



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
TOWN COUNCIL OF RUNDU**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

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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 Rundu for the financial year ended 30 June 2009, 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, April 2010**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
TOWN COUNCIL OF RUNDU  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

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**1. INTRODUCTION**

The accounts of the Town Council of Rundu for the year ended 30 June 2009 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 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, **except the they were only signed on 27 November 2009 and not within three months after year-end 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 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**

The Accounting Officer of the Municipality 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 controls 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 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 judgement, 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating

the overall presentation of the financial statements.

#### **4. AUDIT OBSERVATIONS AND COMMENTS**

##### **4.1 Distribution losses**

The Council did not record the water distribution results for the year under review.

##### **4.2 Trade and other receivables**

The average collection period of trade receivables, before taking the provision for bad debts into account, is 510.0 days (2008: 524.4 days). The average collection period of trade receivables, after taking the provision for bad debts into account, is 40.9 days (2008: 92.1 days). As previously reported, Council should attend to the arrears as a matter of urgency.

##### **4.3 Inventories**

The auditors did not observe the counting of the inventories on 30 June 2009, as they were not appointed at that stage. 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 Bank reconciliation**

No proper bank reconciliation could be provided for audit purposes. The reconciled cash-book balance reflects a favourable balance of N\$ 352 236 (2008: N\$ 60 227) and the bank statement reflects a favourable balance of N\$ 686 748 (2008: N\$ 286 476). The net difference of N\$ 334 512 (2008: N\$ 226 249) could not be explained to the auditors.

##### **4.5 Capital expenditure**

The income statements reflect an amount of N\$ 4 137 680 for capital expenditure from revenue. The capital statement reflects an amount of N\$ 4 173 432 for capital expenditure, which is N\$ 35 751 more than the contribution from income. The difference could not be explained by the Council.

Council must investigate these differences and adjust the necessary records to reflect the assets from revenue.

##### **4.6 Appropriation account/accumulated deficit**

The appropriation account per the financial statements of the Council reflects an accumulated deficit of N\$ 4 918 082. The balance sheet of the Council's financial statements reflects an accumulated deficit of N\$ 2 543 949. The difference of N\$ 2 374 133 could not be explained by the Council.

##### **4.7 Consumer deposits**

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

##### **4.8 Sewerage charges**

The sewerage charges on the accounts differ from the amounts as per Government gazette. Residential and small businesses are overcharged and large businesses are undercharged.

##### **4.9 Trade and other payables**

No creditors reconciliations are performed by the Council and no supporting documents were available, thus the creditors balance and unrecorded liabilities could not be verified by the auditors. Council should start performing creditors reconciliations. A proper filing system should be developed to avoid that important documents get lost.

#### 4.10 Investments

Investments were only reconciled up to 30 April 2009. The interest for May 2009 till 30 June 2009 was thus not recorded in the accounts of the Council.

#### 4.11 VAT returns

Some VAT returns were submitted late. No provision for penalties or interest has been made for these returns.

### 5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Rundu 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:

	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus/ (Deficit)</b>	<b>Balance</b>
	N\$	N\$	N\$	N\$
Accumulated deficit on 01/07/2008				(3 342 830)
<b>General accounts</b>				
- Rates and general	4 772 763	3 168 102	1 604 661	
- Non-profitable	10 219 662	8 091 767	2 127 895	
- Self-supporting	5 415 637	5 371 996	43 641	
<b>Trade account</b>				
- Water	15 775 586	12 486 495	3 289 091	
Profit for the year	36 183 648	29 118 360	7 065 288	7 065 288
				3 722 458
Adjustments and utilizations (See note 11, Annexure D)				(6 266 407)
Accumulated deficit on 30/06/2009				<b>(2 543 949)</b>

### 7. CURRENT BANK ACCOUNT

	<b>2009</b>	<b>2008</b>
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	(183 920)	(1 024 279)
Outstanding cheques - Stated as trade payables	579 631	1 255 743
Balance per balance sheet	395 711	231 464
Outstanding deposits	-	(171 237)
Debit orders and bank charges on bank statement not in cash-book	(43 475)	-
Unexplained net difference and adjustments on the reconciliation	334 512	226 249
Balance as per bank statement	<b>686 748</b>	<b>286 476</b>

No proper bank reconciliation could be provided for audit purposes.

