571) per N\$ per year of the valuations of improvements, similar to the rates of 2003. Tariffs could not be increased as the valuation role was not approved.

## **25. LOANS**

### **25.1 External loans**

External loan balances were N\$ 9 082 735 (2013: N\$ 9 671 219). The balances correspond with the balances as per actuarial tables and the general ledger. Redemption payments are not up to date as stated in paragraph 23.2.

### **25.2 Internal loans**

Internal loans as at 30 June 2014, being N\$ 7 251 187 (2013: N\$ 6 958 618), are eliminated in the abridged balance sheet. All new internal loans advanced during the year were authorised and all assets financed by internal loans were capitalised.

### **25.3 Due to the Municipality**

	<b>2014</b>	<b>2013</b>
	N\$	N\$
Balance due to the Municipality by homeowners	3 054 760	3 396 342

## **26. SALE OF ERVEN**

### **26.1 Property transferred from the Municipality during the year**

There were 28 (2013: 24) properties to the value of N\$ 3 037 022 (2013: N\$ 1 392 694) transferred from the Municipality to others.

### **26.2 Property transferred to the Municipality during the year**

No properties (2013: 5) were transferred from other to the Municipality.

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

No figures were provided for the year under review.

## **28. TARIFF ADJUSTMENTS**

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

## **29. APPROVALS**

### **29.1 Excess on approved budget**

All budget excesses were approved.

### **30. INVENTORY AND EQUIPMENT**

#### **30.1 Motor vehicles and values thereof**

At year-end Council had 55 vehicles and heavy duty units in operation. Detail of kilometers driven and fuel consumption are kept.

#### **30.2 Inventory**

Adequate systems of control over and recording of inventory were maintained. Inventory counts are performed twice per annum. Slow moving inventory was identified and adequate provision has been made for obsolete items. Housekeeping is up to standard.

### **31. SPECIAL INVESTIGATIONS**

There were no special investigations conducted during the year.

### **32. GENERAL**

The accounting and internal controls applied by the Municipality are satisfactory.

### **33. FORMAL AND INFORMAL QUERIES**

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

**33.2** Informal queries were raised with the accounting officer.

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

- Under provision of bad and doubtful debts with N\$ 42 546 543
- External loans amounting to N\$ 20 678 526 were not paid

### **35. QUALIFIED AUDIT OPINION**

The accounts of the Tsumeb Municipality for the financial year end 30 June 2014, summarised in Annexures A to D, were audited by me in terms of Section 85 of the Local Authority Act, 1992, read with Section 25(1) (b) of the State Finance Act, 1991.

Except for the effect of any adjustments that might have been necessary as referred to in the basis of qualified audit opinion paragraph, in my opinion, the financial statements fairly present the financial position of the Municipality at 30 June 2014 and the results of its operations and cash flows for the year then ended.

**WINDHOEK, November 2015**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## MUNICIPALITY OF TSUMEB

## BALANCE SHEET 30 JUNE

	Notes	2014 N\$	2013 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>		116 033 749	80 575 007
Property, plant and equipment	2	40 186 727	40 561 846
Loans receivable	3	3 054 760	3 396 342
Investments	4	72 792 262	36 616 819
<b>Current assets</b>		56 557 972	57 606 467
Trade and other receivables		56 130 213	57 299 252
Inventories		427 759	307 215
		<b>172 591 721</b>	<b>138 181 474</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>		105 134 048	85 004 279
Capital outlay	5	23 852 805	23 932 008
Funds and accounts	6	81 281 243	61 072 271
<b>Non-current liabilities</b>			
Long-term loans	7	9 082 735	9 671 219
<b>Current liabilities</b>		58 374 938	43 505 976
Trade and other payables	8	48 821 536	34 291 432
Bank overdraft	9	9 553 402	9 214 544
		<b>172 591 721</b>	<b>138 181 474</b>

## MUNICIPALITY OF TSUMEB

## INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE

## INCOME STATEMENT

	Notes	2014 N\$	2013 N\$
INCOME		54 957 013	53 870 815
EXPENDITURE		<u>(56 482 509)</u>	54 886 515
NET OPERATING (DEFICIT)		(1 525 496)	(1 015 700)
TRANSFER TO INTERNAL FUNDS	10	<u>(1 067 178)</u>	<u>(1 030 670)</u>
NET SURPLUS/ (DEFICIT) AFTER TRANSFERS		(2 592 674)	(2 046 370)
APPROPRIATION ACCOUNT	11	<u>(17 603 043)</u>	3 153 582
NET SURPLUS AFTER APPROPRIATION		(20 195 717)	1 107 212
REVENUE ACCOUNT - beginning of year		<u>2 715 534</u>	1 608 322
REVENUE ACCOUNT - end of year		<u><b>(17 480 183)</b></u>	<u><b>2 715 534</b></u>

