



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
VILLAGE COUNCIL OF KAMANJAB
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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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 2016, 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, June 2017

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 KAMANJAB
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2016**

1. REPORT OF THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the Kamanjab Village Council for the year ended 30 June 2016 is presented to the National Assembly in accordance with the provisions set out in Section 85 of the Local Authorities Act, 1992 (Act 23 of 1992).

Figures in this 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 year ended 30 June 2016. These financial statements comprise the following:

Annexure A: Balance sheet;
Annexure B: Income statement;
Annexure C: Cash flow statement; and
Annexure D: Notes to the Financial Statements.

The financial statements were submitted by the Accounting Officer to the Office of the Auditor-General on the in terms of Section Section 87 of the Local Authorities Act, 1992 (Act 23 of 1992).

The financial statements and notes to the financial statements provided by the Accounting Officer are attached as Annexure A- D.

2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 86 of the Local Authorities Act, 1992, (Act 23 of 1992), and relevant legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

3. AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Powers and duties

Section 25(1) (c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- (a) All responsible 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 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 circumstance, 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 a basis for the qualified audit opinion.

4. ACKNOWLEDGEMENT

I wish to express my gratitude to management and staff of the Village Council of Kamanjab for cooperating and assisting with the audit.

5. KEY AUDIT FINDINGS

5.1 GOING CONCERN

The Village Council incurred a net loss of N\$ 3 158 531 (2015: N\$ 3 971 026) and its current liabilities exceed current assets by N\$ 1 043 818 (2015: N\$ 146 332). The Village Council failed to service its Government loans and consequently loans amounting to N\$ 1 450 829 (2015: N\$ 1 346 255) were due and payable. Further the Village Council reported an accumulated loss of N\$ 4 214 878 (2015: N\$ 1 056 347). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Village Council to continue operating as a going concern.

Recommendation

Appropriate measures should be put in place for the Village Council to generate or raise enough funds to run its operations.

5.2 CIRCULAR D3/2015

The Chief Executive Officer of the Village Council of Kamanjab for the year under review did not submit statements as per the Auditor- General Circular D3/2015.

6. BASIS FOR QUALIFIED AUDIT OPINION


- Going concern due to continuous losses being reported.

7. QUALIFIED AUDIT OPINION

The accounts of the Village Council of Kamanjab for the financial year ended 30 June 2016, summarised in annexure A to D, were audited by me in terms of section (85) of the Local authorities act, 1992 read with section 25 (1) of the State Finance Act, 1991.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Audit Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Village Council of Kamanjab as at 30 June 2016, and their financial performance and cash flows for the year then ended.

WINDHOEK, June 2017



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**VILLAGE COUNCIL OF KAMANJAB
BALANCE SHEET ON 30 JUNE**

	Note	2016	2015
		N\$	N\$
ASSETS			
Non-current assets		42 065 867	41 542 415
Property, plant and equipment	2	38 069 229	32 951 283
Investments	3	3 996 638	8 591 132
Current assets		1 217 110	1 685 432
Accounts receivables	4	906 330	1 440 357
Inventories	5	133 570	158 422
Cash and cash equivalents	6	177 210	86 653
TOTAL ASSETS		43 282 977	43 227 847
EQUITY AND LIABILITIES			
Funds		40 222 128	40 595 655
Capital outlay	7	37 269 308	29 315 949
Funds and accounts	8	2 952 820	11 249 706
Non-current liabilities		799 921	830 428
External loans	9	799 921	830 428
Current liabilities		2 260 928	1 831 764
Trade and other payables	10	2 260 928	1 831 764
TOTAL EQUITY AND LIABILITIES		43 282 977	43 277 847

VILLAGE COUNCIL OF KAMANJAB
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2016	2015
		N\$	N\$
INCOME		11 116 960	5 911 825
EXPENDITURE		(13 278 679)	(9 267 026)
NET OPERATING PROFIT / (LOSS)		(2 161 719)	(3 355 201)
INTEREST RECEIVED		92 608	318 741
NET PROFIT / (LOSS)		(2 069 111)	(3 036 460)
ADJUSTMENTS	11	(1 089 420)	(934 566)
NET PROFIT / (LOSS) for the year		(3 158 531)	(3 971 026)
APPROPRIATION ACCOUNT 01.07.15		(1 056 347)	2 914 679
APPROPRIATION ACCOUNT AT END OF YEAR		(4 214 878)	(1 056 347)

