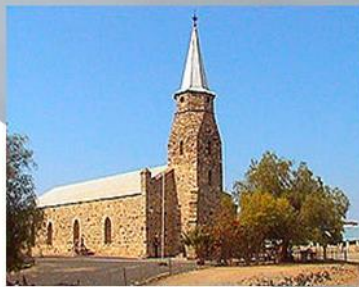




**REPUBLIC OF NAMIBIA**



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

# **MUNICIPALITY OF KEETMANSHOOP**

**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 Municipality of Keetmanshoop for the financial years 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, March 2016**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR - GENERAL  
ON THE ACCOUNTS OF THE KEETMANSHOOP MUNICIPALITY  
FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2015**

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**1. INTRODUCTION**

The accounts of the Keetmashoop Municipality 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, (Act 23 of 1992).

The firm STRATEGIS Chartered Accountants 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 and 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 letter of representation concerning the financial year is dated 23 November 2015. 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, Annexure A, is a true reflection of the originals.

The following Annexures are also attached to this report:

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 Municipality is responsible for the preparation and fair presentation of the 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 complies with ethical requirements and plans and performs 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 judgement, including the assessment of the risks of material misstatements in 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**

(\*) formal queries

##### **4.1 Understatement of creditors (\*)**

Creditors at year end are understated as they are accrued exclusive of VAT. Total understatement on the selections made was N\$ 639 598.

Due to the significance of this matter, the Auditor-General cannot express an opinion on creditors.

##### **4.2 Build Together Fund (\*)**

The amount recorded on the listing of Build Together Fund borrowers listing differs to the general ledger amount by N\$ 975 545. Various reasons were cited for this difference, among them being non-updating of the listing with the new loan applications, non-accrual of interest in the listing amounts and also failure to update the listing with payments from the consumers.

Due to the significance of this matter, the Auditor-General cannot express an opinion on funds.

##### **4.3 Value Added Tax (\*)**

All the VAT returns for the 2014/ 2015 financial were submitted late to the Receiver of Revenue. Although a provision for penalties of N\$ 1 976 534, was raised by the Municipality. The Auditors cannot express their opinion on the adequacy or lack thereof on that provision.

Due to the significance of this matter, the Auditor-General cannot express an opinion on funds.

##### **4.4 External loans (\*)**

The loans advanced to the Municipality as confirmed by the Government Republic of Namibia amounted to N\$ 5 306 718 whereas the amount recorded in the general ledger amounted to N\$ 9 053 566. The difference between the two balances amount to N\$ 3 746 848.

Due to the significance of this matter, the Auditor-General cannot express an opinion on funds.

##### **4.5 Build Together Fund garnished**

An amount of N\$ 797 118 was garnished by the Receiver of Revenue from the Build Together Nedbank Account. This amount was never paid back by the Municipality albeit being money availed by the Government for specific projects and should therefore not be used for any other purpose.

##### **4.6 Recoverability of debtors**

The average collection period of trade receivables was 385 (2014: 356 days) while the allowed credit period is 30 days. This could signify challenges with regard to debt collection.

##### **4.7 Inventory**

Stock count controls were deemed inadequate, as the stock count procedure did not have any supervision mechanism for the stock count process. Stock count was also done using the general ledger trial balance instead of the stock count sheets. Differences between the inventory count and inventory trial balance quantities were not adjusted in the general ledger.

#### 4.8 Property, plant and equipment

The Namibian Generally Accepted Accounting Practice (GAAP), requires fixed assets to be depreciated when available for use. Assets acquired during the year, and were in use for less than a year were fully depreciated for the whole year instead of the pro rata basis when they were acquired.

