



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
VILLAGE COUNCIL OF BETHANIE

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 Village Council of Bethanie 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, November 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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

1. INTRODUCTION

The accounts of the Village Council of Bethanie 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 Village 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 Village 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 that they were only submitted on 30 November 2010 instead of within three months after yearend 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: 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 Village Council is responsible for the preparation and fair presentation of the financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal 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 Annual financial statements and records

The auditors noted that balances and transactions processed on the finstel system did not agree with those stated in the annual financial statements.

4.2 Recoverability of debtors - 2010

The audit revealed that outstanding debts for 120 days and more are 86% for 2010 (2009: 78%) of the total debtors.

A provision for bad debts of N\$ 553 076 was made by the Village Council as per the financial statements for the year ended 30 June 2010. The auditors review, which included the consideration of the slow repayment by consumers, indicated that the provision for 2010 should be approximately N\$ 2 761 048.

The magnitude of these under-provisions, highlight serious concerns on the effectiveness of the debt collection measures employed by the Council. As a result of the above the current valuation of accounts receivables are materially misstated in the annual financial statements.

According to an agreement between the Council and a staff member, the staff member concerned is owing the Council N\$ 11 656 but is not recorded in the financial statements of the Council.

At year-end Councillors and staff members owed the Council a total amount of N\$ 31 717.

4.3 Build Together Fund

Special funds such as the Build Together Programme are administered by the Village Council on behalf of the Ministry of Regional and Local Government, Housing and Rural Development and it should be considered significant if weaknesses are 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 Ministry. The following weaknesses were detected by the auditors:

- No proper controls were exercised related to the Build Together Fund.
- No monthly reconciliations were computed by the Village Council.
- No amortizations schedules or any supporting details were provided by the Village Council to verify the loan's closing balances as at 30 June 2010.
- Neither the client records nor those processed on finstel could be relied on as an accurate source of the outstanding balances.
- Numerous supporting documents for example, Build Together inspection sheets for funds disbursed could not be found at the time of the audit.

4.4 Inventory

No proper stock control system was in place as at 30 June 2010. This could have a negative effect on the long-term operation of the Village Council.

The auditors did not observe the counting of live stock on 30 June 2010, 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 live stock on hand at year-end.

4.5 Consumer deposits

Consumer deposits were included with the water basic payments and no split between the water deposit and payments were processed on finstel system for the year under review. The auditors could not find sufficient evidence to indicate which consumer paid their deposit.

According to the financial statements of the Council, the current provision for bad debts is N\$ 553 076 (2009: N\$ 553 076) and the consumer deposits are N\$ 13 999 (2009: N\$ 14 099) which is only 2.53% (2009: 2.55%) of the provision. According to the auditors the consumer deposit is inadequate when taking into consideration that the provision for bad debts is understated by N\$ 2 761 048.

It is advised that the Village Council should determine the level of consumer deposits to be made and implement necessary steps for collection of such and to be disclosed separately on the finstel system.

4.6 Source documents

Numerous supporting source documents for expenditures incurred to the amount of N\$ 203 093 could not be found, at the time of the audit. This could be mainly attributed to an unorganised filing system and poor recordkeeping.

This lack of proper record keeping is in contravention of Section 86 of the Local Authorities Act. (Act No.23 of 1992)

4.7 Fixed assets

The fixed assets register was maintained during the year, but was incomplete as there were assets not included. Furthermore assets that should have been removed from the asset register were still included. Due to the lack of invoices or any supporting document, the auditors were unable to satisfy themselves that the journal entries processed, by the external consultants, are accurate. No depreciation was calculated on fixed assets.

The above concerns resulted in a distorted view of fixed asset valuation in the annual financial statements.

4.8 Value-Added-Tax

The Village Council portray a VAT payable balance of N\$ 64 881 to Inland Revenue. The auditors were unable to reconcile the payable as per VAT returns submitted to the debt balance in the annual financial statements, due to that fact, that all returns were not availed to them.

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

4.9 Trade and other payables

During the auditors review of trade creditors balances they could not find numerous suppliers statements eg. Namwater and Nampower in order to substantiate the balances as annual financial statements.

