



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

TOWN COUNCIL OF OKAKARARA

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

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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 Okakarara for the financial year ended 30 June 2010, 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, February 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNT OF THE TOWN COUNCIL OF OKAKARARA
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2010**

1. INTRODUCTION

The accounts of the Town Council of Okakarara for the year ended 30 June 2010 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 EDB & Associates 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 Namibian 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 statements were signed on 23 November 2010 and not within 3 months as required by the Act.** 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: 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 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 comply 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 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 OBSERVATIONS AND COMMENTS

4.1 Recoverability of debtors

A provision for doubtful debts of N\$ 10 560 001 (2009: N\$ 6 365 644) was made by the Town Council as per the financial statements for the year ended 30 June. The auditors' own review and considering slow repayment by consumers indicated an underprovision of N\$ 283 082. The debtors outstanding for 120 days and more decrease from 91% to 88% in 2010.

As a result of the above the current valuation of accounts receivables are materially misstated in the annual financial statements.

Due to the significance of this matter the Auditor-General cannot express an opinion on bad and doubtful debts.

4.2 Build Together Fund

The Build Together programme is administered by the Town Council on behalf of the Ministry of Regional and Local Government, Housing and Rural Development and it should be considered significant as weaknesses were identified with regards to administration.

This Fund has its own peculiar specifications with respect to the way in which the Fund are to be managed and utilized as stipulated by the relevant Ministry. The following mistakes were detected by the auditors:

- * The auditors discovered that the Build Together Fund was not reconciled on a monthly basis. No amortizations schedules or any supporting details could be provided by the Town Council to verify the loan closing balances as at 30 June.
- * Numerous supporting documents e.g. Build Together inspection sheets for funds disbursed could not be found at the time of the audit and most of 2001 to 2003 houses were not yet build and no repayments have been done by most of the clients.

4.3 Inventory

No stock figure was recorded in the annual financial statements since prior year, although there is stock on the Town Council premises. No proper stock control system is in place, which have a negative effect on the long-term operation of the Town Council.

The auditors did not observe the counting of stock on 30 June, as they were not appointed at that time. There were no alternative practical audit procedures that the auditors could perform to confirm the existence and value of stock on hand at year-end.

4.4 Consumer deposits

No list for consumer deposits for the year under review could be provided to the auditors. The table below indicates that the consumer deposits may be inadequate.

	2010	2009
	N\$	N\$
Debt outstanding	12 374 168	11 180 189
Consumer deposits	8 573	8 573
Percentage of deposits against outstanding debts	0.07%	0.08%

4.5 Source documents

Numerous important source documents for expenditures incurred by the Town Council could not be found at the time of the audit. This was mainly attributable to an unorganised filing system and poor record-keeping by the Council.

The water purchases reconciliation conducted by the auditors revealed a material difference of N\$ 1 181 503, due to lack of invoices for seven (7) months and were not recorded on the system for the year under review.

4.5.1 Unforeseen expenses

The audit revealed that this account is used when expenditure were recorded with wrong allocations. In most of these cases no journal entries were recorded on the system to correct the error.

This lack of proper record keeping is in contravention of Section 86 of the Local Authorities Act, 1992 (Act 23 of 1992).

4.6 Fixed assets

The fixed asset register was maintained during the year, but was incomplete as there are assets not included and assets that should have been removed from the asset register were still included. No explanation was provided on numerous assets where no depreciation was calculated.

Numerous assets were sold during an auction but were still recorded on the fixed assets register and no profit and loss on disposal was calculated on these assets. No log books were found at the Town Council. Vehicles were still under Ministry registration and were not road worthy.

Numerous important source documents of the asset additions could not be found at the Council.

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

4.7 Value-Added-Tax

As reported in prior year, the Council has engaged tax consultants to complete and submit VAT returns on behalf of the Council. The auditors were unable to reconcile the payable as per VAT returns submitted to the VAT payable of N\$ 1 981 123 in the annual financial statements due to that fact that all returns were not availed for the year under review.

No provision for possible penalties, interest or for failure to furnish returns was provided for in the financial statements.

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

4.8 Trade and other payables

No creditors' breakdown list or any other supporting documents were provided by the Town Council and due to afore-mentioned, the auditors could not test the correctness of to the closing balance of N\$ 187 703 as stated in the annual financial statements.

The Namwater liability was understated by N\$ 252 755.

