



REPUBLIC OF NAMIBIA



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

Published by authority

Price (Vat excluded) N\$ 31.00
Report no: 2016/39

REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Village Council of Gochas 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.

WINDHOEK, April 2016

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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

1. INTRODUCTION

The accounts of the Village Council of Gochas 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 BDO of Windhoek has been appointed in terms of Section 26(2) of the State Finance Act, 1991, to audit the accounts of the Village Council on behalf of the Auditor-General and under his supervision.

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

2. FINANCIAL STATEMENTS

The Village 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 at 30 June 2015 on Annexure A is a true reflection of the original.

The financial statements also include:

- 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 Village 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 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 complies with ethical requirements and

plan and perform the audit to obtain reasonable assurance 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 auditors' 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 Inventory (*)

No physical stock taking was conducted during the year under review. There were no alternative practical audit procedures that the auditors could perform to confirm the existence and completeness of stock on hand at year-end.

4.2 Trade and Other Receivables (*)

Debt outstanding is considerably high and it does not appear as if the Council is improving on debtors' collection. This is a matter of concern as the recovery of long outstanding debtors threatens the future cash flows of the Village Council.

The Council should develop and implement a strict policy of debt collection.

The Council's effectiveness on bad debt recovery policies should be reviewed and improved on.

	2015	2014
	N\$	N\$
Consumer accounts debt outstanding	3 570 977	3 040 395
Provision for bad debts	(2 926 420)	(2 501 213)
Percentage increase / (decrease) in outstanding debts	17%	36%
Percentage increase in provision for bad debts	17%	17%
Percentage provision vs. Debt	(82%)	(82%)

Based on the recoverability test the provision for doubtful debts is understated by N\$ 501 285 thus trade receivables is overstated by that amount.

Housing Loan Debtors has a balance of N\$ 2 078 194 in the financial statements, as per our tests only 3% of this amount is recoverable.

4.3 VAT Receivable and employees tax returns (*)

As per the Receiver of Revenue statement, the VAT receivable balance was N\$ 649 750. The VAT balance as per the general ledger amounted to a payable balance of N\$ 825 120. There is no reconciliation to explain this difference.

Furthermore, the revenue declared per the VAT returns was materially more than the revenue as per the auditors annual financial statements. The input VAT was over declared and claimed. These differences could not be explained by Council.

The completeness, existence, accuracy and valuation of VAT could thus not be verified.

4.4 Property, plant and equipment (*)

The property, plant and equipment balance as per the financial statements differ by N\$ 543 206 from the fixed asset register which Council could not explain.

The depreciation policy has been inaccurately implemented for assets which should have been classified as infrastructure. Depreciation is overstated by N\$ 325 720.

Capital expenses as per the votes differ by N\$ 3 025 736 to the additions as per the Fixed Asset Register. Furthermore, additions to the amount of N\$ 2 239 073 acquired by government grants, were incorrectly classified as income assets.

Auditors also noted that the property, plant and equipment is under insured by N\$ 9 259 127. It is critical that the Council reviews and updates the list of assets that are insured as they are acquired and disposed off. This will ensure that the Council does not suffer unnecessary costs.

4.5 Cash and Bank (*)

The Council incorrectly posted an amount of N\$ 233 600 paid from the investment account to cash and bank instead of to the expenditure account. Cash and bank are thus overstated and expenditure understated.

4.6 Revenue (*)

Completeness and accuracy of revenue could not be verified. On testing the reasonability of revenue, it was found that Interest on arrears was understated by N\$ 232 859.

4.7 Expenses (*)

Electricity purchases per the NamPower statements were N\$ 455 811 less than the expense recorded in the financial statements.

4.8 Trade and Other Payables (*)

N\$ 307 602 relating to the creditors paid after year end were not included on the creditors listing for 30 June 2015. Thus the completeness of creditors could not be verified.

