



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

TOWN COUNCIL OF LÜDERITZ

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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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 Lüderitz for the financial year ended 30 June 2012, 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, January 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
TOWN COUNCIL OF LÜDERITZ
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

1. INTRODUCTION

The accounts of the Town Council of Lüderitz for the year ended 30 June 2012 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 Mostert Landgrebe of Windhoek 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.

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 at Annexure A is a true reflection of the original signed by the Accounting Officer.

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 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 misstatements, 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 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 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 OBSERVATION AND COMMENTS

4.1 Trade and other receivables - Provision for bad debts

The average collection period of trade receivables, before taking the provision for bad debts into account, is 184 days (2011: 210 days). The average collection period of trade receivables, after taking the provision for bad debts into account, is 150 days (2011: 175 days). The Council should attend to the arrears as a matter of urgency. Due to this statistics, the auditors are of the opinion that the provision for bad debts is understated by N\$ 18 793 983 (2011: N\$ 22 410 384).

4.2 Other payables - VAT

Due to a lack of proper accounting records the auditors were unable to verify the correctness of the VAT amount payable per balance sheet of N\$ 12 227 224 (2011: N\$ 7 132 426).

4.3 Inventories

The auditors did not observe the counting of the inventories on 30 June 2012. There were no alternative practical audit procedures that they could perform to confirm the existence of the inventories on hand at year-end.

4.4 Other payables - P.A.Y.E and VAT

Not all P.A.Y.E and VAT returns were submitted timeously to the Directorate: Inland Revenue. The provisions in the financial statements might not be sufficient to cover for arrear amounts, penalties and interest thereon.

4.5 Consumer deposits

The consumer deposits are not sufficient to cover one month's service charges.

4.6 Arrears external loans

External loans from Government are, as in previous years, not repaid but the repayments are provided for as arrear loan instalments under current liabilities. The total instalments in arrears amount to N\$16 011 437 (2011: N\$ 22 294 416).

No interest on overdue amounts due to Government has been provided for.

4.7 Payroll

No proper supporting documentation could be provided to verify the existence and correctness of the payroll. The auditors were thus unable to verify the payroll to their satisfaction.

4.8 External loans

The balance sheet reflects external loans from the Government of Namibia of N\$ 6 162 298 (2011: N\$ 6 641 671). No amortisation tables were available at the Town Council, and the auditors were unable to verify the completeness, existence and accuracy of these external loans.

4.9 Investments

No supporting documents for investments at insurance companies amounted to N\$ 5 056 003 could be provided for audit purposes. The auditors were thus unable to verify the correctness of this amount.

5. ACKNOWLEDGEMENT

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

6. FINANCIAL RESULTS

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

	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit on 01/07/2011				(18 430 472)
General accounts				
- Non-profitable	23 349 451	28 086 269	(4 736 818)	
- Self-supporting	5 103 078	11 264 006	(6 160 928)	
Trade accounts				
- Water	13 759 682	13 215 220	544 462	
- Electricity	47 007 020	39 987 767	7 019 253	
Surplus for the year	89 219 231	92 553 262	(3 334 031)	(3 334 031)
				(21 764 503)
Adjustments and utilisations (Note 11, Annexure D)				(8 735 940)
Accumulated surplus on 30/06/2012				(30 500 443)

7. CURRENT BANK ACCOUNT

	2012	2011
	N\$	N\$
Cash-book balance at 30 June	(3 730 008)	(938 558)
Outstanding cheques - Disclosed as trade payables	3 530 601	2 616 202
Cash-book balance at 30 June - Balance sheet	(199 407)	1 677 644
Unexplained difference	-	-
Balance as per bank statement	(199 407)	1 677 644

8. INVESTMENTS

The investments as at 30 June were as follows:

Institution	2012	2011
	N\$	N\$
Commercial Banks	23 479 394	9 836 063
Insurance companies	5 056 003	18 243 175
	28 535 397	28 079 238

Section 80(3) of the Act read as follows:

"(3) A Local Authority Council may invest any unexpended portion of its funds with a bank registered in terms of the Banks Act, 1965 (Act 23 of 1965), a building society as defined in Section 1 of the Building Society Act, 1986 (Act 2 of 1986), and the Post Office Savings Bank controlled and managed by the Namibia Post Limited established by Section 2 of the Posts and Telecommunications Companies Establishment Act 1002, or such other financial institution as may be approved by the Minister.

