



**REPUBLIC OF NAMIBIA**



**Nkurenkuru  
Town Council**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
TOWN COUNCIL OF NKURENKURU  
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 Town Council of Nkurenkuru 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, April 2016**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
TOWN COUNCIL OF NKURENKURU  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

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**1. INTRODUCTION**

The accounts of the Town Council of Nkurenkuru for the year ended 30 June 2015 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 Taziwa Consulting has been appointed in terms of Section 26 (2) of the State Finance Act, 1991, to audit the accounts of the Town Council 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 Town Council's financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 87(1) of the Local Authorities Act, 1992. 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 signed by the Accounting Officer.

The financial statements also include:

Annexure B: 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 Town Council 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 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 comply with ethical requirements and 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 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.

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

### **4.1 Overstatement of property, plant and equipment**

Property, plant and equipment are overstated by N\$ 1 008 713 as a result of the VAT which was capitalised and claimed from the Receiver of Revenue.

### **4.2 Recognition of land sales**

Deposits received on the intended sale of erven were credited to the revenue account instead of the liability account resulting in overstatement of revenue and understatement of the related liability.

### **4.3 Value Added Taxation (VAT)**

The VAT return for July 2014 and the VAT reconciliation could not be provided by the Council for audit verification, as a result, the VAT receivable balance could not be verified.

### **4.4 Omitted investment in equity**

The investment in the shares of the Local Authorities Electricity Company (Pty) Limited (shareholder in NORED) is not reflected in the financial statements.

### **4.5 Royalties**

There were no supporting documents for royalties received from NORED, as a result, the auditors were unable to verify the completeness, accuracy and validity of the amounts received.

### **4.6 Accounts payable**

- Trade creditors of N\$ 4 799 706 were not included in the annual financial statements resulting in the understatement of liabilities and expenditure; and
- No invoices were raised for some of the land sales. Receipts from Council's customers for these land sales amounting to N\$ 4 225 862 were recognised as liabilities.

### **4.7 Government contributions**

- Auditors observed that an amount of N\$ 16 500 000 received from Government for capital projects was recognised as revenue instead of capital reserve, resulting in overstatement of revenue and understatement of capital reserves;
- Auditors also observed that an amount of N\$ 4 000 000 received from Government for compensation of homesteads was recognised as revenue, resulting in overstatement of revenue and understatement of liabilities; and
- The auditors could not get correspondence from government for funds received amounting to N\$ 553 697.

### **4.8 Bank and cash**

- The bank reconciliation indicates an unexplained difference of N\$ 446 681, resulting in the understatement of bank balance;
- Adjustment of N\$ 297 479 on the bank reconciliation could not be explained resulting in overstatement of bank balance; and

The following transactions were not included in the annual financial statements;

- Advance receipts of N\$ 504 121 resulting in understatement of bank balance; and
- Stop order and bank cost of N\$ 334 608 resulting in overstatement of bank balance.

#### 4.9 Debtors

Auditors observed that provision of bad debts was understated by N\$ 759 105, resulting in the overstatement of debtors.

#### 5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Town Council of Nkurenkuru during the audit is appreciated.

#### 6. FINANCIAL RESULTS

The results of the operations of, and transactions on the Revenue account for the year are as follows:

	Revenue	Expenditure	Surplus/ (Deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus at 01/07/2014				(2 762 216)
General accounts				
- Non-profitable	29 902 452	27 901 672	2 000 780	
- Self supporting	563 460	2 162 433	(1 598 973)	
Trade accounts				
- Electricity	529 386	2 162 586	(1 633 200)	
- Water	1 739 465	2 384 621	(645 156)	
Deficit for the year	32 734 763	34 611 312	(1 876 549)	(1 876 549)
Adjustments and utilisations (See note 10, Annexure D)				(4 638 765)
				(3 567 345)
Accumulated deficit at 30/06/2015				<b>(8 206 110)</b>