4.9 Loans in arrears (*)

External Government loans are, as in previous years, not repaid but the repayments are provided for as arrear loan instalments. The total instalments in arrears amount to N\$ 1 504 048 (2014: N\$ 1 683 110).

4.10 Appropriation Account

No explanation could be given for a material amount of N\$ 388 785 included in the appropriation account.

5. ACKNOWLEDGEMENT

The assistance and co-operation given by the staff of the Village Council 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\$
Accumulated deficit 01/07/2014				(4 255 283)
General accounts				
Non-profitable services	1 341 820	4 231 352	(2 889 532)	
Self-supporting services	204 993	1 455 937	(1 250 944)	
Trade accounts				
Water	863 611	813 740	49 871	
Electricity	2 134 975	2 022 313	112 662	
	4 545 399	8 523 342	(3 977 943)	
Deficit for the year				(3 977 943)
Adjustments and appropriations (Note 11, Annexure D)				(879 956)
Accumulated deficit 30/06/2015				(9 113 182)

7. CURRENT BANK ACCOUNT

The bank statements reflected a favourable balance for N\$ 564 564 (2014: N\$ 554 763).

	2015	2014
	N\$	N\$
Cash-book balance at 30 June 2015	685 968	401 089
Outstanding cheques	153 515	172 500
Journal passed	(233 600)	-
Outstanding deposits	(41 319)	(18 826)
Balance as per bank statements	564 564	554 763

8. INVESTMENTS AND INTEREST PROCEEDS

The investments as at 30 June 2015 were as follows:

Institution	Investments		Interest	
	2015	2014	2015	2014
	N\$	N\$	N\$	N\$
Invested at:				
Commercial banks	6 060 144	4 746 261	355 149	236 093
	6 060 144	4 746 261	355 149	236 093
Distribution				
Capital Reserve Fund	5 410 869	4 009 569	113 675	113 693
Build Together Fund	548 440	635 857	24 241	29 784
Capital Outlay	100 835	100 835		
Revenue	-	-	217 233	92 616
	6 060 144	4 746 261	355 149	236 093

9. FUND ACCOUNTS

The position of the fund and accounts is shown in note 8 at annexure D.

10. TRADE ACCOUNTS

10.1 Operating results

The results for the financial year under review and the previous year were as follows:

	Water	
	2015	2014
	N\$	N\$
Sales	857 844	896 114
Cost of sales	(715 847)	(701 030)
Gross profit	141 997	195 084
Other income / (expenses)	(92 125)	(26 178)
NET SURPLUS / (DEFICIT)	49 872	168 906
Gross profit on sales	17%	21.77%
Net surplus / (deficit) percentage on sales	6%	18.85%

	Electricity	
	2015	2014
	N\$	N\$
Sales	2 035 398	1 835 670
Cost of sales	(1 948 822)	(1 453 355)
Gross profit	86 576	382 315
Other income / (expenses)	26 086	35 232
NET SURPLUS / (DEFICIT)	112 662	417 547
Gross profit on sales	4%	21%
Net surplus / (deficit) percentage on sales	6%	23%

10.2 Distribution losses

No distribution results for water were available for the year under review.

11. SELF-SUPPORTING EXTERNAL SERVICES

The net result of these services, compared with the previous year, is as follows:

	Income	Expenses	Surplus/ (deficit)	Surplus/ (deficit)
	2015	2015	2015	2014
			N\$	N\$
Cleaning services	202 362	1 433 352	(1 230 990)	(818 413)
Cemetery	2 631	22 585	(19 954)	(17 477)
	204 993	1 455 937	1 250 944	(835 890)

Council should implement measures to operate cleaning services on self-supporting basis.

12. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

No fruitless, unauthorized or avoidable expenditure was indentified during the year under review.

13. SUSPENSE ACCOUNTS

No suspense accounts were disclosed in the annual financial statements for the year under review.