No such approval could be provided by the Town Council.

The investments were allocated as follows:

Allocation	2012	2011
	N\$	N\$
Capital Development Fund	7 391 612	6 063 590
Housing Fund	19 931 385	22 015 648
Fixed Property Fund	1 212 400	-
	28 535 397	28 079 238

9. FUND ACCOUNTS

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

10. TRADE ACCOUNTS

10.1 The results of trade accounts were as follows:

	Electricity		Water	
	2012	2011	2012	2011
	N\$	N\$	N\$	N\$
Sales	39 809 875	32 789 036	12 891 680	12 584 071
Cost of sales	(31 081 838)	(28 051 425)	(8 625 229)	(7 412 461)
Gross surplus	8 728 037	4 737 611	4 266 451	5 171 610
Other expenses	(1 708 784)	1 665 620	(3 721 989)	(1 314 332)
Net (loss)/surplus	7 019 253	6 403 231	544 462	3 857 278
Gross surplus percentages on sales	21.9%	14.4%	33.1%	41.1%
Gross surplus percentages on cost of sales	28.1%	16.9%	49.5%	69.8%
Net surplus percentages on cost of sales	22.6%	22.8%	6.3%	52.0%
Net (loss)/surplus percentage on sales	17.6%	19.5%	4.2%	30.7%

10.2 Water distribution results, in cubic meters

No statistics were kept by the Town Council to calculate the distribution losses. The Town Council, in future, must record the cubic meters sold and purchase to calculate distribution losses.

11. SELF SUPPORTING SERVICES

11.1 The result for the year under review is as follows:

	Income	Expenses	Surplus/ (deficit)	Surplus/ (deficit)
	2012	2012	2012	2011
	N\$	N\$	N\$	N\$
Sewerage	2 811 433	6 012 958	(3 201 525)	(1 686 586)
Cleaning services	2 102 270	4 427 875	(2 325 605)	(1 655 032)
Natis	189 376	823 174	(633 798)	280 104
	5 103 079	11 264 007	(6 160 928)	(3 061 514)

Council should introduce measures to reduce the losses on the loss-making services.

12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

There were no such expenses.

13. SUSPENSE ACCOUNTS

Suspense accounts are cleared on a regular basis.

14. IRREGULARITIES AND LOSSES

There were no such expenses.

15. CAPITAL PROJECTS

The following were spend on capital projects:

Nature of projects/acquisitions	Financed by			Total expenditure 2012	Total expenditure 2011
	Revenue account	Internal loans	External loans		
	N\$	N\$	N\$	N\$	N\$
General Administration	20 828	-	119 208	140 036	2 244
Councilors'	-	-	-	-	4 933
Financial Services	35 520	-	-	35 520	3 965
Human Recourses	7 696	-	-	7 696	-
Economic Development	23 931	99 792	-	123 723	-
Workshop	5 037	1 288 350	-	1 293 387	-
Roads and Streets	1 159 575	3 988 132	-	5 147 707	4 989 098
Sub-Economic Housing	-	1 265 383	-	1 265 383	-
Rates and Taxes	4 919	-	-	4 919	-
Town Planning	9 542	-	-	9 542	-
Electricity	-	-	-	-	2 953 362
Water	-	1 177 812	-	1 177 812	-
	1 267 048	7 819 469	119 208	9 205 725	7 953 602

16. BURSARIES

There were no such expenses.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

Due to poor record keeping, the grants cannot be determined.

18. COMPENSATION PAYMENTS

There were no such expenses.

19. VISITS TO FOREIGN COUNTRIES

There were no such expenses.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the local authority.

21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

There were no such expenses.

22. TRANSFER OF PROPERTY

There were no transfers of property to the Local Authority.

23. TRADE AND OTHER RECEIVABLES/TRADE AND OTHER PAYABLES

23.1 Trade and other receivables at 30 June were:

	2012	2011
	N\$	N\$
Services, rates and taxes	42 278 049	58 256 396
Build Together advances	18 268 683	6 654 061
	60 546 732	64 910 457
Consumer deposits	(801 176)	(690 437)
Provision for bad debts	(6 993 000)	(6 841 000)
Total	52 752 556	57 379 020

The average collection period of trade receivables, before taking the provision for bad debts into account, is 184 days (2011: 210 days). The average collection period of trade receivables, after taking the provision for bad debts into account, is 150 days (2011: 175 days). The Council should attend to the arrears as a matter of urgency. Due to this statistics, the auditors are of the opinion that the provision for bad debts is understated by N\$ 18 793 983 (2011: N\$ 22 410 384).

