



REPUBLIC OF NAMIBIA

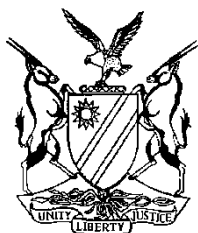


REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
TOWN COUNCIL OF ORANJEMUND
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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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 Oranjemund 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, May 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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

1. INTRODUCTION

The accounts of the Town Council of Oranjemund 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. Deficits are indicated in brackets.

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 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 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 misstatements 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

The Council was not trading during the period under review.

5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Town Council 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				-
General accounts				
- Non-profitable services	1 721 336	3 000 000	(1 278 664)	
Trade accounts				
- Water	1 300 000	-	1 300 000	
Surplus for the year	3 021 336	3 000 000	21 336	21 336
Adjustments and utilisations				-
Accumulated surplus 30/06/2012				21 336

7. CURRENT BANK ACCOUNT

	2012
	N\$
Cash-book balance at 30 June - Balance sheet	21 336
Outstanding cheques	-
Outstanding deposits	-
Balance as per bank statement	21 336

8. INVESTMENTS

The investments as at 30 June were as follows:

Institution	2012
	N\$
Commercial banks	2 303 377
Distribution	
Capital Reserve Fund	2 303 377

9. FUND ACCOUNTS

The position of the Funds and accounts at year-end was as shown in note 6 in Annexure D.

10. TRADE ACCOUNT

10.1 The Council was no trading during the period under review.

11. SELF-SUPPORTING SERVICES

11.1 The Council was not trading during the period under review.

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 irregularities or losses during the period under review.

15. CAPITAL PROJECTS

The following were spend on capital projects:

Nature of projects/acquisitions	Financial by			Total expenditure 2012
	Revenue account	External loans	General capital	
	N\$	N\$	N\$	N\$
CEO	333 344	-	-	333 344
	333 344	-	-	333 344

16. STUDY LOANS/BURSARIES

No bursaries were granted during the year.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

	2012
	N\$
Contribution from Government	3 000 000

18. COMPENSATION PAYMENTS

No compensation payments were made during the year under review.

19. VISITS TO FOREIGN COUNTRIES

No amount was incurred on visits to other countries during the year under review.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the local authority.

21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

There were no gifts or donations.

22. TRANSFER OF PROPERTY

No transfer of property has been made to/from Government for the period under review.

23. TRADE AND OTHER RECEIVABLES/TRADE AND OTHER PAYABLES

23.1 There were no trade and other receivables at 30 June 2012.

23.2 There were no trade and other payables at 30 June 2012.

24. ASSESSMENT RATES

The Council did not trade for the period under review.

25. LOANS

25.1 External loans

There were no external loans on 30 June 2012.

25.2 Internal loans

There were no internal loans on 30 June 2012.

26. SALE OF ERVEN

The Council was not trading during the period under review.

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

No properties were sold on instalment basis during the year under review.

28. TARIFF ADJUSTMENTS

The Council was not trading during the period under review.

29. APPROVALS

The Council did not trade for the period under review.

30. INVENTORY AND EQUIPMENT

30.1 Motor vehicles and values thereof:

	Sedan vehicles		LDV's and Combi's		Heavy duty vehicles (Lorries and busses)	
	No	N\$	No	N\$	No	N\$
On hand as at 01/07/2011	-	-	-	-	-	-
Acquisitions during the year	-	-	1	318 598	-	-
	-	-	1	318 598	-	-
Less: Depreciation	-	-	-	-	-	-
On hand 30/06/2012	-	-	1	318 598	-	-

30.2 Inventory

There was no inventory on 30 June 2012.

31. SPECIAL INVESTIGATIONS

There were no special investigations during the period under review.

32. GENERAL

The accounting and internal controls are satisfactory, except where indicated otherwise in this report. Proper segregation of duties does exist. While increased management involvement does reduce risks, the risk arises that management and Council override existing controls, a potentially dangerous practice which the Town Council should vigilantly guard against. The integrity of staff in appropriate positions should however be reviewed to ensure that qualified personnel are employed in respective positions.