#### 7. CURRENT BANK ACCOUNT

	2015	2014
	N\$	N\$
Cashbook balance at 30 June	(1 727 087)	(163 129)
Unexplained difference	446 681	35 718
Outstanding cheques	1 442 848	528 809
Unexplained adjustments	(297 479)	-
Advance receipts	504 121	-
Debits on the bank statement not recorded in the cashbook	(334 608)	(33 115)
Balance as per bank statement	<b>34 476</b>	<b>368 283</b>

## 8. INVESTMENTS

The investments as at 30 June are as follows:

Institution	2015		2014	
	Investment	Interest	Investment	Interest
	N\$	N\$	N\$	N\$
Commercial banks	11 946 829	1 070 130	15 417 233	656 001

The investments were allocated as follows:

Allocation	2015	2014
	N\$	N\$
Build Together Fund	1 292 055	807 387
Capital Development Fund	10 654 774	14 609 846
	<b>11 946 829</b>	<b>15 417 233</b>

## 9. FUND ACCOUNTS

The position of the Funds and accounts at year-end is as shown in note 8 in Annexure D.

## 10. TRADE ACCOUNT

### 10.1 The results of electricity and water operations are as follows:

	Electricity		Water	
	2015	2014	2015	2014
	N\$	N\$	N\$	N\$
Sales	139 561	287 345	1 673 033	1 016 379
Purchases	(156 000)	(250 000)	(118 132)	(395 011)
Gross surplus	(16 439)	37 345	1 554 901	621 368
Royalties	389 825	545 363	-	-
Other income/(expenses)	(2 006 586)	-	(2 200 057)	(1 762 089)
<b>Net surplus/(deficit)</b>	<b>(1 633 200)</b>	<b>582 708</b>	<b>(645 156)</b>	<b>(1 140 721)</b>
Gross surplus percentages on purchases	(10.5) %	14.9%	1 316.2%	157.3%
Gross surplus percentages on sales	(11.8) %	13.9%	92.9%	61.1%



## 10.2 Water distribution results, in cubic meters

	Water	
	2015	2014
	Units	Units
Sales	133 937	83 658
Purchases	(6 268)	(60 102)
Distribution gain	<b>127 669</b>	<b>23 556</b>
Percentage gain on purchases	2 036.8%	39.2%

The distribution gain is attributable to the fact that the Council was distributing some of the water from its own private sources.

## 11. SELF-SUPPORTING SERVICES

### 11.1 The results for the year under review are as follows:

Service	Income 2015	Expenses 2015	(Deficit) 2015	(Deficit) 2014
Cleansing services	N\$ 297 698	N\$ (1 893 053)	N\$ (1 595 355)	N\$ (346 742)
Sewerage	265 762	(269 380)	(3 618)	(1 449 088)
	<b>563 460</b>	<b>(2 162 433)</b>	<b>(1 598 973)</b>	<b>(1 795 830)</b>

The Council should endeavour into a process to make these services self-supportive.

## 12. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

Council paid N\$ 327 106 (2014: N\$ 286 661) to a consultant to complete and file VAT returns on its behalf. The consultant charged 25% of VAT refunds received, which is excessive and not reflective of the work done. This expenditure is avoidable. No other fruitless and unauthorised expenditure were noted.

## 13. REVENUE WRITTEN OFF

No revenue was written off during the period.

## 14. SUSPENSE ACCOUNTS

Suspense accounts are cleared on a regular basis.

## 15. IRREGULARITIES AND LOSSES

The auditors did not find any irregularities and losses that took place during the year under review.

## 16. CAPITAL PROJECTS

The following were spent on capital projects:

Nature of projects/acquisitions	Financed by	Financed by	Total expenditure 2015	Total expenditure 2014
	Capital Dev. Fund	Revenue account		
	N\$	N\$	N\$	N\$
Chief Executive Officer	-	50 536	50 536	-
Finance	-	20 440	20 440	221 000
Technical Services	-	18 028	18 028	1 150 000
Dev. Control, Plan. and Environment	-	16 065 573	16 065 573	8 240 123
Sewerage	-	18 028	18 028	795 624
Water	-	1 276 536	1 276 536	1 385 829
Electricity	-	2 006 586	2 006 586	-
Fire Brigade	-	18 028	18 028	-
Cleaning	-	649 768	649 768	-
Human Resources	-	18 028	18 028	-
	-	<b>20 141 551</b>	<b>20 141 551</b>	<b>11 972 576</b>

The Council is urged to improve on project implementation.