Their recalculated provision related to audit fees concluded that it is understated by N\$ 6 188 for the year under review.

The auditors recalculated provision for leave days concluded that it is overstated by N\$ 16 921 for the year under review.

4.10 Payroll

An unexplained difference of N\$ 64 347 were found on the auditors' payroll reconciliation for 2010 calculated from the manual and earnings reports and compared to the payroll costs stated in the annual financial statements.

A cheque amounting to N\$ 3 715 (no: 00450) that was paid to Prosperity Health was not signed by

any signatories, but was processed by the bank to the payee.

4.11 Sewerage and sanitation

During the audit the auditors discovered that the above services were charged on the expired tariffs rates of 2006/2007 instead of the current approved tariffs. No explanation could be provided by the Village Council staff.

4.12 Electricity and water

During the audit it was discovered that the above services meter readings recorded on finstel system could not be matched to the readings cards.

4.13 Assessment rates

During the audit the auditors discovered that the above service tariffs used by the Village Council could not be matched with the Government Gazette or any other approved rates.

4.14 Government contributions

During the audit a material difference of N\$ 323 797 was found when comparing the financial statements with the amount deposited by the line Ministry. The auditors could not trace any supporting documentations or journals that were processed to allocate the grants to other accounts. No explanation could be provided by the Council.

4.15 Street and road works

An immaterial difference of N\$ 29 144 was found and is due to the fact that VAT has been wrongly accounted for.

5. ACKNOWLEDGEMENT

The assistance and co-operation given by the management and staff of the Village Council during the audit are appreciated. The efforts made by management to implement the previous years recommendations are also appreciated.

6. FINANCIAL RESULTS

	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus as at 01/07/2009				(749 554)
General accounts				
Non-profitable	1 922 129	3 691 049	(1 768 920)	
Self-supporting	743 085	580 834	162 251	
Trade accounts				
Water Supply	1 905 822	827 095	1 078 727	
Electricity Supply	2 104 087	1 225 074	879 013	
Surplus for the year	6 675 123	6 324 052	351 071	351 071
Adjustments and utilizations (See Note 8 of Annexure D)				(398 483) 153 411
Accumulated deficit 30/06/2010				(245 072)

7. CURRENT BANK ACCOUNT

The balance sheet reflected a unfavourable cash-book balance for 2010: N\$ 141 438 and for 2009: N\$ 149 056, which is also the reconciled balance. The bank statements reflected a favourable balance for 2010: N\$ 134 199 and favourable for 2009: N\$ 121 673, mainly due to outstanding cheques at year-end that is reflected as trade payables in this report.

8. INVESTMENTS AND INTEREST PROCEEDS

On 30 June 2010 was N\$ 1 029 589 respectively (2009: N\$ 2 390 124) invested at financial institutions, as follows:

	2010	2009
	N\$	N\$
Investments were allocated to the following Funds:		
Capital Reserve Fund	501 850	1 327 265
Build Together Fund	527 739	1 062 859
	1 029 589	2 390 124

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	2 098 281	1 884 350
Cost of bulk purchases	(1 014 821)	(959 084)
Gross profit / (loss)	1 083 460	925 266
Expenses (net)	(204 447)	(244 374)
Net deficit	879 013	680 892
Gross profit % on bulk purchases	106.8%	96.5%
Net profit % on bulk purchases	86.6%	71.0%

10.2 The distribution losses for electricity could not be determined due to inadequate record keeping. Council is urged to implement such registers which will enable them to determine distribution results on a monthly basis.

10.3 The results of operations of water were as follows:

	2010	2009
	N\$	N\$
Sales	1 877 746	871 040
Cost of bulk purchases	(577 718)	(795 300)
Gross profit	1 300 028	75 740
Expenses (net)	(221 301)	(212 875)
Net (deficit)/profit	1 078 727	(137 575)
Gross profit % on bulk purchases	225.0%	9.5%
Net profit % on bulk purchases	186.7%	(17.2%)

10.4 The distribution results for water could not be determined due to inadequate record keeping. The Council is urged to implement such registers to determine distribution results on a monthly basis.