## 8. INVESTMENTS

The investments as at 30 June were as follows:

<b>Institution</b>	<b>2009</b>	<b>2008</b>
	N\$	N\$
Commercial banks	3 239 718	4 059 434

The investments were allocated as follows:

<b>Allocation</b>	<b>2009</b>	<b>2008</b>
	N\$	N\$
Build Together Fund	3 239 718	3 792 447
Revenue	-	266 987
	<b>3 239 718</b>	<b>4 059 434</b>

## 9. FUND ACCOUNTS

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

## 10. TRADE ACCOUNT

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

	<b>2009</b>	<b>2008</b>
	N\$	N\$
Sales	15 321 194	13 956 914
Cost of bulk purchases	(10 643 287)	(8 014 231)
Gross profit	4 677 907	5 942 683
Net expenditure	(1 388 816)	(1 573 788)
<b>Net surplus</b>	<b>3 289 091</b>	<b>4 368 895</b>
Gross profit percentages on bulk purchases	43.9%	42.6%
Net profit percentage on bulk purchases	30.9%	31.3%

### 10.2 Water distribution results, in cubic meters

	<b>2009</b>	<b>2008</b>
	Units	Units
Sales	-	1 344 310
Purchases	-	2 276 031
Gross profit	-	<b>(931 721)</b>
Percentage loss in units		(40.9%)

The Council did not record the distribution results for the year under review.

## 11. SELF-SUPPORTING SERVICES

### 11.1 The results for the year under review are as follows:

	<b>Income 2009</b>	<b>Expenses 2009</b>	<b>Surplus/ (deficit) 2009</b>	<b>Surplus/ (deficit) 2008</b>
	N\$	N\$	N\$	N\$
Housing	433 475	261 162	172 313	326 754
Open markets	227 037	1 045 709	(818 672)	(992 479)
Licenses and vehicle registration	732 932	659 123	73 809	(185 375)
Refuse removal	2 165 907	2 524 533	(358 626)	69 107
Sewerage	1 856 286	881 469	974 817	891 162
	<b>5 415 637</b>	<b>5 371 996</b>	<b>43 641</b>	<b>109 169</b>

## 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

<b>Nature of projects/acquisitions</b>	<b>Financed by</b>	<b>Total expenditure 2008/2009</b>	<b>Total expenditure 2007/2008</b>
	<b>Revenue account</b>		
	N\$	N\$	N\$
Protective services	3 443 629	3 443 629	-
Town engineer	11 558	11 558	21 622
Town planning	14 310	14 310	628 043
Town secretary	1 739	1 739	-
Strategic executive finance	21 240	21 240	86 854
Civic buildings	505 018	505 018	-
Open markets	-	-	3 601
Mayoral expenses	1 011	1 011	1 011
Town clerk	28 469	28 469	28 469
Workshop	6 204	6 204	6 204
Sewerage	2 179	2 179	2 179
Community services	132 436	132 436	-
Refuse removal	5 639	5 639	-
Streets, storm water and sidewalks	-	-	1 015 273
	<b>4 173 432</b>	<b>4 173 432</b>	<b>1 793 256</b>

The income statements reflect an amount of N\$ 4 137 680 for capital expenditure from revenue. The capital statement reflects an amount of N\$ 4 173 432 for capital expenditure, which is N\$ 35 752 more than the contribution from income. The difference could not be explained by the Council.

Loans to the value of N\$ 448 398 have been fully redeemed but these assets have not been transferred from the Capital Account Loan Assets to the Capital Account – Contribution from Revenue. The capital

statements submitted by the Council also do not balance and also differ from the balance sheet.

**16. BURSARIES**

There were no such expenses.

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

There were no such expenses.