23.2 Trade and other payables at 30 June were:

	2012	2011
	N\$	N\$
Trade payables	5 973 508	7 198 013
Loan instalments in arrear	16 011 437	22 294 416
VAT	12 227 224	7 132 426
Suspense accounts	188 634	-
Provisions	4 665 910	4 289 272
Outstanding cheques	3 530 601	2 616 202
Totals	42 597 314	43 530 329

Not all P.A.Y.E and VAT returns were submitted timeously to the Directorate: Inland Revenue. The provisions in the financial statements might not be sufficient to cover for arrear amounts, penalties and interest thereon.

24. ASSESSMENT RATES

	2012	2011
	N\$	N\$
The proceeds from assessment rates were	7 379 260	7 346 360
Luderitz town area		
Tariffs per N\$1 valuation per annum - Site valuation	0.047300	0.047300
Tariffs per N\$1 valuation per annum - Improvements	0.010212	0.010212
Nautilus town area		
Tariffs per N\$1 valuation per annum - Site valuation	0.047300	0.047300
Tariffs per N\$1 valuation per annum - Improvements	0.009460	0.009460
Benguela town area		
Tariffs per N\$1 valuation per annum - Site valuation	0.016130	0.016130
Tariffs per N\$1 valuation per annum - Improvements	0.004730	0.004730

25. LOANS

25.1 External loans

	2012	2011
	N\$	N\$
The Government of Namibia	6 162 298	6 641 671
Commercial banks	722 398	921 755
	6 884 696	7 563 426

External loans from Government are, as in previous years, not repaid but the repayments are provided for as arrear loan instalments under current liabilities. The total instalments in arrears amount to N\$ 16 011 437 (2011: N\$ 22 294 416).

No interest on overdue amounts due to Government has been provided for.

25.2 Due to the Town Council

	2012	2011
	N\$	N\$
Build Together advances - Included in trade and other receivables	18 268 683	6 654 061

25.3 Loans written off

No loans were written off by the Council.

26. SALE OF ERVEN

No list for the sale of erven could be provided to the auditors.

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

None

28. TARIFF ADJUSTMENTS

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

29. APPROVALS

29.1 Excess on approved budget

All budget excesses were approved.

29.2 Internal loans

There were no new internal loans.

29.3 Revenue written off

None

30. INVENTORY AND EQUIPMENT

30.1 Motor vehicles and values thereof:

	Sedan		LDV's, 4x4's and Combi's		Other	
	Number	Value	Number	Value	Number	Value
Balance - 01/07/2011	6	N\$ 916 239	22	N\$ 1 820 177	14	N\$ 2 461 788
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Sub-total	6	916 239	22	1 820 177	14	2 461 788
Depreciation	-	-	-	(21 154)	-	-
Balance - 30/06/2012	6	916 239	22	1 799 023	14	2 461 788

30.2 Inventory

Inventories amounted to N\$ 545 522 (2011: N\$ 418 656).

31. SPECIAL INVESTIGATIONS

None

32. GENERAL

There is an insufficient system of internal control at the Town Council. Proper segregation of duties is not possible due to the small number of staff employed. While increased management involvement does not reduce risks, it causes the risk that management and Council override existing controls, a potentially dangerous practice, which Council should vigilantly guard against.

33. FORMAL AND INFORMAL QUERIES

Formal queries are embodied in this report. Informal queries were raised with the Accounting Officer. Audit differences and other comments are addressed in paragraph 4 of this report.

34. QUALIFIED AUDIT OPINION

The accounts of the Town Council of Lüderitz for the financial year ended 30 June 2012, summarised in Annexures A to 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.

The audit opinion has been qualified due to the following reasons:

Trade and other receivables - Provision for bad debts

The auditors are of the opinion that the provision for bad debts is understated by N\$18 793 983.

Other payables - P.A.Y.E and VAT

Not all P.A.Y.E and VAT returns were submitted timeously to the Directorate: Inland Revenue. The provisions in the financial statements might not be sufficient to cover for arrear amounts, penalties and interest thereon.

External loans

The balance sheet reflect external loans from the Government of Namibia of N\$ 6 162 298. No amortisation tables were available at the Town Council.