## 17. BURSARIES

The Council approved and granted education grants amounting to N\$ 64 512 (2014: N\$ 23 510).

## 18. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

	2015	2014
	N\$	N\$
Contribution from Government	21 908 825	9 241 725

## 19. COMPENSATION PAYMENTS

Land compensation payments amounting to N\$ 4 097 860 (2014: N\$ 8 693 700) were paid during the year.

## 20. VISITS TO FOREIGN COUNTRIES

Staff of the following departments of the Town Council visited foreign countries for conferences, conventions, courses, seminars, workshops and research purposes:

Department	Nature of Expense	Destination	2015	2014
			N\$	N\$
Chief Executive Officer	Travelling and subsistence costs	Dubai	20 091	-
Office of the Mayor	Subsistence costs	Dubai	14 474	-

## 21. CLAIMS AGAINST THE LOCAL AUTHORITY

No claims were made against the Council during the year under review.

## 22. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

### 22.1 Gifts/Donations

The Council made a cash donation of N\$ 2 000 to the Nkurenkuru Combined School with the necessary approval

### 22.2 Free services

There were no free services offered during the year under review.

## 23. TRANSFER OF PROPERTY

	Ministry Allocated	Erf No	Zoning	Size
1	Ministry of Safety and Security	1 123	Residential	711 m <sup>2</sup>
		1 113	Residential	700 m <sup>2</sup>
		1 041	Residential	1 127 m <sup>2</sup>
		1 122	Residential	734 m <sup>2</sup>
		1 085	Residential	929 m <sup>2</sup>
		284	Government	4,4151 ha
		285	Government	3,7366 ha
2	Ministry of Works and Transport	261	Institutional	6,6658 ha
3	Ministry of Health and Social Services	810	Institutional	7 294 m <sup>2</sup>
4	Ministry of Justice	721	Residential	1 651 m <sup>2</sup>
		722	Residential	1 360 m <sup>2</sup>
		723	Residential	2 675 m <sup>2</sup>
		724	Residential	3 265 m <sup>2</sup>
		725	Residential	932 m <sup>2</sup>
5	Ministry of Urban and Rural Development	1 347	Residential	4 813 m <sup>2</sup>
		1 348	Residential	3 535 m <sup>2</sup>
6	Ministry of Information and Technology	825	Government	14 8528 ha
7	Ministry of Gender Equality and Child Welfare	224	Government	1 893 m <sup>2</sup>
		223	Institutional	2 655 m <sup>2</sup>

## 24. TRADE AND OTHER RECEIVABLES/PAYABLES

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

	2015	2014
	N\$	N\$
Services rendered and assessment rates	6 209 472	2 426 989
VAT receivable	1 127 288	1 053 433
Build Together advances	1 331 889	1 377 337
Land compensation	2 074 071	-
	10 742 720	4 857 759
Provision for bad debts	(5 363 435)	(2 151 488)
<b>Total</b>	<b>5 379 285</b>	<b>2 706 311</b>

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

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Trade and other payables	195 348	140 928
Debtors in advance	4 225 862	-
Provision for leave pay	963 194	672 560
Land compensation – undisbursed funds	-	2 023 790
<b>Total</b>	<b>5 384 404</b>	<b>2 837 278</b>

**25. ASSESSMENT RATES**

	<b>2015</b>	<b>2014</b>
	N\$	N\$
The proceeds from assessment rates	225 864	182 809
<b>Residential:</b>		
Tariffs per N\$1 valuation per annum - Site valuation	0.0120	0.0120
Tariffs per N\$1 valuation per annum - Improvements	0.0050	0.0050
<b>Business:</b>		
Tariffs per N\$1 valuation per annum - Site valuation	0.0150	0.0150
Tariffs per N\$1 valuation per annum - Improvements	0.0075	0.0075

**26. LOANS****26.1 External loans**

There are no external loans.