The following asset values were captured inclusive of VAT input:

Date	Supplier	Inclusive	Exclusive	General Ledger Balance	Difference
		N\$	N\$	N\$	N\$
30/06/2015	Knight Piesold Con	437 449.42	380 390.89	437 449.42	57 058.63
27/04/2015	Knight Piesold Con	947 980.48	824 330.85	123 649.63	123 649.63
28/02/2015	Knight Piesold Con	66 634.45	57 943	66 634.45	8 691.45
31/03/2015	Knight Piesold Con	133 268.86	115 885.97	133 268.86	17 382.89
07/07/2014	Kaiseb Engineering	67 520.00	58 713.04	67 520.00	8 806.96
12/05/2015	Rotcom Namibia	23 270.40	20 235.13	23 270.40	3 035.27
Total					<b>218 624.83</b>

Network expenses in the general ledger were also recorded inclusive of input VAT amounting to N\$ 32 958. If these VAT input is not being claimed, the Municipality is being financially prejudiced of these amounts.

Revenue received from the Roads Fund Authority on the 9<sup>th</sup> of June 2015 was wrongly accounted for in the ledger inclusive of VAT output.

#### 4.9 Consumer deposits

The average monthly water consumption during the period under review was N\$ 1 397 661 while the consumer deposits were recorded at N\$ 781 523. This implies that the water deposits held are inadequate to cover monthly water charges. The coverage shortfall could be attributed to the general increase in water consumption by the consumers and also to the none upgrading of water deposits to the latest gazetted prices

#### 4.10 Revenue

##### Water sales

Some of the business consumers are being wrongly charged basic fee gazetted for domestic customers of N\$ 48 instead of N\$ 207.

##### Royalties

Royalties recorded in the general ledger were less than the recalculated royalties figure from invoices by N\$ 413 687. The Namibian Generally Accepted Accounting Practice (GAAP), requires revenue to be recognised in the month that the services are provided. However, royalties are being recognised a month after the service have been provided.

#### 5. ACKNOWLEDGEMENT

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

## 6. FINANCIAL RESULTS

	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus as at 01/07/2014				8 402 038
<b>General Services</b>				
Non-profitable	26 421 292	43 573 051	(17 151 759)	
Self-supporting	10 932 420	3 203 273	7 729 147	
<b>Trade Accounts</b>				
Electricity	4 297 820	2 682 696	1 615 124	
Water	17 097 523	22 031 822	(4 934 299)	
	58 749 055	71 490 842	(12 741 787)	(12 741 787)
Deficit for the year				(4 339 749)
Adjustment (Appropriation account error) **				(4 062 289)
Adjustments and utilizations (See Note 10, Annexure D.)				(26 235 711)
Accumulated deficit 30/06/2015				<b>(34 637 749)</b>

\*\* An error was made on the appropriation account.

## 7. CURRENT BANK ACCOUNT

The bank statements reflected an unfavourable balance for N\$ 1 025 114 (2014 favourable balance: N\$ 9 461 353).

	2015	2014
	N\$	N\$
<b>Cash-book balance at 30 June - Balance sheet</b>		
Bank Windhoek	659 537	8 547 002
Standard Bank	(1 684 651)	914 352
Petty cash	2 000	2 000
Balance as per cash book	<b>(1 023 114)</b>	<b>9 463 353</b>

## 8. INVESTMENTS AND INTEREST PROCEEDS

On 30 June 2015 there was N\$ 14 459 969 (2014: N\$ 18 510 946) invested at financial institutions, as follows:

	2015	2014
	N\$	N\$
Investments were allocated to the following Funds:		
Housing Fund	6 744 259	6 858 887
Capital Development Fund	7 715 710	11 652 059
	<b>14 459 969</b>	<b>18 510 946</b>
Investment interest for 2015: N\$ 658 286 (2014: N\$ 533 743) were earned for the year.		

	<b>Investment 2015</b>	<b>Interest 2015</b>	<b>Investment 2014</b>	<b>Interest 2014</b>
	N\$	N\$	N\$	N\$
Housing Fund	6 744 259	15 137	6 858 887	-
Capital Development Fund	7 715 710	643 149	11 652 059	-
Unallocated	-	-	-	159 088
Revenue account	-	-	-	374 655
	<b>14 459 969</b>	<b>658 286</b>	<b>18 510 946</b>	<b>533 743</b>

## 9. FUND ACCOUNTS

The position of the Fund accounts at the end of the year is shown in Note 2 of Annexure D.