A material difference of N\$ 74 499 was found on the auditors' reconciliation of the Regional Council's provision which could not be explained.

The balance for the provision for leave remained constant since prior year and the net movement of N\$ 23 270 could not be explained.

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

4.9 Payroll

An unexplained difference of N\$ 40 267 were found on the auditors' reconciliation payroll compared to the earnings reports for year under review. A difference of N\$ 22 466 was found on the PAYE reconciliation. This is due to returns that were not availed to the auditors during the audit. The PAYE reconciliation revealed a difference of N\$ 4 644 due to incorrect calculation by the system.

The Social Security payments were over paid with N\$ 3 919. A difference of N\$ 6 734 that was found on the suspense account for Namibia Health Plan and it was due to payments not paid over to the medical aid.

No employees' contracts were available in personal files.

4.10 House rental

The audit revealed that some rental charges/tariffs that were not inline with the Government Gazette and no proper explanation could be provided by the accountant.

4.11 NATIS income

During the audit a difference of N\$ 37 739 was detected due to lack of invoices that were not processed on the system or maybe they were wrongly recorded in the system.

4.12 Sale of erven

A material difference of N\$ 231 698 was found, due to payments and direct deposits that was recorded on the system and the journal entries not updated on the finstel system. The balance shown in the annual financial statements consist of the old payments and direct payments that was not allocated to their individual customer accounts to reduce the outstanding balances of the customer accounts. No erven sold were recorded on the system for the year under review.

4.13 Street - Subsidies (RFA)

The RFA refunds/claims which amounted to N\$ 435 186 was not recorded in the Town Council's ledger, although the RFA noted that the monies were deposited or paid to the constructions company account. No evident of the expenditure of this nature was recorded in the Council's accounts for the year under review.

4.14 Recognition of accounts receivables and services income

The audit revealed that several of the consumer debtors were charged with the wrong tariffs on sewerage and sanitation income.

Due to the significance of this matter, the Auditor-General cannot express an opinion on services income and accounts receivables for the year under review.

5. ACKNOWLEDGEMENT

The assistance and co-operation given by the management and staff of the Town Council during the audit are appreciated.

6. FINANCIAL RESULTS

2010	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus as at 01/07/2009				5 636 877
General accounts				
Non-profitable	3 267 385	4 109 152	(841 767)	
Self-supporting	1 044 084	341 157	702 927	
Trade accounts				
Electricity	4 355	-	4 355	
Water	2 120 207	2 135 344	(15 137)	
Deficit for the year	6 436 031	6 585 653	(149 622)	(149 622)
Adjustments and utilizations (See Note 10, Annexure D)				5 487 255 (4 164 558)
Accumulated surplus 30/06/2010				1 322 697

7. CURRENT BANK ACCOUNT

The balance sheet reflected a unfavourable cash-book balance for 2010: N\$ 32 705 and for (2009: N\$ 132 596 favourable), which is also the reconciled balance. The bank statements reflected a favourable balance for 2010: N\$ 254 174 (2009: N\$ 72 653 - favourable), mainly due to outstanding cheques at year-end.

	2010	2009
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	(32 705)	132 596
Outstanding cheques	301 465	138 766
Outstanding deposits	-	(198 710)
Cash in transit	(14 586)	-
Balance as per bank statements	254 174	72 652

8. INVESTMENTS AND INTEREST PROCEEDS

On 30 June 2010 there was N\$ 6 349 200 (2009: N\$ 6 880 063) invested as follows:

	2010	2009
	N\$	N\$
Investments were allocated to the following Funds:		
Bank	185 463	716 326
Censored	6 163 737	6 163 737
	6 349 200	6 880 063

	Investment 2010	Interest 2010	Investment 2009
Revenue (Cenored)	6 163 737	-	6 163 737
Housing Fund	33 607	-	237 481
Fixed Property Fund	151 856	9 073	478 845
	6 349 200	9 073	6 880 063

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:

	2010	2009
	N\$	N\$
Sales	4 355	4 285
Cost of bulk purchases	-	-
Gross (loss) / profit	4 355	4 285
Expenses (net)	-	-
Net deficit	4 355	4 285
Gross loss % on bulk purchases	N/A	N/A
Net loss % on bulk purchases	N/A	N/A