**MUNICIPALITY OF TSUMEB**  
**CASH FLOW STAMENT FOR THE YEAR ENDE 30 JUNE**

CASH FLOW STATEMENT

	<b>Note</b>	<b>2014</b>	<b>2013</b>
		N\$	N\$
<b>1. OPERATING ACTIVITIES</b>			
Cash receipts from customers		52 229 829	46 263 043
Cash paid to suppliers		(53 786 300)	(52 800 924)
Cash utilised by operations	12	(1 556 471)	(6 537 881)
Increase in fund accounts		17 843 836	3 024 378
		<u>16 287 365</u>	<u>(3 513 503)</u>
<b>2. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net capital expenditure		(1 186 802)	(8 139 048)
Donations received		-	3 773 266
		<u>(1 186 802)</u>	<u>(4 365 782)</u>
Decrease in loans receivable		-	(28 022)
Increase in investments		(15 353 122)	3 455 830
		<u>(16 539 924)</u>	<u>(937 974)</u>
<b>3. FINANCING ACTIVITIES</b>			
(Decrease) in long-term liabilities		<u>(86 299)</u>	<u>(6 044)</u>
<b>4. NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(338 858)	(4 457 521)
<b>CASH AND CASH EQUIVALENTS -BEGINNING OF YEAR</b>		<u>(9 214 544)</u>	<u>(4 757 023)</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>		<u><b>(9 553 402)</b></u>	<u><b>(9 214 544)</b></u>



**MUNICIPALITY OF TSUMEB**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

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**1. ACCOUNTING POLICIES**

**1.1 Introduction**

The annual financial statements set out in Annexures A to D were prepared on the historical cost basis and incorporate the following principal accounting policies, which are consistent in all material aspects with those applied in the previous year.

**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 by 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.

**1.3 Stock**

Stock is valued at the lower of cost and net realisable value. Obsolete stock is written off against the income statement.

**1.4 Funds**

**1.4.1 Revenue account**

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

**1.4.2 Housing Fund**

The purpose of this fund is to provide funds to enable tenants of houses to buy such houses as required in terms of Section 58 of the Act.

**1.5 Special Funds**

The Municipality also maintains the following funds in terms of the authorisation in Section 80(4) of the Local Authorities Act of 1992.

**1.5.1 Capital Development Fund**

The purpose of this fund is to build up a general reserve to ensure that the Municipality's financial position is stable. Income to this fund is transferred from the general income account and derived from interest on investments.

## MUNICIPALITY OF TSUMEB

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

## ACCOUNTING POLICIES

## 1. (continued)

## 1.5.2 Betterment fund

The purpose of this fund is to provide for future improvement of municipal assets. Part of the proceeds of the sale of properties developed by the Municipality accumulates in this fund as well as interest derived from investments.

## 1.5.3 Fixed Property Fund

Proceeds on the sale of developed properties accumulate in this fund and are used to develop properties.

## 1.5.4 Renewal Fund

The purpose of this fund is to provide for replacement for assets and for additional depreciation on assets which decreased in value. Income is obtained from the revenue account and interest derived from investments.

## 1.5.5 Build Together Fund

The purpose of this fund is to provide loans to applicants who want to build or buy houses with the help of the community. The installments received for the payment of these loans are reinvested in this fund.

	<u>2014</u>	<u>2013</u>
	N\$	N\$
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
Income assets	3 013 669	3 019 942
Loan assets	23 411 196	23 381 729
General capital assets	13 761 862	14 160 175
	<u>40 186 727</u>	<u>40 561 846</u>
Total	<u>40 186 727</u>	<u>40 561 846</u>
A motor vehicle with book value is encumbered by an asset finance agreement		419 342

## MUNICIPALITY OF TSUMEB

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

	<b>2014</b>	<b>2013</b>
	N\$	N\$
<b>3. LOANS RECEIVABLE</b>		
Build Together Fund	675 624	755 031
Build Together Fund - temporary advances	466 984	466 984
Dantago Hoadas	208 397	228 343
Fixed Property Fund	2 899	23 005
Housing Fund 1	(235 367)	(178 955)
Housing Fund 2	805 779	805 779
Khaibasen Group	150 727	167 356
Khomas Group	240 282	277 306
Omwene Tukwafa Group	255 040	276 275
Peace Group	180 372	212 500
Peace Maker	198 918	228 357
Twatameka Two Savings	105 105	134 361
	<b>3 054 760</b>	<b>3 396 342</b>

**4. INVESTMENTS**

Central-North Electricity Distribution Company (Pty) Ltd	56 058 969	35 236 648
Commercial banks	16 733 293	1 380 171
	<b>72 792 262</b>	<b>36 616 819</b>

The investment in Central-North Electricity Distribution Company (Pty) Ltd comprises a 12.6% (2013: 12.6%) holding in the share capital of Central-North Electricity Distribution Company (Pty) Ltd, at equity value.