## 10. TRADE ACCOUNTS

### 10.1 The results of operations of electricity were as follows:

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Sales	4 061 184	4 700 341
Cost of Sales (Bulk purchases)	-	-
<b>Gross profit</b>	4 061 184	4 700 341
Expenses	(1 693 722)	(1 007 361)
<b>Net profit</b>	<b>2 367 462</b>	<b>3 692 980</b>
Gross loss % on cost of sales	-	-
Net loss % on cost of sales	-	-

### 10.2 The results of operations of water were as follows:

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Sales	16 771 934	18 072 688
Cost of Sales (Bulk purchases)	(17 000 645)	(18 155 125)
<b>Gross profit</b>	(228 711)	(82 437)
Expenses (net)	(5 031 178)	(3 423 401)
<b>Net surplus/(deficit)</b>	<b>(5 259 889)</b>	<b>(3 505 838)</b>
Gross profit % on cost of sales	(1.34%)	-
Net loss % on cost of sales	(30.9%)	(19.40%)

## 11. SELF-SUPPORTING SERVICES

The net results of self-supporting services were as follows:

	<b>Income 2015</b>	<b>Expenses 2015</b>	<b>Surplus/(Loss) 2015</b>	<b>Surplus/(Loss) 2014</b>
	N\$	N\$	N\$	N\$
Commonage and Pound	535 160	142 001	393 159	423 023
Sewerage	4 354 121	359 201	3 994 920	3 858 806
Health and sanitation	5 950 547	2 623 979	3 326 568	3 819 015
Caravan park	92 591	78 092	14 499	(60 549)
	<b>10 932 419</b>	<b>3 203 273</b>	<b>7 729 146</b>	<b>8 040 295</b>

## 12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

No fruitless, unauthorised and avoidable expenditure was revealed during the audit.

## 13. SUSPENSE ACCOUNTS

No money was accounted for in suspense accounts during the year under review.

## 14. IRREGULARITIES AND LOSSES

No irregularities and losses were revealed by the audit for the year under review.

## 15. CAPITAL PROJECTS

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

	<b>Financed by</b>		<b>Total Expenditure 2015</b>	<b>Total Expenditure 2014</b>
	<b>External loans</b>	<b>Revenue account</b>		
	N\$	N\$	N\$	N\$
Municipality's general expenses	-	2 753 032	2 753 032	962 607
Chief Executive Office	-	29 375	29 375	-
Chief Administration	-	-	-	109 276
Economic Development	-	232 482	232 482	189 011
Electricity	-	1 772 699	1 772 699	-
Community Development	-	57 657	57 657	-
Fire brigade	-	12 704	12 704	36 501
General administration	-	249 823	249 823	-
Human resources	-	-	-	-
Park and sports ground	-	292 200	292 200	328 935
Public health	-	1 392 430	1 392 430	-
Sewerage	-	365 773	365 773	-
Streets	-	903 000	903 000	2 834 142
Swimming Pool	-	63 273	63 273	-
Traffic control	-	-	-	280 278
Town Engineer	-	7 529 103	7 529 103	5 828 437
Treasury	-	220 325	220 325	211 145
Water	-	394 412	394 412	-
Sanitation	-	1 845 848	1 845 848	423 543
	-	<b>18 114 136</b>	<b>18 114 136</b>	<b>11 203 875</b>



**16. BURSARIES**

No bursaries were granted during the year under review.

**17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID**

No contributions or grants were made and financial aid was given during the year under review.

**18. COMPENSATION PAYMENTS**

No compensation payments were made during the year under review.

**19. VISITS TO FOREIGN COUNTRIES**

No foreign visits were recorded during the year.

**20. CLAIMS AGAINST THE LOCAL AUTHORITY**

No claims against the Local Authority payments were made during the year under review.

**21. GIFTS / DONATIONS BY / TO THE LOCAL AUTHORITY**

Donations of N\$ 72 418 (2014: N\$ 48 453) were made.

**22. TRANSFER OF PROPERTY TO / FROM GOVERNMENT**

No properties were transferred from the Ministry of Local Government and Housing for the year under review.

