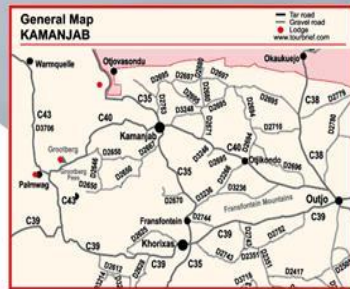




REPUBLIC OF NAMIBIA

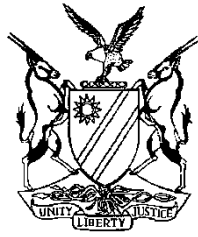


REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
**VILLAGE COUNCIL OF KAMANJAB**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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**REPUBLIC OF NAMIBIA**



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

I have the honour to submit herewith my report on the accounts of the Village Council of Kamanjab 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  
VILLAGE COUNCIL OF KAMANJAB  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

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**1. Report on Financial Statements**

**1.1 INTRODUCTION**

This report on the accounts of the Village Council of Kamanjab for the financial year ended 30 June 2014 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).

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

I certify that I have audited the accompanying financial statements of the Village Council of Kamanjab for the financial year ended 30 June 2014. 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 Statement

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 87(1) of the Local Authorities Act, 1992.

The financial statements, notes to the financial statements and general information 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 86 of the Local Authorities Act, 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 Village Council of Kamanjab during the audit is appreciated.

## **5. KEY AUDIT FINDINGS**

### **5.1 Uncleared Suspense account**

The audit revealed an uncleared suspense account balance of N\$ 216 200.96 which related to unallocated bank receipts.

### **Recommendation**

Council is recommended to clear all suspense accounts monthly and avoid having unallocated balances at year end.

## **5.2 Consumer Deposits**

The audit revealed that consumer deposits were significantly lower than one month's outstanding debt of N\$ 131 145.

### **Recommendation**

The Council is recommended to review and adjust the consumer deposits to protect itself in the event of customer default.

## **5.3 Non submission of documents- Fuel and oil**

Transactions amounting to N\$ 44 102 could not be verified due to a lack of supporting documents.

### **Recommendation**

The Council should ensure that supporting documents are properly filed and provided for audit purposes.

## **5.4 Incorrect charge of water sales**

The auditors found that the Council has been overcharging the Ministry of Agriculture Water, Forestry and Rural Development since November 2012 on water sales. The rate used for basic water was N\$ 1 753.00 instead of N\$ 175.30 as per Government Gazette.

### **Recommendation**

The Council should rectify the rate and ensure that correct tariffs are charged as per Government Gazette at all times.

## **6. UNQUALIFIED AUDIT OPINION**

The accounts of the Village Council of Kamanjab for the year ended 30 June 2014, summarised in Annexures A-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.

In my opinion, the financial statements present fairly, in all material respects the financial position of the Village Council of Kamanjab as at 30 June 2014, and their financial performance and cash flows for the year then ended.

## **7. ADDITIONAL REPORTING RESPONSIBILITIES**

### **Other Matters**

Without qualifying my audit opinion on the basis of this paragraph, I draw attention to the following matter(s) that relate to my responsibility in the audit of the financial statements:

- There was no proper segregation of duties due to a small number of employees at Council;
- The Council has no business Continuity Plan and Disaster recovery Plan to ensure limited interruption and business continuity in case of a disaster; and
- There is no risk register.

**WINDHOEK, November 2015**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## 8. FINANCIAL RESULTS

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

	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus/ (deficit)</b>	<b>Balance</b>
	N\$	N\$	N\$	N\$
Accumulated surplus on 01/07/2013				2 331 638
General accounts				
-Rates and General	3 493 232	2 612 278	8 809 540	
-Non-profitable	1 448 713	828 424	620 289	
-Self-supporting	1 014 833	1 225 517	(210 684)	
Trade account				
-Water	1 282 522	880 369	402 153	
-Electricity	115 065	35 650	79 415	
Surplus for the year	7 354 365	5 582 239	1 772 127	1 772 127
Adjustments and utilisations (See note 10 annexure D)				(1 189 087)
Accumulated surplus on 30/06/2014				<b>2 914 678</b>

## 9. CURRENT BANK ACCOUNT

	<b>2014</b>	<b>2013</b>
	N\$	N\$
Cash-book balance at 30 June	692 190	593 128
Outstanding cheques	112 818	-
Cash-book balance at 30 June - Balance sheet	805 008	593 128
Outstanding deposits	(18 077)	-
Advance receipts	49 887	-
Stop orders	(6 710)	-
Bank costs	(53 865)	-
Unexplained difference	-	(235 621)
Balance as per bank statement	<b>776 243</b>	<b>357 507</b>

## 10. INVESTMENTS

The investments as at 30 June were as follows:

<b>Institution</b>	<b>2014</b>	<b>2013</b>
	N\$	N\$
Commercial banks	<b>4 513 212</b>	<b>4 482 221</b>

The investments were allocated as follows:

<b>Allocation</b>	<b>2014</b>	<b>2013</b>
	N\$	N\$
Capital Development Fund	1 949 387	1 949 387
Build Together Fund	433 370	377 606
Revenue	2 130 454	2 155 228
	<b>4 513 211</b>	<b>4 482 221</b>

## 11. FUND ACCOUNTS

The position of the Funds and accounts at year-end was as shown in note 7 in Annexure D.