10.2 The distribution losses for electricity could not be determined due to inadequate record keeping.

10.3 The results of operations of water were as follows:

	2010	2009
	N\$	N\$
Sales	2 097 419	1 903 132
Cost of bulk purchases	(1 582 542)	(1 787 982)
Gross profit	514 877	115 150
Expenses (net)	(530 014)	(202 012)
Net deficit	(15 137)	(86 862)
Gross profit % on bulk purchases	32.5%	6.4%
Net (deficit) % on bulk purchases	(0.96%)	(4.9%)

10.4 The distribution losses for water could not be determined due to inadequate record keeping.

11. SELF-SUPPORTING SERVICES

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

	Income 2010	Expenses 2010	Surplus/ (Loss) 2010	Surplus/ (Loss) 2009
	N\$	N\$	N\$	N\$
Natis	17 519	48 785	(31 266)	107 798
Cleansing services	746 134	292 372	453 762	210 791
Sewerage	280 431	-	280 431	223 052
	1 044 084	341 157	702 927	541 641

12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

No fruitless, unauthorized 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.

	Financed by	Total Expenditure 2009
	Revenue account	
General administration	186 578	112 367
Council's general expenses	30 126	25 926
Finance department	20 157	-
Sanitation and cleaning	44 786	-

* The capital account for contributions from revenue does not agree with specific votes. According to the capital account the expenditures were only N\$ 70 633 while the votes have a total amount of N\$ 281 647. The Council should investigate the difference of N\$ 211 014 and make the necessary corrections during the next financial year.

16. BURSARIES

No bursaries were granted during the year under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

No contributions, grants and financial aid were made during the year.

18. COMPENSATION PAYMENTS

No compensation payments were undertaken during the year under review.

19. VISITS TO FOREIGN COUNTRIES

No such visits were identified during the year under review.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

The Local Authority did not make any claim payments during the year under review.

21. GIFTS / DONATIONS BY / TO THE LOCAL AUTHORITY

A donations of N\$ 3 500 for 2010 (2009: N\$ 26 700) was made.

22. TRANSFER OF PROPERTY TO / FROM GOVERNMENT

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

23. DEBTORS AND CREDITORS

23.1 Debtors at 30 June were:

	2010	2009
	N\$	N\$
Services	12 374 168	11 180 190
Less: Provision for bad debts	(10 560 001)	(6 365 644)
Sundry debtors	1 188	-
	1 815 355	4 814 546

23.2 Creditors at 30 June were:

	2010	2009
	N\$	N\$
Trade creditors	1 940 559	2 130 083
Receiver of Revenue - VAT	1 981 123	1 816 048
Regional Council Fees	41 794	41 793
Consumer deposits	8 573	8 573
Provision for leave	392 225	392 225
Suspense account: Bank account	627 250	368 954
	-	-
	4 991 524	4 757 676

24. ASSESSMENT RATES

	2010	2009
	N\$	N\$
Net proceeds from assessment rates were	1 710 479	1 278 905
Tariffs per N\$ 1 valuation per annum - Business Valuation per annum		
- Land	0.022	0.022
- Improvements	0.083	0.083
Tariffs per N\$ 1 valuation per annum - Residential Valuation per annum		
- Land	0.075	0.075
- Improvements	0.012	0.012

Assessment rates income was stated for the year under review.

25. LOANS

25.1 External loans

The balance remained constant since prior year and no movement was recorded, although the payments are been deducted form the Council's bank account. A difference was detected when comparing the closing balances of the external loans compared to the annual financial statements and loan amortization schedules. The interest charges also differed with an amounted of N\$ 33 574. The Council should rectify these mistakes.

25.2 Internal loans

No internal loans were advanced during the year under review.

25.3 Housing loans

The amount advanced in favour of housing loans under the Build Together programme are reflected at N\$ 2 032 858 for 2010 (N\$ 1 556 677: 2009) in the annual financial statements.

26. SALE OF ERVEN

The income as per financial statements amounted to N\$ 354 165 and as per the listing N\$ 122 467. The material difference of N\$ 231 698 is only payments and direct deposits recorded but was not posted to their individual customer accounts.

27. PROPERTY SOLD ON INSTALLMENT BASIS

No details of houses that were sold on an instalment basis during the years 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

29.1 Excess on approved budget

Due to lack of internal control and poor recordkeeping, no documents could be provided by the auditors.

30. STOCK AND EQUIPMENT

30.1 Motor vehicles and values thereof:

The following information was provided by the Council relating to the number and value of vehicles. No proper record was kept for the vehicles sold and disposal for the year and to determine fuel consumption during the year under review.