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	224 034	119 569	104 465	(19 462)
Townlands	76 344	170 340	(93 996)	58 450
Cleansing services	442 707	290 925	151 782	(492 529)
	743 085	580 834	162 251	(453 541)

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 years under review.

14. IRREGULARITIES AND LOSSES

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

15. CAPITAL PROJECTS

The following expenditure was incurred during the year for capital projects or acquisitions and were all financed by Revenue.

Nature of projects /acquisitions	Expenditure 2010	Expenditure 2009
	N\$	N\$
General administration	959 604	802 017
Cleansing services	19 600	1 055 705
Electricity supply	42 517	-
Townlands	-	38 845
Total	1 021 721	1 896 567

16. BURSARIES

No bursaries were granted during the years under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

	2010	2009
	N\$	N\$
Contribution from Government	1 617 275	3 285 750

No contributions, grants or financial aid was provided by the Council during the year under review.

18. COMPENSATION PAYMENTS

No compensation payments were made during the years under review.

19. VISITS TO FOREIGN COUNTRIES

No such visits were identified during the years under review.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

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

21. GIFTS / DONATIONS BY / TO THE LOCAL AUTHORITY

No gifts/donations by / to the Local Authority were made during the years under review.

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	3 846 676	2 629 218
Consumer deposits	(13 999)	(14 099)
Build Together advances	2 480 553	1 324 003
Suspense accounts	-	26 129
Less: Provision for bad debts	*(553 076)	(553 076)
	5 760 154	3 412 175

* According to calculations of the auditors, the provision for bad debts understated by N\$2 761 048.

At year-end staff members and Councillors owed the Council a total amount of N\$ 31 797.

According to a signed agreement between the Council and a staff member, the staff member owed the Council an amount of N\$ 11 656 in regard of tuition fees that was paid to Polytech. The auditors could not trace the transaction to the annual financial statements nor is the debt recorded.

23.2 Creditors at 30 June were:

	2010	2009
	N\$	N\$
Trade payables	1 464 947	1 063 224
Provisions	101 314	101 314
Arrear instalments on Government loans	1 198 259	1 158 646
Outstanding cheques	275 637	270 729
	3 040 157	2 593 913

24. ASSESSMENT RATES

	2010	2009
	N\$	N\$
Net proceeds from assessment rates were	216 029	222 984
Tariffs per N\$ 1 valuation per annum - Business		
Valuation per annum		
- Land	0.0113	0.0105
- Improvements	0.0157	0.0140
Tariffs per N\$ 1 valuation per annum - Residential		
Valuation per annum		
- Land	0.0110	0.0100
- Improvements	0.0157	0.0140

25. LOANS

25.1 External loans

External loans due to the Government of Namibia to the amount of N\$ 323 484 (2009: N\$ 332 307) were outstanding at year end.

An immaterial difference of N\$ 1 813 was found during the audit period.

25.2 Internal loans

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

25.3 Housing loans

The amount advanced in favour of housing loans under the Build Together programme are reflected as N\$ 2 480 553 for 2010 and N\$ 1 324 003 for 2009 in the annual statements.

26. SALE OF ERVEN

No sale or erven register was kept at the Village Council, therefore the auditors could not determine if any erven was sold during the year under review,.

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

Only copies of original budgets and relevant Ministry approvals could be obtained thus reliance on validity and accuracy on budgets figures could not be ascertained.

30. Inventory and equipment

30.1 Motor vehicles and the values thereof

As reported in the previous year, no information regarding the vehicles of the Council is available because the asset register is still not up to date.

30.2 Inventory

The value of live stock inventory is disclosed as N\$ 205 200: 2010 (2009: N\$ 136 350) at year-end. No provision for consumable inventories was made in the financial statements of the Council.

31. SPECIAL INVESTIGATIONS

Due to the lack of internal control, no comment regarding such expenses is reported on.

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 Council should vigilantly guard against.

33. FORMAL AND INFORMAL QUERIES

Formal queries are embodied in this report.