14. IRREGULARITIES AND LOSSES

14.1 No irregularities by employees were reported.

14.2 No losses were reported.

15. CAPITAL PROJECTS

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

	Revenue account	Total expenditure 2015	Total expenditure 2014
	N\$	N\$	N\$
Electricity	29 478	29 478	147 653
General Administration	28 671	28 671	25 909
Streets and Roads	457 883	457 883	437 327
Vehicles	861 312	861 312	291 643
Town lands	-	-	13 200
Sewerage	1 557	1 557 310	-
	310		
Water	930 857	930 857	395 600
Parks and recreation	-	-	197 772
Cleansing services	-	-	1 384 427
Total	3 865 511	3 865 511	2 893 531

The vote accounts reflected capital charges to the amount of N\$ 839 776. However the fixed assets register reflected a total capital expenditure amounting to N\$ 3 865 512 for the current year. Furthermore an amount of N\$ 2 239 073 of this difference was financed by government grants and should have been allocated to capital assets

16. STUDY LOANS/BURSARIES

No bursaries or loans were granted during the year.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

Government contribution amounting to N\$ 6 900 584 (2014: 2 849 788) were received for the year under review.

18. COMPENSATION PAYMENTS

There were no compensation payments.

19. VISITS TO FOREIGN COUNTRIES

No foreign visits were undertaken during the year under review.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

No claims for losses were received during the year.

21. GIFTS AND DONATIONS BY THE LOCAL AUTHORITY

No donations were made by Council during the year under review.

22. TRANSFER OF PROPERTY TO/FROM THE GOVERNMENT

No property was transferred to/or from the Government.

23. DEBTORS/CREDITORS

23.1 Debtors on 30 June 2015 comprise the following:

	2015	2014
	N\$	N\$
Trade receivables	3 570 977	3 040 395
Value added tax	-	342 768
House Fund receivables	2 078 194	1 944 301
Loan Visser	-	37 056
	5 649 171	5 364 520
Less: Provision for bad debts	(2 926 420)	(2 501 213)
	2 722 751	2 863 307

23.2 Creditors on 30 June 2015 comprise the following:

	2015	2014
	N\$	N\$
Trade creditors	285 147	622 330
Value added tax	825 119	-
Deposits on erven sales	69 305	68 355
Provision for staff leave	384 041	260 897
Customer deposits	14 570	14 513
	1 578 182	966 095

24. ASSESSMENT RATES

Net surplus from assessment rates amounted to N\$ 171 018 (2014: N\$ 172 151).

Rates on taxes on improvements for both businesses and individuals were as follows: N\$ 0.021 (2014: N\$ 0.020).

Rates on taxes on land value for businesses were as follows: N\$ 0.62 (2014: N\$ 0.59).

Rates on taxes on land value for both individuals (customers) were as follows: N\$ 0.25 (2014: N\$ 0.24).

A payment of N\$ 0.00 (2014: N\$ 6 654) was made to the Regional Council as required by Section 77(1) of the Local Authorities Act.

25. LOANS

25.1 External loan

No external loans were advanced or received during the year under review.

The balances due to the Government of Namibia were as follows: N\$ 1 777 652 (2014: N\$ 2 032 602).

25.2 Internal loans

No internal loans were advanced or received during the year under review.

26. SALE OF ERVEN

Erven worth N\$ 1 913 were sold during the year under review.

27. PROPERTY SOLD ON AN INSTALMENT BASIS

No property details of houses that were sold on instalment basis for the year under review could be provided.

28.TARIFF ADJUSTMENTS

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

29. APPROVALS

29.1 Excess on approved budget

There was excess spending noted in the current year on the water vote of N\$ 20 240 and the electricity vote by N\$ 766 590. The auditors could not ascertain if the extra expenditure on the votes was approved as the Council could not provide any proof.