	LDV and combi's		Heavy vehicles (Lorries and busses)	
	Number	Value	Number	Value
On hand 01/07/2009	4	N\$ 204 000	9	N\$ 1 449 000
Acquisitions	2	-	6	-
	6	204 000	15	1 449 000
Less: Withdrawal	(1)	-	-	-
On hand 30/06/2010	5	204 000	15	1 449 000

Due to lack of control the auditors were unable to reconcile the motor vehicles available, bought or sold, for

the year under review.

31. SPECIAL INVESTIGATIONS

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

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 Council override existing controls, a potentially dangerous practice, which the Council should vigilantly guard against.

33. FORMAL AND INFORMAL QUERIES

Formal queries are embodied in this report.

Informal queries were addressed to the Town Clerk by way of a management letter and consist of:

- * Special Fund and capital outlay
- * Statutory matters – Annual financial statements
- * Liabilities
- * Fixed assets
- * Inventory
- * Accounts receivable
- * Payroll
- * Bank and cash
- * Revenue/income services
- * Expenditure
- * General - Annual financial statements vs Finstel
- * - Monthly reconciliations

34. DISCLAIMED AUDIT OPINION

The accounts of the Okakarara Town Council for the financial year ended 30 June 2010, 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.

I am unable to express an opinion due to the following reasons:

- * The provision for bad debts is understated by N\$ 283 082.
- * The correctness of the Build Together debtors of N\$ 2 032 858 could not be verified due to a lack of amortization schedules.
- * No stock figures are disclosed in the financial statements.
- * Water purchases (Namwater) differs with N\$ 1 181 503.
- * The fixed asset register was not updated.
- * Due to the unavailability of VAT documentation, the VAT payable of N\$ 1 981 123 could not be confirmed.

- * Trade payables of N\$ 187 703 could not be confirmed.
- * The provision for payments to the Regional Council has an unexplained difference of N\$ 74 499.
- * The payroll has an unexplained difference of N\$ 40 267.
- * House rentals were in some cases not charged within the approved rate.
- * A difference of N\$ 231 698 related to sale of even were found.
- * Due to a lack of documentation, NATIS income to the amount of N\$ 37 739 could not be confirmed.
- * Road Fund Administration refunds to the amount of N\$ 435 186 were not recorded in the ledger of the Council.

WINDHOEK, February 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR GENERAL**

TOWN COUNCIL OF OKAKARARA

BALANCE SHEET ON 30 JUNE 2010

	Notes	2010 N\$	2009 N\$
ASSETS			
Non-current assets			
Property, plant and equipment	3	14 618 069	15 636 592
Secured loans	8	2 032 859	1 556 677
Investments	4	6 349 200	6 880 063
Current assets			
Accounts receivables	5	1 815 355	4 814 546
Suspense		-	633 852
Cash and cash equivalents		-	132 596
TOTAL ASSETS		24 815 483	29 654 326
EQUITY AND LIABILITIES			
Funds			
Funds and accounts	2.1	14 463 069	15 481 592
Accumulated funds	2.2	5 173 185	9 260 058
Non-current liabilities			
Long-term liabilities	7	155 000	155 000
Current liabilities			
Accounts payables	6	4 991 524	4 757 676
Bank overdraft	9	32 705	-
TOTAL EQUITY AND LIABILITIES		24 815 483	29 654 326

TOWN COUNCIL OF OKAKARARA

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	Notes	2010	2009
		N\$	N\$
INCOME		6 426 958	6 101 193
EXPENDITURE		<u>(6 585 653)</u>	<u>(6 762 467)</u>
NET OPERATING (LOSS)		(158 695)	(661 274)
INVESTMENT INTEREST EARNED		<u>9 073</u>	-
NET (LOSS)	2	(149 622)	(661 274)
ADJUSTMENTS	10	<u>(4 164 558)</u>	<u>3 154 784</u>
NET (LOSS) for the year		(4 314 180)	2 493 510
APPROPRIATION ACCOUNT AT BEGINNING OF THE YEAR		<u>5 636 877</u>	<u>3 143 367</u>
AT END OF YEAR		<u>1 322 697</u>	<u>5 636 877</u>