**26.2 Internal loans**

There are no internal loans.

**26.3 Due to the Town Council**

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Build Together advances	1 331 889	1 377 337

**27. SALE OF ERVEN**

During the financial year, under review cash proceeds amounting to N\$ 5 099 800 (2014: N\$ 4 319 644) were received in respect of sale of erven and were allocated to the revenue account. As reported on item 4.2, deposits received for purchase of erven were recognised as revenue instead of a liability.

**28. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS**

The Council's policy is to sell erven on both cash and instalment basis. The Council was unable to provide the breakdown between cash and instalment sales owing to lack of reconciliation.

**29. TARIFF ADJUSTMENTS**

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

### 30. APPROVALS

#### 30.1 Excess on approved budget

All budget excesses were approved.

### 31. INVENTORY AND EQUIPMENT

#### 31.1 Motor vehicles and values thereof:

	Sedan vehicles		LDV & Combi's		Heavy vehicles (lorries & buses)	
	Number	Value	Number	Value	Number	Value
Balance on 01/07/2014	1	N\$ 176 800	5	N\$ 1 106 311	4	N\$ 1 534 889
Additions		-		-		-
Depreciation	1	176 800 (44 200)	5	1 106 311 (160 716)	4	1 534 889 (106 665)
Balance on 30/06/2014	1	132 600	5	945 595	4	1 428 224

#### 31.2 Motor vehicle accident

There were no motor vehicle accidents during the period.

#### 31.3 Inventory

The value of inventories amounted to N\$ 111 692 (2014: N\$ 111 692).

### 32. SPECIAL INVESTIGATIONS

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

### 33. HIV/AIDS

Information could not be obtained from the Council.

### 34. RISK MANAGEMENT

Information could not be obtained from the Council.

### 35. INTERNAL AUDIT & AUDIT COMMITTEE

Information could not be obtained from the Council.

### 36. GENERAL

The accounting and internal controls applied by the Council are reasonable.

### 37. FORMAL AND INFORMAL QUERIES

#### 37.1 Formal queries

Formal queries are embodied in this report.

### **37.2 Informal queries**

Informal queries were addressed to the Chief Executive Officer and are as follows:

- Slow debt collection;
- Inadequate consumer deposits;
- Unsupported inventory;
- Excessive consulting fees; and
- Unsupported journal entries.

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

The accounts of the Town Council of Nkurenkuru for the financial year ended 30 June 2015, summarised in Annexures A to D, were audited by me in terms of Section 85 of the Local Authorities Act, 1992, read with Section 25 (1) (b) of the State Finance Act, 1991.

### **39. QUALIFIED AUDIT OPINION**

A qualified audit opinion is being expressed due to the following reasons:

- Overstatement of property, plant and equipment;
- VAT returns not submitted and lack of a VAT reconciliation;
- Omitted investment in equity;
- Incorrect recognition of land sales;
- Lack of supporting documents for royalties' income;
- Overstatement of debtors;
- Overstatement of revenue;
- Understatement of accounts payables
- Incomplete invoicing of land sales;
- Incomplete processing of bank transactions; and
- Unexplained reconciling items between bank statement balance and the cashbook.

Except for the effects of the matters referred to in the preceding paragraph, in my opinion, the financial statements fairly present the financial position of the Town Council at 30 June 2015 and the results of its operations and cash flows for the year then ended in the manner required by the Local Authorities Act, 1992, and the State Finance Act, 1991.