**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**

**22.1** There were no transfers of property to the Local Authority.

**22.2** There was no transfer of property by the Local Authority to others.

**23. TRADE AND OTHER RECEIVABLES/PAYABLES**

**23.1 Trade and other receivables at 30 June were:**

	<b>2009</b>	<b>2008</b>
	N\$	N\$
Services, rates and taxes	40 502 588	36 362 747
Other receivables	3 219 181	2 457 811
Suspense accounts	70 697	34 031
	43 792 466	38 854 589
Provision for bad debts	(37 257 525)	(29 990 551)
<b>Total</b>	<b>6 534 941</b>	<b>8 864 038</b>

The average collection period of trade receivables, before taking the provision for bad debts into account, is 510.0 days (2008 - 524.4 days). The average collection period of trade receivables, after taking the provision for bad debts into account, is 40.9 days (2008 - 92.1 days). As previously reported, Council should attend to the arrears as a matter of urgency. Due to these statistics, the auditors are of the opinion that the provision for bad debts is now adequate.



## 23.2 Trade and other payables at 30 June were:

	<b>2009</b>	<b>2008</b>
	N\$	N\$
Trade payables	*7 427 756	8 094 768
Suspense account	-	2 596 610
Provisions	1 157 688	1 163 293
Consumer deposits	12 250	12 258
<b>Totals</b>	<b>8 597 694</b>	<b>11 866 929</b>

\* Included in trade payables is an amount of N\$ 579 631 (2008: N\$1 255 743) that represents outstanding cheques on the bank reconciliation.

## 24. ASSESSMENT RATES

	<b>2009</b>	<b>2008</b>
	N\$	N\$
The proceeds from assessment rates were	6 174 933	3 275 905
Tariffs per N\$1 valuation per annum - Residential and Church properties		
- Land	0.0303	0.0303
- Improvements	0.0047	0.0047
Tariffs per N\$1 valuation per annum - Government/ Institutional properties		
- Land	0.0303	0.0303
- Improvements	0.0047	0.0047
Tariffs per N\$1 valuation per annum - Commercial/ Industrial/Business		
- Land	0.0369	0.0369
- Improvements	0.0061	0.0061
Tariffs per N\$1 valuation per annum - Land zoned for Agricultural use		
- Land	0.0182	0.0182
- Improvements	0.2310	0.2310

## 25. LOANS

### 25.1 External loans

	<b>2009</b>	<b>2008</b>
	N\$	N\$
<b>First National Bank</b>	<b>2 921</b>	<b>107 612</b>

Redemption payments are up to date. Loan assets were capitalised and no loan assets have been disposed of before the loan was redeemed. Loan monies were used for the purposes they were obtained for.

## 25.2 Due to the Town Council

	2009	2008
	N\$	N\$
Build together advances - Included in trade and other receivables	2 019 493	2 121 464

## 25.3 Loans written off

No loans were written off by the Council.

## 26. SALE OF ERVEN

The income credited to the income statement amounted to N\$ 1 921 737 (2008: N\$ 2 477 089).

## 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 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
		N\$		N\$		N\$
Balance - 01/07	1	1	9	418 265	15	15
Additions	1	119 516	-	-	1	1 062 084
Sub-total	2	119 517	9	418 265	16	1 062 099
Depreciation	-	(23 903)	-	-	-	(212 417)
Balance - 30/06	2	95 614	9	418 265	16	849 682

No records were kept regarding fuel used and kilometres travelled. Council, in future, should keep logbooks for each vehicle that can provide this information.

### 30.2 Inventory

Inventory on hand amounted to N\$ 2 328 579 at 30 June 2009 (2008: N\$ 1 481 711).

### **31. SPECIAL INVESTIGATIONS**

All special investigations were completed and reported upon.

### **32. GENERAL**

There is a sufficient 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 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**

**33.1** Formal queries are embodied in this report.

**33.2** Informal queries:  
None

### **34. DISCLAIMED AUDIT OPINION**

The accounts of the Town Council of Rundu for the financial year end 30 June 2009, 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.

#### **Disclaimers**

##### ***Bank reconciliation***

No proper bank reconciliation could be provided for audit purposes. The reconciled cash-book balance reflects a favourable balance of N\$ 352 236 (2008: N\$ 60 227) and the bank statement reflects a favourable balance of N\$ 686 748 (2008: N\$ 286 476). The net difference of N\$ 334 512 (2008: N\$ 226 249) could not be explained to the auditors.