TOWN COUNCIL OF OKAKARARA

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		N\$	N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		6 426 958	6 101 193
Cash paid to suppliers		(6 883 320)	(1 144 841)
<i>Cash (utilised)/generated by operations</i>	11	(456 362)	4 956 352
Investment income		9 073	-
Movements in Fund accounts			
Increase/(decrease) in Fund accounts		227 307	23 224
Increase/(decrease) in Capital outlay		(1 018 523)	53 882
Net cash flow from operating activities		(1 238 505)	5 033 458
CASH FLOW FROM INVESTING ACTIVITIES			
(Increase)/decrease in property, plant and equipment		1 073 204	(5 048 861)
(Increase)/decrease in investments		1 018 523	(208 882)
(Increase)/decrease in loans receivable		530 863	(4 391 856)
		(476 182)	(448 123)
FINANCING ACTIVITIES			
Loan obtained		-	155 000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(165 301)	139 597
Cash and cash equivalents at the beginning of the year		132 596	(7 001)
Cash and cash equivalents at the end of the year		(32 705)	132 596

TOWN COUNCIL OF OKAKARARA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE

1. ACCOUNTING POLICIES**1.1 Basis of presentation**

The financial statements have been prepared under the historical cost basis 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.

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.

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

1.5 Housing Fund – Build Together

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.

TOWN COUNCIL OF OKAKARARA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE

	2010	2009
	N\$	N\$
2. OWN FUNDS		
2.1 Financing of capital:		
Contribution from:	14 463 069	15 481 592
Revenue contributions	669 729	685 238
General capital contributions	13 793 340	14 796 354
2.2 Funds	5 173 185	9 260 058
Fixed Property Fund	917 450	917 450
Built Together Fund	2 933 038	2 705 730
Revenue account kept in compliance with Section 86(1) Of the Local Authorities Act, 1992.	1 322 697	5 636 878
TOTAL FUNDS	19 636 254	24 741 650
3. FIXED ASSETS		
Infrastructure, land and buildings, motor vehicles, office equipment, furniture and fittings and computer equipment.	14 618 069	15 636 592
Financed from:		
Revenue account	669 729	685 238
General capital	13 793 340	14 796 354
Loans	155 000	155 000
	14 618 069	15 636 592
4. INVESTMENTS		
Banks	185 463	716 326
Cenored	6 163 737	6 163 737
	6 349 200	6 880 063
5. ACCOUNTS RECEIVABLE		
Consumers	12 374 168	11 180 190
Less: Provision for bad debts	(10 560 001)	(6 365 644)
Sundry debtors	1 188	-
	1 815 355	4 814 546

TOWN COUNCIL OF OKAKARARA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE

	2010	2009
	N\$	N\$
6. ACCOUNTS PAYABLES		
Trade payables	1 940 559	2 130 083
Suspense account: Bank account	627 250	368 954
Receiver of Revenue - VAT	1 981 123	1 816 048
Consumer deposits	8 573	8 573
Provision for leave	392 225	392 225
Regional Council fees	41 794	41 793
	4 991 524	4 757 676
7. LONG-TERM LIABILITIES		
External loans	155 000	155 000
	155 000	155 000
8. SECURED LOANS		
Loans granted for housing	2 032 859	1 556 677
	2 032 859	1 556 677
9. CASH AND BANK BALANCES		
Current bank account	(32 705)	132 596
Outstanding cheques transferred to creditors	301 465	138 766
Outstanding deposits	-	(198 710)
Cash in transit	(14 586)	-
	254 174	72 652
10. ADJUSTMENTS AND UTILIZATIONS		
Adjustments prior year - Unknown	(4 164 558)	3 154 784
	(4 164 558)	3 154 784

TOWN COUNCIL OF OKAKARARA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE

	<u>2010</u>	<u>2009</u>
	N\$	N\$
11. CASH (UTILISED)/GENERATED BY OPERATIONS		
Nett operating deficit	(158 695)	(661 274)
Suspense account	633 852	(633 852)
Adjustment (appropriations)	(4 164 558)	3 154 784
Operating income/(expenses) before changes in working capital	(3 689 401)	1 859 658
Increase/(decrease) in accounts receivable	2 999 191	2 134 306
Increase/(decrease) in accounts payable	233 848	962 388
	<u>3 233 039</u>	<u>3 096 694</u>
CASH (UTILISED) / GENERATED BY OPERATIONS	<u>(456 362)</u>	<u>4 956 352</u>