**23. DEBTORS AND CREDITORS**

**23.1 Debtors at 30 June were:**

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Services	52 717 653	46 586 818
Customer deposits	(781 524)	(714 430)
Less: Provision for bad debts	(47 804 742)	(40 005 974)
VAT	2 140 787	289 234
Sundry debtors	442 768	1 347 811
	<b>6 714 942</b>	<b>7 503 459</b>

**23.2 Creditors at 30 June were:**

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Trade payables	3 629 819	11 730 397
Other payables	5 306 719	-
Provisions	3 970 765	1 247 194
	<b>12 907 303</b>	<b>12 977 591</b>

## 24. ASSESSMENT RATES

	2015	2014
	N\$	N\$
Net proceeds from assessment rates were	14 686 505	14 051 468
Tariffs per N\$ 1 valuation per annum – Town, Westdene & Noordhoek		
Valuation per annum		
- Land	0.167	0.16
- Improvements	0.024	0.02
Tariffs per N\$ 1 valuation per annum – Kronlein		
Valuation per annum		
- Land	0.0155	0.15
- Improvements	0.024	0.02
Tariffs per N\$ 1 valuation per annum - Tseiblaagte		
Valuation per annum		
- Land	0.148	0.14
- Improvements	0.024	0.02

## 25. LOANS

### 25.1 External loans

External loans outstanding at year-end amounted to N\$ 9 539 488 (2014: N\$ 12 200 431).

### 25.2 Internal loans

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

### 25.3 Housing loans

The amount advanced in favour of housing loans under the Build Together programme are reflected as N\$ 5 133 589 (2014: N\$ 5 393 515) in the annual financial statements.

## 26. SALE OF ERVEN

The income as per financial statements amounted to N\$ 1 351 673 (2014: N\$ 784 207) for the year under review.

## 27. PROPERTY SOLD ON INSTALMENT BASIS

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

## 28. TARIFF ADJUSTMENTS

All tariff adjustments were in accordance with the relevant Official Government Gazette, although some customers rates were not appropriately adjusted.

**29. APPROVALS**

**30. STOCK AND EQUIPMENT**

**30.1 Motor vehicles and values thereof:**

Due to the format of the fixed asset register no information was readily available to determine fuel consumption during the year under review.

	LDV's and Combie's		Heavy duty vehicles (Lorries and busses)	
	No	N\$	No	N\$
On hand as at 01/07/2014	-	-	-	-
Acquisitions during the year *	-	-	-	-
Less: Depreciation/Correction*	-	-	-	-
Less: Withdrawal *	-	-	-	-
On hand 30/06/2015*	-	-	-	-

**31. SPECIAL INVESTIGATIONS**

The auditors are not aware of any special investigation concluded on the affairs of the Municipality.

**32. GENERAL**

**32.1 Internal controls**

The accounting and internal controls were found to be inadequate. Proper segregation of duties is not feasible due to the small number of staff employed. While increased management involvement reduces risks, the risk arises that management and Municipality override existing controls, a potentially dangerous practice, which the Municipality should vigilantly guard against.

**33. FORMAL AND INFORMAL QUERIES**

Formal queries are embodied in this report.

Informal queries addressed to the Accounting Officer consist of:

- \* Build Together Fund;
- \* Recoverability of debtors;
- \* Inventory valuation;
- \* Depreciation of property, plant and equipment;
- \* Customer deposits;
- \* Accounting for VAT on transaction processing; and
- \* Revenue – Royalties and Water sales,

**34. QUALIFIED AUDIT OPINION**

The accounts of the Keetmashoop Municipality for the financial year ended 30 June 2015, summarized in Annexure A to D, were audited by me in terms of provisions of Section 85 of the Local Authorities Act, 1992 read with Section 25(1) of the State Finance Act, 1991.

The financial statements are qualified due to the following reasons:

- Creditors at year end are understated as they are accrued exclusive of VAT. Total understatement

on the selections made was N\$ 639 598.