##### ***Capital expenditure***

The income statements reflect an amount of N\$ 4 137 680 for capital expenditure from revenue. The capital statement reflects an amount of N\$ 4 173 431 for capital expenditure, which is N\$ 35 752 more than the contribution from income. The difference could not be explained by the Council.

##### ***Appropriation account/accumulated deficit***

The appropriation account per the financial statements of the Council reflects an accumulated deficit of N\$ 4 918 082. The balance sheet of the Council's financial statements reflects an accumulated deficit of N\$ 2 543 949. The difference of N\$ 2 374 133 could not be explained by the Council.

##### ***Sewerage charges***

The sewerage charges on the accounts differ from the amounts as per Government gazette. Residential and small businesses are overcharged, and large businesses are undercharged.

##### ***Trade and other payables***

No creditors reconciliations are performed by the Council and no supporting documents were available, thus the creditors balance and unrecorded liabilities could not be verified by the auditors.

##### ***Investments***

Investments were only reconciled up to 30 April 2009. The interest for May 2009 till 30 June 2009 was thus not recorded in the accounts of the Council.

***VAT returns***

Some VAT returns were submitted late. No provision for penalties or interest has been made for these returns.

**Opinion**

Due to the significance of the matters referred to in the preceding paragraphs, 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 2009, 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, April 2010**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## TOWN COUNCIL OF RUNDU

## BALANCE SHEET AT 30 JUNE

	Notes	2009 N\$	2008 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>		28 722 215	27 964 630
Property, plant and equipment	2	25 482 497	23 905 196
Investments	3	3 239 718	4 059 434
<b>Current assets</b>		9 259 231	10 577 213
Trade and other receivables	4	6 534 941	8 864 038
Inventories	5	2 328 579	1 481 711
Bank and cash	6	395 711	231 464
<b>TOTAL ASSETS</b>		<b>37 981 446</b>	<b>38 541 843</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>		29 380 831	26 567 302
Capital outlay	7	25 479 576	23 797 584
Funds and accounts	8	3 901 255	2 769 718
<b>Non-current liabilities</b>		2 921	107 612
Long-term liabilities	9	2 921	107 612
<b>CURRENT LIABILITIES</b>		8 597 694	11 866 929
Trade and other payables	10	8 597 694	11 866 929
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>37 981 446</b>	<b>38 541 843</b>

## ANNEXURE B

## TOWN COUNCIL OF RUNDE

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2009 N\$	2008 N\$
INCOME		36 163 469	31 951 070
EXPENDITURE		(29 118 360)	(24 869 566)
NET OPERATING PROFIT		7 045 109	7 081 504
INVESTMENT INCOME EARNED FOR REVENUE ACCOUNTS		20 179	65 668
NET PROFIT FOR THE YEAR		7 065 288	7 147 172
APPROPRIATION ACCOUNT	11	(6 266 407)	(5 536 715)
		798 881	1 610 457
REVENUE ACCOUNT - Beginning of year		(3 342 830)	(4 953 287)
REVENUE ACCOUNT - End of year		<b>(2 543 949)</b>	<b>(3 342 830)</b>

## RUNDU TOWN COUNCIL

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Notes	2009 N\$	2008 N\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		36 163 469	31 951 070
Cash paid to suppliers		(37 171 773)	(32 280 628)
Cash utilised by operations	12	(1 008 304)	(329 558)
Investment income		20 179	65 668
Increase in Fund accounts		332 656	920 622
Increase/(decrease) in Capital outlay		1 681 992	(456 912)
Net cash flow from operating activities		1 026 523	199 820
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net capital expenditure – (increase)/decrease		(1 577 301)	587 673
Decrease/(increase) in investments		819 716	(703 818)
		(757 585)	(116 145)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Decrease in long-term loans		(104 691)	(130 761)
		(104 691)	(130 761)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		164 247	(47 086)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>		231 464	278 550
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	6	<b>395 711</b>	<b>231 464</b>

## TOWN COUNCIL OF RUNDU

## 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 Build Together Fund**

The purpose of this Fund is to provide for housing loans. Income to this Fund is transferred from the general income account, external loans from Government and interest on investments and loans.