**ALLOCATED AS FOLLOWS**

Build Together Fund	4 529 774	1 380 171
Dantago Hoadas	217 750	-
Khaibasen Group	108 309	-
Khomas Group	145 705	-
Natural disaster fund	300 000	-
Omwene Tukwafa Group	174 810	-
Peace Group	159 937	-
Peace Maker	182 096	-
Renewal fund	10 544 536	-
Revenue account	56 058 969	35 236 648
Self-study scheme	62 694	-
Twatameka Two Savings	307 682	-
	<b>72 792 262</b>	<b>36 616 819</b>

## MUNICIPALITY OF TSUMEB

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

	<b>2014</b>	<b>2013</b>
	N\$	N\$
<b>5. CAPITAL OUTLAY</b>		
Loans redeemed	7 077 274	9 445 109
Revenue contributions	3 013 669	3 019 942
General capital contributions	13 761 862	11 466 957
	<b>23 852 805</b>	<b>23 932 008</b>
<b>6. FUNDS, ACCOUNTS AND RESERVES</b>		
Statutory funds:		
Accumulated surplus	17 725 903	2 715 534
Betterment fund	1 955 186	1 955 185
Capital Development fund	3 845 765	3 544 149
Fixed Property fund	26 200 362	23 035 986
Housing funds	8 151 024	7 716 195
Renewal fund	20 405 181	19 267 021
Funds for expenditure to be incurred:		
Dantaga Hoadia	426 147	415 187
Khaibasen Group	259 036	251 071
Khomas Group	385 986	372 969
Natural Disaster fund	300 000	250 000
Omwene Tukurwafa Group	429 849	416 583
Peace Group	340 309	330 440
Peace Maker	381 014	370 234
Self Study Scheme	62 694	25 000
Twatameka Two Savings	412 787	406 717
	<b>81 281 243</b>	<b>61 072 271</b>

## MUNICIPALITY OF TSUMEB

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

	<b>2014</b>	<b>2013</b>
	N\$	N\$
<b>7. LONG-TERM LIABILITIES</b>		
The Government of Namibia	8 819 948	9 322 133
Commercial bank	262 787	349 086
	<b>9 082 735</b>	<b>9 671 219</b>
The loan from a bank is secured by an asset finance agreement		
Over a vehicle with book value.		419 342
<b>8. TRADE AND OTHER PAYABLES</b>		
Accruals	80 088	790 386
Provisions	-	-
- leave, bonuses and salary reserve	4 267 671	4 393 761
- audit fees	-	515 946
- workmen's compensation	206 183	251 301
- Regional Council fees	2 199 190	1 742 823
- retention expenses	-	206 767
Government loan interest and redemptions	20 678 527	19 031 969
Sundries	7 793	9 960
	<b>27 439 452</b>	<b>26 942 913</b>
<b>Funds for specific purposes: not utilised</b>		
Omutuli savings	183 410	240 439
Social housing	1 486 000	1 486 000
Donkerhoekie compound	57 639	67 139
Informal settlement	1 381 329	1 381 329
Tipeeg projects	18 273 706	4 173 612
	<b>21 382 084</b>	<b>7 348 519</b>
<b>Total</b>	<b>48 821 536</b>	<b>34 291 432</b>
<b>9. BANK OVERDRAFT</b>		
Current account	<b>(9 553 402)</b>	<b>(9 214 544)</b>
<b>10. TRANSFER TO INTERNAL FUNDS</b>		
Capital Development Fund	(327 400)	(290 492)
Renewal Fund	(739 778)	(740 178)
	<b>(1 067 178)</b>	<b>(1 030 670)</b>

## MUNICIPALITY OF TSUMEB

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

	2014	2013
	N\$	N\$
<b>11. ADJUSTMENTS TO APPROPRIATION ACCOUNT</b>		
Adjustments - expenditure relating to 2013	712 946	1 514 840
Adjustments - revenue relating to 2013	174 306	(3 210 171)
Adjustment to VAT claims account	3 906 224	-
Bank reconciliation 2013	(6 695)	18 604
Cash surplus	-	220
Cenored dividends received	(629 950)	-
Dundee contribution	(164 965)	-
Endowment fee	-	505 237
Proceeds of auction	(103 980)	-
Provision for audit fees reversed	(515 945)	-
Stale cheques reversed	(152 663)	-
Unclaimed balances	-	980
Unspent loan written off	-	4 323 872
	3 219 278	3 153 582
Fair value gain: Cenored	(20 822 321)	-
	<b>(17 603 043)</b>	<b>3 153 582</b>
<b>12. CASH UTILISED BY OPERATIONS</b>		
Net operating (deficit)	(2 592 674)	(2 046 369)
Adjustments for:		
- Adjustments to appropriation account	(3 219 278)	3 153 582
- Non cash flow items charged to income statement	4 423 532	(258 422)
Operating surplus before changes in working capital	(1 388 420)	848 791
Changes in working capital		
Increase in trade and other receivables	1 169 040	(7 607 772)
Increase in inventories	(120 544)	(44 657)
Increase in trade and other payables	(1 216 547)	265 757
Cash utilised by operations	<b>(1 556 471)</b>	<b>(6 537 881)</b>