## 12. TRADE ACCOUNTS

### 12.1 The results of trade accounts were as follows:

	<b>Electricity</b>		<b>Water</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	N\$	N\$	N\$	N\$
Sales	-	-	1 263 282	1 187 371
Cenored surcharges	93 369	74 014	-	-
Dividend	21 696	-	-	-
Cost of sales	-	-	(727 707)	(752 313)
Gross surplus	115 065	74 014	535 575	435 058
Other expenses	-	-	(367 611)	(1 685)
<b>Net (loss)/surplus</b>	<b>115 065</b>	<b>74 014</b>	<b>167 964</b>	<b>433 373</b>
Gross surplus percentages on sales	100%	100%	42.4%	36.6%
Gross surplus percentages on cost of sales	100%	100%	73.6%	57.8%
Net surplus percentages on cost of sales	100%	100%	23%	57.6%
Net (loss)/surplus percentage on sales	100%	100%	13.3%	36.5%



## 12.2 Water distribution results, in cubic meters

	Water	
	2014	2013
	Units	Units
Sales	75 042	80 327
Purchases	82 577	95 107
Loss	<b>(7 535)</b>	<b>(14 780)</b>
Percentage loss in units purchased	(9.12%)	(15.5%)

## 13. SELF-SUPPORTING SERVICES

### 13.1 The result for the year under review is as follows:

	Income	Expenses	Surplus/ (deficit)	Surplus/ (deficit)
	2014	2014	2014	2013
	N\$	N\$	N\$	N\$
Health services	312 846	-	312 846	-
Sewerage	640 109	1 225 517	(585 408)	(385 968)
Commonage	61 878	-	61 878	-
	<b>1 014 833</b>	<b>1 225 517</b>	<b>(210 684)</b>	<b>(385 968)</b>

The Council should introduce measures to make the loss-making services self-supporting.

## 14. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

There were no such expenses.

## 15. SUSPENSE ACCOUNTS

Suspense accounts are not cleared on a regular basis.

## 16. IRREGULARITIES AND LOSSES

There were no such expenses.

## 17. CAPITAL PROJECTS

The following were spent on capital projects:

Nature of projects/acquisitions	Financial by	Total expenditure 2014	Total expenditure 2013
	Development fund		
	N\$	N\$	N\$
General Administration	167 146	167 146	18 338
Roads and streets	826 407	826 407	-
	<b>993 552</b>	<b>993 552</b>	<b>18 338</b>

## 18. BURSARIES

There were no such expenses.

## 19. CONTRIBUTIONS, GRANTS AND FINANCIAL AID.

	2014	2013
	N\$	N\$
Contribution from Government	<b>3 083 025</b>	<b>2 744 907</b>

## 20. COMPENSATION PAYMENTS

There were no such expenses.

## 21. VISITS TO FOREIGN COUNTRIES

There were no such expenses.

## 22. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the local authority.

## 23. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

There were no such expenses.

## 24. TRANSFER OF PROPERTY

There were no transfers of property to the Local Authority.

## 25. TRADE AND OTHER RECEIVABLES/PAYABLES

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

	<b>2014</b>	<b>2013</b>
	N\$	N\$
Services, rates and taxes	5 279 073	4 607 846
VAT	5 899	491 307
Build Together advances	379 100	399 802
Suspense accounts	71 836	30 983
	5 735 908	5 529 938
Provision for bad debts	(4 891 019)	(4 197 125)
<b>Total</b>	<b>844 889</b>	<b>1 332 813</b>

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

	<b>2014</b>	<b>2013</b>
	N\$	N\$
Consumer deposits	13 584	2 126
Loan instalments in arrear	1 241 681	1 055 959
Provisions	295 324	153 270
Suspense accounts	216 201	128 900
Trade payables	75 311	82 390
<b>Total</b>	<b>1 842 101</b>	<b>1 422 645</b>

## 26. ASSESSMENT RATES

	<b>2014</b>	<b>2013</b>
	N\$	N\$
The proceeds from assessment rates were	227 387	182 343
Tariffs per N\$1 valuation per annum - Site valuation	0.035	0.0308
Tariffs per N\$1 valuation per annum - Improvements	0.010	0.0102

## 27. LOANS

### 27.1. External loans

	<b>2014</b>	<b>2013</b>
	N\$	N\$
The Government of Namibia	858 363	883 945
	<b>858 363</b>	<b>883 945</b>

## **27.2 Due to the Village Council**

	<b>2014</b>	<b>2013</b>
	N\$	N\$
Build together advances - Included in trade and other receivables	<b>379 100</b>	<b>399 802</b>

## **27.3 Loans written off**

No loans were written off by the Council.