30. STOCK AND EQUIPMENT

30.1 Motor vehicles and values thereof:

	Sedan		LDV's, 4x4's and Combi's		Other	
	Number	Value	Number	Value	Number	Value
		N\$		N\$		N\$
Balance – 01/07/2014	1	1	4	303 385	14	1 497 920
Corrections	-	-	-	-	-	-
Sub-total	1	1	4	303 385	14	1 497 920
Additions	-	-	1	290 319	1	570 993
Depreciation	-	-	-	(171 933)	-	(349 010)
Balance – 30/06/2015	1	1	5	421 771	15	1 719 903

30.2 Inventory

Inventory records for work in progress of N\$ 218 639 (2014: N\$ 297 580); and consumables N\$ 431 983 (2014: N\$ 1 234 617).

Records relating to livestock have been established and are maintained. The value of livestock at year-end was N\$ 84 200 (2014: N\$ 125 100).

31. SPECIAL INVESTIGATIONS

No special investigations were carried out during the year.

32. GENERAL

32.1 Internal controls

There is no sufficient system of internal control at the Village Council for the year under review. Proper segregation of duties is not possible due to the small number of staff employed.

33. FORMAL AND INFORMAL QUERIES

33.1 Formal queries are embodied in this report.

33.2 Informal queries addressed to the Chief Executive Officer consist of:

- Lack of supporting documentation
- Completeness of Property, Plant and Equipment
- VAT and Tax Accounting
- Completeness of Revenue
- Weaknesses in Internal Controls
- Incorrect Accounting principles application
- Debtors Recoverability
- External loans
- Completeness of Accounts payable
- Appropriation Account

34. BASIS FOR QUALIFIED AUDIT OPINION

- The property, plant and equipment balance as per the financial statements differ by N\$ 543 206 from the fixed asset register which Council could not explain.
- The depreciation policy has been inaccurately implemented for assets which should have been classified as infrastructure. Depreciation is overstated by N\$ 325 720.
- The Auditors thus could not ascertain the completeness, accuracy and valuation of property, plant and equipment.
- Based on the recoverability test, the provision for doubtful debts is understated by N\$ 501 285 thus trade receivables is overstated by that amount.
- Housing Loan Debtors has a balance of N\$ 2 078 194 in the financial statements, as per auditors tests only 3% (N\$ 62 346) of this amount is recoverable. Assurance could thus not be obtained regarding the valuation of trade and housing debtors.
- The Council incorrectly posted an amount of N\$ 233 600 paid from the investment account to cash and bank instead of the expenditure account. Cash and bank are thus overstated and expenditure understated.
- The existence of cash and bank could not be ascertained.
- External Government loans are, as in previous years, not repaid, but the repayments are provided for as arrear loan instalments. The total instalments in arrears amount to N\$ 1 504 048 (2014: N\$ 1 683 110).
- N\$ 307 602 relating to creditors paid after year end were not included on the creditors listing for 30 June 2015. Thus the completeness of creditors could not be verified.
- As per the Receiver of Revenue statement, the VAT receivable balance was N\$ 649 750. The VAT balance as per the general ledger amounted to a payable balance of N\$ 825 120. There is no reconciliation to explain this difference.
- Furthermore, the revenue declared per the VAT returns was materially more than the revenue as per the annual financial statements. The input VAT was over declared and claimed. These differences could not be explained by Council.
- The completeness, existence, accuracy and valuation of VAT could thus not be verified.

There were no alternative practical audit procedures that the auditors could perform to confirm the existence and completeness of stock on hand at year-end.

- Completeness and accuracy of revenue could not be verified. On testing the reasonability of revenue, it was found that interest on arrears was understated by N\$ 232 859.
- Electricity purchases per the Nampower statements were N\$ 455 811 less than the expense recorded in the financial statements. The auditors could thus not ascertain the existence and accuracy of the electricity expense.
- No explanation could be given for a material amount of N\$ 388 785 included in the Appropriation account.

35. QUALIFIED AUDIT OPINION

The accounts of the Village Council of Gochas for the financial year ended 30 June 2015, 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.

Except for the effects of any adjustments which might have been necessary as referred to in the preceding paragraphs, in my opinion these financial statements fairly present the financial position of the Village Council at 30 June 2015 and the result of its operations and cash flows for the year then ended.