Arrear external loans

External loans from Government are, as in previous years, not repaid but the repayments are provided for as arrear loan instalments under current liabilities. The total instalments in arrears amount to N\$ 16 011 437.

No interest on overdue amounts due to Government has been provided for.

Payroll

No proper supporting documentation could be provided to verify the existence and correctness of the payroll.

Investments

No supporting documents for investments at insurance companies amounted to N\$ 5 056 003 could be provided for audit purposes.

Other payables - VAT

Due to a lack of proper accounting records the auditors were unable to verify the correctness of the VAT amount payable per balance sheet of N\$ 12 227 224.

Internal Control

There is an insufficient system of internal control.

General

There is an insufficient system of internal control at the Town Council. Proper segregation of duties is not possible due to the small number of staff employed. While increased management involvement does not reduce risks, it causes the risk that management and Council override existing controls, a potentially dangerous practice, which Council should vigilantly guard against.

Qualified opinion

Due to the significance of the matters referred to above, I am unable to form an opinion as to whether these financial statements fairly present the financial position of the Town Council on 30 June 2012, the results of its operations, cash flow for the year then ended in the manner required by the Local Authorities Act, 1992, and the State Finance Act, 1991.

WINDHOEK, January 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

TOWN COUNCIL OF LÜDERITZ

BALANCE SHEET AT 30 JUNE

	Note	2012 N\$	2011 N\$
ASSETS			
Non current assets		181 336 177	174 181 379
Property, plant and equipment	2	152 800 780	146 102 141
Investments	3	28 535 397	28 079 238
Current assets		53 299 278	59 476 120
Trade and other receivables	4	52 752 556	57 379 020
Inventories	5	545 522	418 656
Bank and cash	6	1 200	1 678 444
TOTAL ASSETS		234 635 455	233 657 499
FUNDS AND LIABILITIES			
Funds and reserves		184 954 038	182 563 744
Capital outlay	7	126 042 510	125 146 374
Funds and accounts	8	58 911 528	57 417 370
Non-current liabilities			
Long-term liabilities	9	6 884 696	7 563 426
Current liabilities		42 796 721	43 530 329
Trade and other payables	10	42 597 314	43 530 329
Bank overdraft	6	199 407	-
TOTAL FUNDS AND LIABILITIES		234 635 455	233 657 499

TOWN COUNCIL OF LÜDERITZ

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2012	2011
		N\$	N\$
INCOME		85 854 894	76 381 668
EXPENDITURE		(92 553 262)	(78 970 138)
NET OPERATING DEFICIT		(6 698 368)	(2 588 470)
INTEREST ON INVESTMENTS		3 364 337	-
NET DEFICIT AFTER INTEREST		(3 334 031)	(2 588 470)
APPROPRIATION ACCOUNT	11	(8 735 940)	281 730
		(12 069 971)	(2 306 740)
REVENUE ACCOUNT - Beginning of year		(18 430 472)	(16 123 732)
REVENUE ACCOUNT - End of year		(30 500 443)	(18 430 472)

TOWN COUNCIL OF LÜDERITZ

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2012	2011
		N\$	N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		85 854 894	76 381 668
Cash paid to suppliers		<u>(97 722 619)</u>	<u>(87 587 152)</u>
Cash utilised by operations	12	(11 867 725)	(11 205 484)
Interest received		3 364 337	-
Increase in Fund accounts		13 564 129	4 661 888
Increase in Capital outlay		<u>896 136</u>	<u>9 927 011</u>
Net cash flow from operating activities		<u>5 956 877</u>	<u>3 383 415</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net capital expenditure		(6 698 639)	(8 762 680)
(Increase)/decrease in investments		<u>(456 159)</u>	<u>7 269 850</u>
		<u>(7 154 798)</u>	<u>(1 492 830)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
(Decrease)/increase in long-term loans		<u>(678 730)</u>	<u>61 633</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1 876 651)	1 952 218
CASH AND CASH EQUIVALENTS			
- BEGINNING OF YEAR		<u>1 678 444</u>	<u>(273 774)</u>
CASH AND CASH EQUIVALENTS			
- END OF YEAR	6	<u>(198 207)</u>	<u>1 678 444</u>

TOWN COUNCIL OF LÜDERITZ**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 C 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 Funds were created by the Town Council:

1.3.1 New Development Fund

The purpose of this Fund is to make provision for future capital development projects of the Council. Income is obtained from the Revenue Account as well as a cash donation from Government.