## **28. SALE OF ERVEN**

Ervens with the value of N\$ 279 122 were sold during the year.

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

None.

## **30. TARIFF ADJUSTMENTS**

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

## **31. APPROVALS**

### **31.1. Excess on approved budget**

All budget excesses were approved.

### **31.2 Internal loans**

There were no internal loans.

### **31.3 Revenue written off**

None.

## 32. INVENTORY AND EQUIPMENT

### 32.1 Motor vehicles and values thereof :

	Sedan		LDV's, 4x4's and Combi's		Other	
	Number	Value	Number	Value	Number	Value
		N\$		N\$		N\$
Balance - 01/07/2013	-	-	5	126 141	8	1 560 924
Additions	-	-	2	230 348	-	-
Sub-total	-	-	7	356 489	8	1 560 924
Write off	-	-	(2)	(69 103)	(1)	(8 000)
Depreciation	-	-	(5)	(73 208)	7	(64 220)
Balance - 30/06/2014	-	-	<b>5</b>	<b>214 178</b>	<b>7</b>	<b>1 488 704</b>

### 32.2 Inventory

According to the Council, stock comprising of stationery and consumables amounted to N\$ 80 753.

## 33. SPECIAL INVESTIGATIONS

No special investigation was reported.

## VILLAGE COUNCIL OF KAMANJAB

## BALANCE SHEET AT 30 JUNE

	Notes	2014 N\$	2013 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>		38 612 655	38 767 431
Property, plant and equipment	2	32 701 164	34 285 210
Investments	3	5 911 491	4 482 221
<b>Current assets</b>		1 607 148	1 998 857
Trade and other receivables	4	844 889	1 332 813
Inventories		80 753	72 724
Bank and cash	5	681 506	593 320
<b>TOTAL ASSETS</b>		<b>40 219 803</b>	<b>40 766 288</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>		37 519 337	38 459 698
Capital outlay	6	29 215 063	31 572 136
Funds and accounts	7	8 304 274	6 887 562
<b>Non-current liabilities</b>			
Long-term liabilities	8	858 363	883 945
<b>Current liabilities</b>			
Trade and other payables	9	1 842 103	1 422 645
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>40 219 803</b>	<b>40 766 288</b>

## VILLAGE COUNCIL OF KAMANJAB

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2014 N\$	2013 N\$
INCOME		7 169 043	7 484 735
EXPENDITURE		<u>(5 582 237)</u>	<u>(5 270 190)</u>
NET OPERATING SURPLUS/(DEFICIT)		1 586 806	2 214 545
INTEREST ON INVESTMENTS		<u>185 322</u>	<u>112 113</u>
NET SURPLUS/(DEFICIT) AFTER INTEREST		1 772 128	2 326 658
APPROPRIATION ACCOUNT	10	<u>(1 189 087)</u>	<u>(5 935 171)</u>
		583 041	(3 608 513)
REVENUE ACCOUNT - Beginning of year		<u>2 331 638</u>	<u>5 940 151</u>
REVENUE ACCOUNT - End of year		<u><b>2 914 679</b></u>	<u><b>2 331 638</b></u>

## VILLAGE COUNCIL OF KAMANJAB

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Notes	2014 N\$	2013 N\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		7 169 043	7 484 735
Cash paid to suppliers		(5 871 971)	(6 567 464)
Cash generated by operations	11	1 297 072	917 271
Investment income		185 322	112 113
Movement in Fund accounts			
- Increase/(decrease) in Fund accounts		833 671	3 814 909
- (Decrease)/increase in Capital outlay		(2 357 073)	(2 638 302)
Net cash flow from operating activities		(41 008)	2 205 991
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net capital income		1 584 046	858 185
Increase in investments		(1 429 270)	(2 455 402)
		154 776	(1 597 217)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Decrease in long-term liabilities		(25 582)	(49 012)
NET INCREASE IN CASH AND CASH EQUIVALENTS		88 186	559 762
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		593 320	33 558
CASH AND CASH EQUIVALENTS - END OF YEAR	5	<b>681 506</b>	<b>593 320</b>



## VILLAGE COUNCIL OF KAMANJAB

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

**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 valuation where assets have been acquired by grant or by donation. Assets are depreciated over their estimated useful life's.