WINDHOEK, April 2016


JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

VILLAGE COUNCIL OF GOCHAS

ANNEXURE A

BALANCE SHEET AS AT 30 JUNE 2015

ASSETS	Notes	2015 N\$	2014 N\$
Non-current assets		25 729 696	22 914 445
Property, plant and equipment	2	19 669 552	18 168 184
Investments	3	6 060 144	4 746 261
Current assets		4 146 418	4 924 657
Trade and other receivables	4	2 722 751	2 863 307
Inventory	5	734 822	1 657 296
Cash and cash equivalents	6	688 845	404 054
TOTAL ASSETS		29 876 114	27 839 102
EQUITY AND LIABILITIES			
Equity		26 520 280	24 840 405
Capital outlay	7	19 496 784	17 919 527
Funds and accounts	8	7 023 496	6 920 878
Long-term liabilities			
Long-term loans	9	273 604	349 492
Current liabilities		3 082 230	2 649 205
Trade and other payables	10	1 578 182	966 095
Short-term portion of long-term loans	9	1 504 048	1 683 110
TOTAL EQUITY AND LIABILITIES		29 876 114	27 839 102

VILLAGE COUNCIL OF GOCHAS**ANNEXURE B****INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015	2014
		N\$	N\$
INCOME		4 328 167	6 985 505
EXPENDITURE		<u>(8 523 342)</u>	<u>(7 249 788)</u>
OPERATING PROFIT FOR THE YEAR		(4 195 176)	(264 283)
Interest earned		217 233	92 616
NET LOSS FOR THE YEAR		(3 977 943)	(171 668)
Add : Appropriation and adjustments	11	<u>(879 956)</u>	472 035
RETAINED PROFIT FOR THE YEAR		(4 857 899)	300 367
Accumulated Funds - 01 July 2014		<u>(4 255 283)</u>	<u>(4 555 650)</u>
Accumulated Funds - 30 June 2015		<u>(9 113 182)</u>	<u>(4 255 283)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 N\$	2014 N\$
Cash flow from operating activities			
Cash receipts from customers		4 328 167	6 985 505
Cash paid to suppliers		(7 907 241)	(7 925 068)
Cash generated from operations	12	(3 579 075)	(939 563)
Investment income		217 233	92 616
Movement in Fund accounts			
-(Decrease)/increase in Fund accounts		4 960 517	2 882 204
-Increase in capital outlay		1 577 256	272 598
Net cash flow from operating activities		3 175 931	2 307 855
Cash flow from investing activities			
- Net capital expenditure		(1 501 369)	(217 972)
-Decrease/(increase) in investments		(1 313 883)	(2 443 896)
Net cash flow from investing activities		(2 815 252)	(2 661 868)
Cash flow from financing activities			
(Decrease)/Increase in long-term liabilities		(75 888)	41 065
Net cash flow from financing activities		(75 888)	41 065
Net increase in cash and cash equivalents		284 790	(312 949)
Cash and cash equivalents at the beginning of the year		404 054	717 002
Cash and cash equivalents at the end of the year	6	688 844	404 054

**VILLAGE COUNCIL OF GOCHAS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2015**

1 ACCOUNTING POLICIES

1.1 Basis of presentation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties where appropriate.

1.2 Property, plant and equipment and depreciation

All plant and equipment are initially recorded at cost. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use. All other plant and equipment are stated at historical cost or valuation where applicable. Depreciation of fixed assets ranged from 5 to 20 years.

1.3 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in money market instruments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current liabilities.

1.4 Fixed property fund

Proceeds from the sale of land that has been developed by the Village Council accumulates in this Fund. Cost incurred on the development of land is charged to this fund.

1.5 Housing Fund

The purpose of this Fund is to provide for housing loans. Income to this Fund is transferred from the general income statement account, external loans from Government and interest on investments and loans.