- The amount as per the Built Together Fund listing could not be reconciled to the ledger by N\$ 975 545.
- All the VAT returns for the 2014/ 2015 financial year were submitted late to the Receiver of Revenue. Although a provision for penalties of N\$ 1 976 534 was raised by the Municipality. The Auditors cannot express their opinion on the adequacy or lack thereof on that provision.
- The loans advanced to Municipality as confirmed by the Government Republic of Namibia amounted to N\$ 5 306 718 whereas the amount recorded in the general ledger amounted to N\$ 9 053 566. The difference between the two balances amount to N\$3 746 848 could not be explained.

**WINDHOEK, March 2016**

**JUNIAS ETUNA KANDJEKE  
AUDITOR GENERAL**

## KEETMANSHOOP MUNICIPALITY

## BALANCE SHEET ON 30 JUNE 2015

	Notes	2015 N\$	2014 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	48 404 300	33 207 757
Investments	4	14 459 969	18 510 946
Loans	8	5 133 589	5 393 515
<b>Current assets</b>			
Accounts receivables	5	6 714 942	8 217 890
Inventories		640 309	522 168
Cash and cash equivalents	9	2 000	9 463 353
<b>TOTAL ASSETS</b>		<b>75 355 109</b>	<b>75 315 629</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Funds</b>			
Funds and accounts	2	86 520 953	63 534 204
Accumulated funds	2	(34 637 749)	(8 402 038)
<b>Non-current liabilities</b>			
Long term liabilities		9 539 488	7 205 872
<b>Current liabilities</b>			
Accounts Payables	6	12 907 303	12 977 591
Bank overdraft	9	1 025 114	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>75 355 109</b>	<b>75 315 629</b>

## KEETMANSHOOP MUNICIPALITY

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 N\$	2014 N\$
INCOME		58 749 055	57 519 733
EXPENDITURE		(71 490 842)	(56 996 132)
NET OPERATING PROFIT / (LOSS)		(12 741 787)	595 601
INVESTMENT INTEREST EARNED		-	374 655
NET PROFIT / (LOSS)		(12 741 787)	970 256
ADJUSTMENTS	10	(13 493 924)	(19 611 389)
NET PROFIT / (LOSS) for the year		(26 235 711)	(18 641 133)
APPROPRIATION ACCOUNT AT BEGINNING OF THE YEAR		(8 402 038)	10 239 096
APPROPRIATION ACCOUNT AT END OF YEAR		<b>(34 637 749)</b>	<b>(8 402 037)</b>

## KEETMANSHOOP MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 N\$	2014 N\$
Cash receipts from customers		58 749 055	57 519 733
Cash paid to suppliers		(83 670 247)	(62 920 139)
<i>Cash generated / (utilised) by operations</i>	12	(24 921 192)	(5 328 406)
Investment income		-	374 655
Movements in funds		22 986 749	18 997 604
- Funds accounts		22 986 749	18 997 604
- Capital outlay excluding loans redeemed		-	-
<i>Net cash flow from operating activities</i>		(1 934 443)	14 043 853
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		(10 885 640)	(11 429 950)
(Increase) in capital value		(15 196 543)	(8 613 516)
Increase / (decrease) in loans		259 926	(315 900)
Increase / (decrease) in investments		4 050 977	(2 500 534)
<i>Cash flows from financing activities</i>		2 333 616	1 447 471
Increase in long term loans		2 333 616	1 447 481
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		(10 486 467)	4 061 384
Cash and cash equivalents at beginning of year		9 463 353	5 401 969
Cash and cash equivalents at end of year		<b>(1 023 114)</b>	<b>9 463 353</b>

## KEETMANSHOOP MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2015

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**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 is calculated on property, plant and equipment except where the assets are financed by loans.

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 Municipality accumulates in this Fund. Cost incurred on the development of land is charged to this fund.

Sale of erven was recorded in the annual financial statements for an amount of N\$ 1 351 673.