	<b>2009</b>	<b>2008</b>
	N\$	N\$
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
Loan assets	508 856	508 856
Income assets	7 514 163	4 262 535
General capital assets	17 459 478	19 133 805
Total	<b>25 482 497</b>	<b>23 905 196</b>
<b>3. INVESTMENTS</b>		
INVESTMENTS		
Commercial banks	3 239 718	4 059 434
Total	<b>3 239 718</b>	<b>4 059 434</b>
ALLOCATED AS FOLLOWS		
Build Together Fund	3 239 718	3 792 447
Revenue	-	266 987
	<b>3 239 718</b>	<b>4 059 434</b>



## TOWN COUNCIL OF RUNDU

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

	<b>2009</b>	<b>2008</b>
	N\$	N\$
<b>4. TRADE AND OTHER RECEIVABLES</b>		
Services, rates and taxes	40 502 588	36 362 747
Other receivables	3 219 181	2 457 811
Suspense accounts	70 697	34 031
	<u>43 792 466</u>	<u>38 854 589</u>
Provision for bad debts	(37 257 525)	(29 990 551)
	<u><b>6 534 941</b></u>	<u><b>8 864 038</b></u>
<b>5. INVENTORIES</b>		
Stores	<u><b>2 328 579</b></u>	<u><b>1 481 711</b></u>
<b>6. CASH AND BANK BALANCES</b>		
Current account	<u><b>395 711</b></u>	<u><b>231 464</b></u>
<b>7. CAPITAL OUTLAY</b>		
Loans redeemed	505 935	401 244
Revenue contributions	7 514 163	4 262 535
General Capital contributions	17 459 478	19 133 805
	<u><b>25 479 576</b></u>	<u><b>23 797 584</b></u>
<b>8. FUNDS AND ACCOUNTS</b>		
Build Together Fund	6 445 204	6 112 548
Revenue account kept in compliance with Section 86(1) of the Local Authority Act, 1992.	(2 543 949)	(3 342 830)
	<u><b>3 901 255</b></u>	<u><b>2 769 718</b></u>
<b>9. LONG-TERM LIABILITIES</b>		
First National Bank	<u><b>2 921</b></u>	<u><b>107 612</b></u>

## TOWN COUNCIL OF RUNDU

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

	<b>2009</b>	<b>2008</b>
	N\$	N\$
<b>10. TRADE AND OTHER PAYABLES</b>		
Trade payables	7 427 756	8 094 768
Suspense account	-	2 596 610
Provisions	1 157 688	1 163 293
Consumer deposits	12 250	12 258
	<b>8 597 694</b>	<b>11 866 929</b>
<b>11. ADJUSTMENTS TO APPROPRIATION ACCOUNT</b>		
Correction of debtors	(1 000 565)	(396 431)
Correction of opening balances	51 011	51 011
Previous year correction of journals	(424 014)	(424 014)
Provision for bad debts	(7 266 972)	(4 767 281)
Unknown difference between the Council's accumulated deficit per appropriation account and the accumulated deficit per Council's balance sheet	2 374 133	-
	<b>(6 266 407)</b>	<b>(5 536 715)</b>
<b>12. CASH UTILISED BY OPERATIONS</b>		
Net operating profit before transfers	7 065 288	7 147 172
Adjustments for:		
- Adjustments to appropriation account	(6 266 407)	(5 536 715)
- Investment income	(20 179)	(65 668)
<b>OPERATING INCOME BEFORE CHANGES IN WORKING CAPITAL</b>	<b>778 702</b>	<b>1 544 789</b>
<b>CHANGES IN WORKING CAPITAL</b>		
Decrease/(increase) in trade and other receivables	2 329 097	(669 281)
Increase in inventories	(846 868)	(351 787)
Decrease in trade and other payables	(3 269 235)	(853 279)
	<b>(1 787 006)</b>	<b>(1 874 347)</b>
<b>CASH UTILISED BY OPERATIONS</b>	<b>(1 008 304)</b>	<b>(329 558)</b>