**JUNIAS ETUNA KANDJEKE  
AUDITOR- GENERAL**

**WINDHOEK, April 2016**

## NKURENKURU TOWN COUNCIL

## BALANCE SHEET AT 30 JUNE

	Note	2015 N\$	2014 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	38 167 146	20 810 711
Investments	3	11 946 829	15 417 233
		<b>50 113 975</b>	<b>36 227 944</b>
<b>Current assets</b>			
Inventories	6	111 692	111 692
Trade and other receivables	4	5 379 285	2 706 311
Cash and cash equivalents	5	1 000	1 000
		<b>5 491 977</b>	<b>2 819 003</b>
<b>TOTAL ASSETS</b>		<b>55 605 952</b>	<b>39 046 947</b>
<b>FUNDS, ACCOUNTS AND LIABILITIES</b>			
<b>Funds and reserves</b>			
Capital outlay	7	38 167 146	20 810 711
Funds and accounts	8	10 327 315	15 235 829
		<b>48 494 461</b>	<b>36 046 540</b>
<b>Current liabilities</b>			
Trade and other payables	9	5 384 404	2 837 278
Bank overdraft	5	1 727 087	163 129
		<b>7 111 491</b>	<b>3 000 407</b>
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>55 605 952</b>	<b>39 046 947</b>



## NKURENKURU TOWN COUNCIL

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2015</u> N\$	<u>2014</u> N\$
INCOME		31 698 515	17 743 949
EXPENDITURE		<u>(34 611 312)</u>	<u>(22 588 450)</u>
<b>NET OPERATING (DEFICIT)/SURPLUS</b>		<b>(2 912 797)</b>	<b>(4 844 501)</b>
INTEREST ON INVESTMENTS		<u>1 036 248</u>	<u>744 889</u>
<b>NET (DEFICIT)/SURPLUS AFTER INTEREST</b>		<b>(1 876 549)</b>	<b>(4 099 612)</b>
APPROPRIATION ACCOUNT	10	<u>(3 567 345)</u>	<u>(1 044 978)</u>
<b>NET (DEFICIT)/SURPLUS AFTER APPROPRIATIONS</b>		<b>(5 443 894)</b>	<b>(5 144 590)</b>
REVENUE ACCOUNT - Beginning of year		<u>(2 762 216)</u>	<u>2 382 374</u>
<b>REVENUE ACCOUNT - End of year</b>		<b><u>(8 206 110)</u></b>	<b><u>(2 762 216)</u></b>

## NKURENKURU TOWN COUNCIL

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2015 N\$	2014 N\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		31 698 515	17 743 949
Cash paid to suppliers		(38 304 505)	(23 842 798)
<b>Cash (utilised)/generated by operations</b>	11	<b>(6 605 990)</b>	<b>(6 098 849)</b>
Interest received		1 036 248	744 889
<b>Net cash flows from operating activities</b>		<b>(5 569 742)</b>	<b>(5 353 960)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in Build Together Fund account		535 380	117 752
Increase in Capital outlay		17 356 435	10 542 272
Increase in Capital Development Fund		-	10 302 202
<b>Net cash flows from financing activities</b>		<b>17 891 815</b>	<b>20 962 226</b>
<b>CASH FLOWS TO INVESTING ACTIVITIES</b>			
Net capital expenditure		(17 356 435)	(10 542 272)
Decrease/(increase) in investments		3 470 404	(5 036 138)
<b>Net cash flows from investing activities</b>		<b>(13 886 031)</b>	<b>(15 578 410)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1 563 958)</b>	<b>29 856</b>
<b>CASH AND CASH EQUIVALENTS</b>			
- BEGINNING OF YEAR		(162 131)	(191 987)
<b>CASH AND CASH EQUIVALENTS</b>			
- END OF YEAR		<b>(1 726 089)</b>	<b>(162 131)</b>

## NKURENKURU TOWN COUNCIL

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

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

The annual financial statements are compiled in accordance with the historical cost convention modified by the restatement of financial assets to fair value, except where otherwise stated.

The principal accounting policies of the Town Council, which are set out below, 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 valuation where assets have been acquired by grant or by donation. Property, plant and equipment are depreciated over their estimated useful lives as determined by the Council.