**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.



## KEETMANSHOOP MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE (continued)

	2015	2014
	N\$	N\$
<b>2. OWN FUNDS</b>		
<b>2.1 Financing of capital:</b>		
Contribution from:	<b>86 520 953</b>	<b>63 534 204</b>
Housing Fund	12 503 700	12 009 555
Capital Development Fund	22 672 740	14 323 438
Fixed Property Fund	11 523 103	10 171 430
Loans Redeemed	6 483 605	5 122 412
Revenue contribution	28 222 990	16 792 554
General Capital Contribution	5 114 815	5 114 815
<b>2.2 Unappropriated surplus</b>	<b>(34 637 749)</b>	<b>(8 402 038)</b>
Accumulated surplus	(34 637 749)	(8 402 038)
<b>TOTAL FUNDS</b>	<b>51 883 204</b>	<b>55 132 166</b>
<b>3. FIXED ASSETS</b>		
Infrastructure, land and buildings, motor vehicles, office equipment, furniture and fittings and computer equipment.	<b>48 404 300</b>	<b>33 207 757</b>
Financed from:		
Loan assets	15 066 496	11 300 388
General capital contributions	5 114 815	5 114 815
Loans	28 222 990	16 792 554
	<b>48 404 300</b>	<b>33 207 757</b>
<b>4. INVESTMENTS</b>		
Commercial banks	14 459 969	18 510 946
	<b>14 459 969</b>	<b>18 510 946</b>
Comprising of:		
Housing Fund	6 744 259	6 858 887
Capital Development Fund	7 715 710	11 652 059
	<b>14 459 969</b>	<b>18 510 946</b>

## KEETMANSHOOP MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2015 (continued)

	<b>2015</b>	<b>2014</b>
	N\$	N\$
<b>5. ACCOUNTS RECEIVABLE</b>		
Consumers	52 717 653	46 586 818
Customer deposits	(781 524)	-
Less: Provision for bad debts	(47 804 742)	(40 005 974)
Value Added Tax	2 140 787	289 234
Sundry debtors	442 768	1 347 811
	<b>6 714 942</b>	<b>8 217 889</b>
<b>6. ACCOUNTS PAYABLES</b>		
Trade payables	3 629 819	8 616 265
Other payables	5 306 719	-
Provisions	3 970 765	4 361 326
	<b>12 907 303</b>	<b>12 977 591</b>
<b>7. LONG-TERM LIABILITIES</b>		
External loans	281 486	5 393 515
	<b>281 486</b>	<b>5 393 515</b>
<b>8. SECURED LOANS</b>		
LOANS GIVEN AGAINST FIRST MORTGAGE BONDS OVER:		
External loans	5 133 589	5 393 515
	<b>5 133 589</b>	<b>5 393 515</b>
<b>9. CASH AND BANK BALANCES</b>		
Current bank account	(1 025 114)	9 461 353
Petty cash	2 000	2 000
	<b>(1 023 114)</b>	<b>9 463 353</b>
<b>10. ADJUSTMENTS AND UTILIZATIONS</b>		
Adjustments - relating to prior year	(13 493 924)	(19 611 389)
	<b>(13 493 924)</b>	<b>(19 611 389)</b>

## KEETMANSHOOP MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2015 (continued)

	<b>2015</b>	<b>2014</b>
	N\$	N\$
<b>11 INVENTORY</b>		
Inventory consists of:		
Stores	640 309	392 913
Fuel and lubricants	--	129 254
	<b>640 309</b>	<b>522 168</b>
<b>12. CASH UTILISED BY OPERATIONS</b>		
A. Cash utilised/(absorbed) by operations		
Net (loss) profit before investment interest and adjustments.	(12 741 787)	970 256
Adjustment on appropriation account	(13 493 924)	(19 611 389)
Investment income	-	(374 655)
<b>OPERATING INCOME BEFORE CHANGES IN WORKING CAPITAL</b>	<b>(26 235 711)</b>	<b>(19 015 788)</b>
B. Utilized to increase working capital		
Decrease in receivable	1 502 948	9 579 601
(Decrease) / Increase in payables	(70 288)	2 779
(Increase) / Decrease in inventories	(118 141)	4 105 002
	1 314 519	13 687 382
<b>CASH GENERATED / (UTILISED) BY OPERATIONS</b>	<b>(24 921 192)</b>	<b>(5 328 406)</b>