33. FORMAL AND INFORMAL QUERIES

33.1 Formal queries are embodied in this report.

33.2 Informal queries were discussed with the Town Council.

34. AUDIT OPINION

The accounts of the Town Council of Oranjemund 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 Authorities Act, 1992, read with Section 25 (1) (b) of the State Finance Act, 1991.

I certify that, in my opinion, the financial statements fairly present the financial position of the Town Council at 30 June 2012 and the results of its operations and cash flow for the year then ended in the manner required by the Local Authorities Act, 1992, and the State Finance Act, 1991.

TOWN COUNCIL OF ORANJEMUND

BALANCE SHEET AT 30 JUNE

	<u>Note</u>	<u>2012</u> N\$
ASSETS		
Non-current assets		2 636 721
Property, plant and equipment	2	333 344
Investments	3	2 303 377
Current assets		
Bank account	4	21 336
TOTAL ASSETS		<u>2 658 057</u>
FUNDS AND LIABILITIES		
Funds and reserves		2 658 057
Capital outlay	5	333 344
Funds and accounts	6	2 324 713
TOTAL FUNDS AND LIABILITIES		<u>2 658 057</u>

TOWN COUNCIL OF ORANJEMUND

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2012</u>
		N\$
INCOME		3 000 000
EXPENDITURE		<u>3 000 000</u>
NET OPERATING SURPLUS		-
INTEREST RECEIVED		<u>21 336</u>
NET SURPLUS AFTER INTEREST		21 336
APPROPRIATION ACCOUNT		<u>-</u>
NET SURPLUS AFTER APPROPRIATIONS		21 336
REVENUE ACCOUNT - Beginning of year		<u>-</u>
REVENUE ACCOUNT - End of year		<u>21 336</u>

TOWN COUNCIL OF ORANJEMUND

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2012</u>
		N\$
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers		3 000 000
Cash paid to suppliers		<u>(3 000 000)</u>
Cash generated by operations	7	-
Interest received		21 336
Movement in Fund accounts		
- Fund accounts		2 303 377
- Capital outlay		<u>333 344</u>
Net cash flow from operating activities		<u>2 658 057</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net capital expenditure		(333 344)
Increase in investments		<u>(2 303 377)</u>
		<u>(2 636 721)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		21 336
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR		<u>21 336</u>

TOWN COUNCIL OF ORANJEMUND

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

1. ACCOUNTING POLICIES**1.1 Introduction**

The annual financial statements set out in Annexures A to D were prepared on the historical cost basis and incorporate the following principal accounting policies, which are consistent in all material aspects with those applied in the previous year.

1.2 Property, plant and equipment

Property, plant and equipment acquired with loan funds are stated at cost and no depreciation is provided thereon until the loan is fully redeemed. All other items of property, plant and equipment are stated at cost or valuation, and except fixed property, the cost or valuation of these items of property, plant and equipment is depreciated on the reducing-balance basis over their expected useful lives.

1.3 Fund accounts

The following Funds were maintained:

1.3.1 Housing Fund

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

	<u>2012</u>
	N\$
2. PROPERTY, PLANT AND EQUIPMENT	
Income assets	<u>333 344</u>
Total	<u><u>333 344</u></u>
3. INVESTMENTS	
INVESTMENTS	
Commercial banks	<u>2 303 377</u>
ALLOCATED AS FOLLOWS	
Capital Reserve Fund	<u>2 303 377</u>
4. BANK AND CASH	
Current account	<u>21 336</u>

TOWN COUNCIL OF ORANJEMUND

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

	<u>2012</u> N\$
5. CAPITAL OUTLAY	
Revenue contributions	<u>333 344</u>
6. FUNDS, ACCOUNTS AND RESERVES	
Capital Reserve Fund	2 303 377
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	<u>21 336</u>
	<u>2 324 713</u>
7. CASH GENERATED BY OPERATIONS	
NET OPERATING SURPLUS BEFORE INTEREST	-
ADJUSTMENT FOR:	
Appropriations	-
OPERATING RESULT BEFORE CHANGES IN WORKING CAPITAL	<u>-</u>
CHANGES IN WORKING CAPITAL	<u>-</u>
CASH GENERATED BY OPERATIONS	<u><u>-</u></u>