**1.3 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at fair value. For the purpose of the cash flow statement, cash and cash equivalents comprises of cash in hand and deposits held at commercial banks.

**1.4 Funds**

The following Funds were maintained by the Council in terms of Sections 58(1) and 80(4) of the Local Authorities Act (Act 23 of 1992):

**1.4.1 Build Together Fund**

The purpose of this Fund is to provide for housing loans. Income for the Fund is derived from interest earned on investments and outstanding Build Together loans as well as government subsidies.

**1.4.2 Capital Development Fund**

The purpose of this Fund is to finance capital projects.

## NKURENKURU TOWN COUNCIL

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

	<b>2015</b>	<b>2014</b>
	N\$	N\$
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
Revenue assets	<b>38 167 146</b>	<b>20 810 711</b>
<b>3. INVESTMENTS</b>		
Commercial banks	<b>11 946 829</b>	<b>15 417 233</b>
ALLOCATED AS FOLLOWS:		
Build Together Fund	1 292 055	807 387
Capital Development Fund	10 654 774	14 609 846
	<b>11 946 829</b>	<b>15 417 233</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
Services rendered and assessment rates	6 209 472	2 426 989
VAT receivable	1 127 288	1 053 433
Build Together advances	1 331 889	1 377 337
Land compensation	2 074 071	-
	<b>10 742 720</b>	<b>4 857 759</b>
Provision for bad debts	(5 363 435)	(2 151 448)
	<b>5 379 285</b>	<b>2 706 311</b>
<b>5. CASH AND CASH EQUIVALENTS</b>		
Current account	(1 727 087)	(163 129)
Petty cash	1 000	1 000
	<b>(1 726 087)</b>	<b>(162 129)</b>

## ANNEXURE D

## NKURENKURU TOWN COUNCIL

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

	2015	2014
	N\$	N\$
<b>6. INVENTORIES</b>		
Consumable stores	<u>111 692</u>	<u>111 692</u>
<b>7. CAPITAL OUTLAY</b>		
Revenue assets	<u>38 167 146</u>	<u>20 810 711</u>
<b>8. FUNDS, ACCOUNTS AND RESERVES</b>		
Build Together Fund	3 085 681	2 550 301
Capital Development Fund	15 447 744	15 447 744
<b>Subtotal</b>	<u>18 533 425</u>	<u>17 998 045</u>
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(8 206 110)	(2 762 216)
	<u>10 327 315</u>	<u>15 235 829</u>
<b>9. TRADE AND OTHER PAYABLES</b>		
Trade payables	195 348	140 928
Debtors in advance	4 225 862	-
Provision for leave pay	963 194	672 560
Land compensation – undisbursed funds	-	2 023 790
	<u>5 384 404</u>	<u>2 837 278</u>
<b>10. ADJUSTMENTS AND UTILISATIONS</b>		
Increase in provision for bad debts	(3 211 987)	(1 074 763)
Increase in provision for leave pay	(290 634)	(149 461)
Correction to BTP account	-	160 138
Other	(64 724)	19 108
	<u>(3 567 345)</u>	<u>(1 044 978)</u>

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

	<u>2015</u>	<u>2014</u>
	N\$	N\$
<b>11. CASH UTILISED BY OPERATIONS</b>		
NET OPERATING (DEFICIT)/SURPLUS	(2 912 797)	(4 844 501)
ADJUSTMENT FOR:		
- Adjustments to appropriation account	(3 567 345)	(1 044 978)
<b>OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL</b>	<u>(6 480 142)</u>	<u>(5 889 479)</u>
CHANGES IN WORKING CAPITAL		
Increase in trade and other receivables	(2 672 974)	(657 624)
Increase in trade and other payables	2 547 126	448 254
	<u>(125 848)</u>	<u>(209 370)</u>
<b>CASH UTILISED BY OPERATIONS</b>	<u>(6 605 990)</u>	<u>(6 098 849)</u>