**1.3 Internal Funds**

The following Fund was created by the Village Council:

**1.3.1 Build Together Fund**

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

	<b>2014</b>	<b>2013</b>
	N\$	N\$
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
Loan assets	1 079 098	1 228 553
Income assets	21 987 736	23 776 813
General capital assets	7 006 592	7 450 715
Capital Development Fund	2 627 738	1 829 129
	<b>32 701 164</b>	<b>34 285 210</b>

**3. INVESTMENTS**

## INVESTMENTS

Commercial Banks	4 513 212	3 083 942
Cenored	1 398 279	1 398 279
	<b>5 911 491</b>	<b>4 482 221</b>

## VILLAGE COUNCIL OF KAMANJAB

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

	<b>2014</b>	<b>2013</b>
	N\$	N\$
ALLOCATED AS FOLLOWS		
Capital Development Fund	1 949 387	1 949 387
Build Together Fund	433 370	377 606
Revenue	2 130 454	2 155 228
	<b>4 513 211</b>	<b>4 482 221</b>

**4. TRADE AND OTHER RECEIVABLES**

Services, rates and taxes	5 279 073	4 607 846
VAT	5 899	491 307
Build Together advances	379 100	399 802
Suspense accounts	71 836	30 983
	5 735 908	5 529 938
Provision for bad debts	(4 891 019)	(4 197 125)
	<b>844 889</b>	<b>1 332 813</b>

**5. CASH AND BANK BALANCES**

Current account	681 503	593 128
Petty cash	3	192
	<b>681 506</b>	<b>593 320</b>

**6. CAPITAL OUTLAY**

Loans redeemed	220 735	344 608
Revenue contributions	21 987 736	23 776 813
General Capital contributions	7 006 592	7 450 715
	<b>29 215 063</b>	<b>31 572 136</b>

**7. FUNDS AND ACCOUNTS**

Capital Development Fund	812 470	3 778 515
Build Together Fund	4 577 125	777 409
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	2 914 679	2 331 638
	<b>8 304 274</b>	<b>6 887 562</b>

## VILLAGE COUNCIL OF KAMANJAB

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

	<u>2014</u>	<u>2013</u>
	N\$	N\$
<b>8. LONG-TERM LIABILITIES</b>		
The Government of Namibia	1 079 098	883 945
	<b><u>1 079 098</u></b>	<b><u>883 945</u></b>
<b>9. TRADE AND OTHER PAYABLES</b>		
Consumer deposits	13 584	2 126
Loan instalments in arrear	1 241 681	1 055 959
Provisions	295 325	153 270
Suspense accounts	216 201	128 900
Trade payables	75 311	82 390
	<b><u>1 842 102</u></b>	<b><u>1 422 645</u></b>
<b>10. ADJUSTMENTS TO APPROPRIATION ACCOUNT</b>		
VAT receivable recovered	159 085	-
Correction of opening accruals	7 510	-
Opening stock	-	55 827
Correction of loans	149 455	-
Prior year debtors adjustments	-	(450 703)
Opening creditors	3 424	-
Prior year income	-	356
Opening loan assets	(149 455)	-
Prior interest- loans	(81 148)	-
VAT on RFA	(41 103)	-
Provision for bad debts	(693 894)	(624 370)
Other	645	-
Provision for leave	(89 850)	(12 526)
Bad debts written off	(77 413)	-
Sundry adjustments	-	4 456
VAT accrual	(3 809)	-
Increase in bonus provision	(52 205)	-
Opening bank balance	(298 396)	-
VAT receivable written off	(21 929)	(4 908 211)
	<b><u>(1 189 087)</u></b>	<b><u>(5 935 171)</u></b>

## VILLAGE COUNCIL OF KAMANJAB

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

	<u>2014</u>	<u>2013</u>
	N\$	N\$
<b>11. CASH GENERATED/(UTILISED) BY OPERATIONS</b>		
Net operating surplus/(deficit) before transfers	1 586 806	2 214 545
Adjustments for:		
- Adjustments to appropriation account	<u>(1 189 087)</u>	<u>(5 935 171)</u>
OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL	<u>397 719</u>	<u>(3 720 626)</u>
CHANGES IN WORKING CAPITAL		
Decrease/(increase) in trade and other receivables	487 924	4 587 320
Increase in inventories	(8 029)	(72 724)
Increase in trade and other payables	<u>419 458</u>	<u>123 301</u>
	<u>899 353</u>	<u>4 637 897</u>
<b>CASH GENERATED/(UTILISED) BY OPERATIONS</b>	<b><u>1 297 072</u></b>	<b><u>917 271</u></b>