VILLAGE COUNCIL OF KAMANJAB
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	2016	2015
	N\$	N\$
CASH GENERATED BY OPERATIONS	(2 170 488)	(4 654 501)
Cash receipts from customers	11 116 960	5 911 825
Cash paid to suppliers	(13 278 679)	(9 267 026)
Adjustment on appropriation account	(1 089 420)	(934 566)
Interest received	92 608	318 741
Decrease/(Increase) in trade and other receivables	534 027	(595 468)
Decrease/(Increase) in inventory	24 852	(77 669)
Increase/(Decrease) in trade and other payables	429 164	(10 338)
Cash flows from operating Activities	2 815 004	7 017 344
- Funds accounts	(5 138 355)	6 916 458
- Capital outlay excluding loans redeemed	7 953 359	100 886
Cash flow from investing activities	(553 959)	(2 957 696)
Net increase in capital value	(5 117 946)	(250 119)
Increase in external loans	(30 507)	(27 936)
Decrease/(Increase)aa in investments	4 594 494	(2 679 641)
Net (decrease)/increase in cash and cash equivalents	90 557	(594 853)
Cash and cash equivalents at beginning of year	86 653	681 506
Cash and cash equivalents at end of year	177 210	86 653

VILLAGE COUNCIL OF KAMANJAB
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2016

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.

No depreciation is calculated on property plant and equipment.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimation recoverable amount the assets or cash generating units are written down to their recoverable amount.

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.

No sale of erven was recorded in the annual financial statements.

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.

VILLAGE COUNCIL OF KAMANJAB
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE

	2016	2015
	N\$	N\$
2. PROPERTY PLANT AND EQUIPMENT	38 069 229	32 951 283
Income assets	30 801 954	22 497 663
General capital assets	6 188 177	6 569 617
Loan assets	1 079 098	1 079 098
Capital Development assets	-	2 804 905
3. INVESTMENTS	3 996 638	8 591 132
Capital Development Fund	1 236 447	5 556 654
Build Together Fund	649 609	524 044
Revenue Account	712 303	1 112 155
Investments in CENORED	1 398 279	1 398 279
4. TRADE AND OTHER RECEIVABLES	906 330	1440 357
Consumer debtors	3 402 645	3 271 246
VAT receivable	300 454	355 873
CENORED surcharges accrual	17 760	11 701
Build together loans	1 960 963	2 196 363
Provision for bad debts	(4 775 492)	(4 394 826)
5. INVENTORIES	133 570	158 422
Consumables	133 570	158 422
6. CASH AND CASH EQUIVALENTS	177 210	86 653
Current account	177 210	86 653
7. CAPITAL OUTLAY	37 269 308	29 315 949
Loans redeemed	279 177	248 670
General capital	6 188 177	6 569 617
Revenue contributions	30 801 954	22 497 662
8. FUNDS ACCOUNTS AND RESERVES	2 952 820	11 249 706
Capital development fund	5 781 758	11 258 519
Build together fund	1 385 940	1 047 534
Subtotal	7 167 698	12 306 053
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act 1992.	(4 214 878)	(1 056 347)

ANNEXURE D

VILLAGE COUNCIL OF KAMANJAB
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2016(continued)

	2016	2015
	N\$	N\$
9. EXTERNAL LOANS		
Government loans	799 921	830 428
	799 921	830 428
10. TRADE AND OTHER PAYABLES		
Trade payables	2 260 928	1 831 764
Provision for leave pay and bonus	399 493	103 865
Consumer deposits	344 941	349 097
Housing debtors suspense	54 116	20 998
Ministry of finance loan instalment	11 549	11 549
	1 450 829	1 346 255
11. ADJUSTMENT TO APPROPRIATION ACCOUNT		
Expenditure adjustments	(1 089 420)	(934 566)
Movement in provision for bad debts	(213 221)	(53 772)
Correction of debtors master	(380 666)	(154 729)
Bad debts written off	(56 751)	(491 462)
Revenue adjustments	(430 346)	-
Unallocated Build together loan adjustment	-	(93 508)
Other	-	(141 095)
	(8 436)	-