1.6 Capital Reserve Fund

This Fund was created to make provision for unforeseen expenditures as approved by the Council.

1.7 Build Together Fund

The purpose of this Fund is to provide housing loans to the low income group. Income is derived from Government contributions, repayments, interest on investments and loans.

VILLAGE COUNCIL OF GOCHAS

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

	2015	2014
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
Consists of :		
Property development, vehicles, plant and equipment	19 669 552	18 168 184
Financed by :		
Revenue contributions	16 693 133	14 830 578
Capital contributions	1 929 908	2 291 094
Loans	1 046 511	1 046 512
	19 669 552	18 168 184
3. INVESTMENTS		
Commercial banks and building societies	6 060 144	4 746 261
The investments were allocated as follows:		
Capital Reserve Fund	5 410 869	4 009 569
Build Together Fund	548 440	635 857
Capital Outlay	100 835	100 835
Total	6 060 144	4 746 261
4. TRADE AND OTHER RECEIVABLES		
Trade Receivables	3 570 977	3 040 395
Value Added Tax	-	342 768
Loan Visser	-	37 056
Housing Fund Receivables	2 078 194	1 944 301
	5 649 171	5 364 520
Less :		
Provision for doubtful debts	(2 926 420)	(2 501 213)
	2 722 751	2 863 307

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

(Continued)

	2015	2014
	N\$	N\$
5. INVENTORY		
Livestock	84 200	125 100
Other Inventories	431 983	1 234 617
Work In Progress - Incomplete Build Together Projects	218 639	297 580
	734 822	1 657 296
6. CASH AND BANK BALANCES		
Current bank account	685 968	401 089
Petty Cash	2 877	2 965
	688 845	404 054
7. CAPITAL OUTLAY		
Contribution from Revenue	16 693 133	14 830 578
Contribution from Capital	1 929 908	2 291 094
Loans Redeemed	873 743	797 855
	19 496 784	17 919 527
8. FUNDS AND ACCOUNTS		
Fixed Property Fund	77 597	77 597
Capital Reserve Fund	11 783 403	6 988 197
Housing Fund	114 753	114 753
Built Together Fund	3 998 786	3 834 416
Built Together Prepaid Fund	162 139	161 199
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(9 113 182)	(4 255 283)
	7 023 496	6 920 878
	26 520 280	24 840 405

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

(Continued)

	2015	2014
	N\$	N\$
9. LONG-TERM LIABILITIES		
The Government of Namibia		
Capital Section	1 777 652	2 032 602
	<u>1 777 652</u>	<u>2 032 602</u>
Short-term portion stated as current liabilities	(1 504 048)	(1 683 110)
	<u>273 604</u>	<u>349 492</u>
10. TRADE AND OTHER PAYABLES		
Trade creditors	285 147	622 330
VAT	825 119	-
Deposits on Erven Sales	69 305	68 355
Leave Provisions	384 041	260 897
Consumer Deposits	14 570	14 513
	<u>1 578 182</u>	<u>966 095</u>

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

	2015	2014
	N\$	N\$
11. ADJUSTMENTS AND APPROPRIATIONS		
Prior year adjustments	388 785	37 868
Provision for bad debts	(425 207)	(362 848)
Inventory adjustment	(40 900)	826 681
Stock Adjustment	(802 634)	-
Expenditure	-	(29 666)
	(879 956)	472 035
12. CASH UTILISED IN OPERATIONS		
Net operating profit (deficit) before transfers	(4 195 176)	(264 283)
Adjustments (appropriations)	(879 956)	472 035
Investment income	-	-
12.1 Operating income before changes in working capital	(5 075 132)	207 752
Changes in working capital		
(Decrease) / increase in trade and other payables	433 026	483 351
Decrease / (increase) in inventories	922 474	(845 032)
(Increase) / decrease in trade and other receivables	140 557	(785 634)
	1 496 057	(1 147 316)
	(3 579 075)	(939 563)