1.3.2 Housing Fund

The purpose of this Fund is to provide for housing loans. Income for this Fund is derived from interest earned on secured housing loans and investments as well as profits made on the resale of housing scheme houses. Interest paid on external housing loans is charged to the Fund.

1.3.3 Capital Reserve Fund

The purpose of this Fund is to build up a general capital reserve to ensure a stable financial position. Income for this Fund is derived from general revenue contributions and interest earned on internal loans and investments.

1.3.4 Betterment Fund

The purpose of this Fund is to provide for future improvements of municipal assets. Part of the proceeds of the sale of land as well as interest earned on internal loans and investments are allocated to this Fund.

1.3.5 Renewal Fund

Its purpose is to provide for replacement of assets and for additional depreciation on assets which abnormally decreased in value. Income for this account is derived from general revenue contributions as well as interest earned on investments.

1.3.6 Capital Redemption Fund

Capital redemptions on external and internal loans are charged against income. A similar amount is credited to the Loan Redemption Fund for the duration of the loan. As and when the loan is fully redeemed the Loan Redemption Fund is transferred to the Revenue Contribution.

TOWN COUNCIL OF LÜDERITZ

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

	2012	2011
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
Total	152 800 780	146 102 141
3. INVESTMENTS		
Commercial Banks	23 479 394	9 836 063
Insurance companies	5 056 003	18 243 175
	28 535 397	28 079 238
ALLOCATED AS FOLLOWS		
Capital Development Fund	7 391 612	6 063 590
Housing Fund	19 931 385	22 015 648
Fixed Property Fund	1 212 400	-
	28 535 397	28 079 238
4. TRADE AND OTHER RECEIVABLES		
Services, rates and taxes	42 278 049	58 256 396
Build Together advances	18 268 683	6 654 061
	60 546 732	64 910 457
Consumer deposits	(801 176)	(690 437)
Provision for bad debts	(6 993 000)	(6 841 000)
	52 752 556	57 379 020
5. INVENTORIES		
Materials	545 522	418 656
6. CASH AND BANK BALANCES		
Current account	(199 407)	1 677 644
Petty cash	1 200	800
	(198 207)	1 678 444
7. CAPITAL OUTLAY		
Loans redeemed	15 273 983	14 804 596
Revenue contributions	91 909 943	91 454 663
General Capital contributions	18 858 584	18 887 115
	126 042 510	125 146 374

TOWN COUNCIL OF LÜDERITZ

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

	2012	2011
	N\$	N\$
8. FUNDS AND ACCOUNTS		
Internal loans overstated in Fund accounts	(902 006)	(902 006)
Capital Development Fund	13 739 378	13 034 851
Housing Fund	38 380 604	28 858 538
Fixed Property Fund	26 506 646	24 429 099
Renewal Fund	11 687 349	10 427 360
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(30 500 443)	(18 430 472)
	58 911 528	57 417 370
9. LONG-TERM LIABILITIES		
The Government of Namibia	6 162 298	6 641 671
Commercial banks	722 398	921 755
	6 884 696	7 563 426
10. TRADE AND OTHER PAYABLES		
Trade payables	5 973 508	7 198 013
Loan instalments in arrear	16 011 437	22 294 416
VAT	12 227 224	7 132 426
Suspense accounts	188 634	-
Provisions	4 665 910	4 289 272
Outstanding cheques	3 530 601	2 616 202
	42 597 314	43 530 329
11. ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Prior year adjustments	(8 735 940)	281 730

TOWN COUNCIL OF LÜDERITZ

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

	<u>2012</u>	<u>2011</u>
	N\$	N\$
12. CASH UTILISED BY OPERATIONS		
Net operating deficit before transfers	(6 698 368)	(2 588 470)
Adjustments for:		
- Adjustments to appropriation account	<u>(8 735 940)</u>	<u>281 730</u>
OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL	(15 434 308)	(2 306 740)
CHANGES IN WORKING CAPITAL		
Decrease/(increase) in trade and other receivables	4 626 464	(17 962 250)
Increase in inventories	(126 866)	(30 874)
(Decrease)/increase in trade and other payables	<u>(933 015)</u>	<u>9 094 380</u>
	3 566 583	(8 898 744)
CASH UTILISED BY OPERATIONS	<u>(11 867 725)</u>	<u>(11 205 484)</u>