Informal queries addressed to the Town Clerk consist of:

- * Statutory matters – Annual financial statements
- * Special funds and capital outlay
- * Liabilities
- * Fixed assets
- * Inventories
- * Accounts receivable
- * Payroll
- * Cash and bank
- * Revenue/income services
- * General
 - Segregation of duties
 - Financial statements composed to computerized system
 - Reconciliations

33. DISCLAIMED AUDIT OPINION

The accounts of the Bethanie Village 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:

- * It was noted that figures of balances and transactions on the computerized trial balance did not agree with those stated in the annual financial statements.
- * Provision for bad debts is understated by N\$ 2 761 048.
- * Proper control measures lacked with the administration of the Build Together project.
- * No proper control system related to live stock with a book value of N\$ 205 200 was in place.
- * Consumer deposits are inadequate.
- * The audit revealed that expenses of N\$ 203 093 could not be substantiated by supporting documentation.
- * A fixed assets register was maintained during the year, but was incomplete as there were assets not included, a well as assets that should have been removed from the asset register were still included. Due to the lack of invoices or any supporting document the auditors were unable to satisfy themselves with the journal entries. No depreciation was calculated on fixed assets.
- * The Village Council portray a VAT payable balance of N\$ 64 881 to Inland Revenue. The auditors were unable to reconcile the payable amount as per VAT returns submitted to the debt payable in the annual financial statements.
- * Trade creditors with balances totalling to N\$ 1 295 105 could not be confirmed due to a lack of suppliers statements.
- * A difference of N\$ 64 347 were found by the auditors when reconciling the payroll for 2010.

- * Numerous Village Council staff members and councillors' current accounts were in arrears by N\$ 31 797 at year-end. A debt of N\$ 11 656 of a staff member was found but was not to be recorded in the annual financial statements.
- * The audit revealed a material difference of N\$ 323 797 relating to an amount received from the line Ministry and the amount disclosed in the financial statements.

WINDHOEK, November 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR GENERAL**

VILLAGE COUNCIL OF BETHANIE

BALANCE SHEET ON 30 JUNE 2010

	Notes	2010 N\$	2009 N\$
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	11 408 863	11 747 677
Investments	4	10 379 274	9 357 553
		1 029 589	2 390 124
Current assets			
Accounts receivables	5	6 101 053	3 670 198
Inventories - livestock		5 760 154	3 412 175
Cash and cash equivalents	7	205 200	136 350
		135 699	121 673
TOTAL ASSETS		17 509 916	15 417 875
EQUITY AND LIABILITIES			
Funds			
Capital outlay	2.1	14 146 276	12 491 655
Funds and accounts	2.2	10 055 791	9 025 246
		4 090 485	3 466 409
Non-current liabilities			
Long-term liabilities		323 483	332 307
		323 483	332 307
Current liabilities			
Accounts Payables	6	3 040 157	2 593 913
		3 040 157	2 593 913
TOTAL EQUITY AND LIABILITIES		17 509 916	15 417 875

VILLAGE COUNCIL OF BETHANIE

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		N\$	N\$
INCOME		6 671 199	7 218 895
EXPENDITURE		<u>(6 324 052)</u>	<u>(7 256 488)</u>
NET OPERATING PROFIT / (LOSS)		347 147	(37 593)
INVESTMENT INTEREST EARNED		<u>3 924</u>	<u>82 788</u>
NET PROFIT		351 071	45 195
ADJUSTMENTS	8	153 411	881 872
NET PROFIT for the year		<u>504 482</u>	<u>927 067</u>
APPROPRIATION ACCOUNT			
- AT BEGINNING OF THE YEAR		(749 554)	(1 676 621)
- AT END OF YEAR		<u>(245 072)</u>	<u>(749 554)</u>

VILLAGE COUNCIL OF BETHANIE

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Notes	2010 N\$	2009 N\$
Cash receipts from customers		6 671 199	7 218 895
Cash paid to suppliers		(8 141 226)	(6 789 803)
<i>Cash (utilised) / generated by operations</i>	11	(1 470 027)	429 092
Investment income		3 924	82 788
		1 150 139	3 708 173
Increase in funds accounts		119 594	1 803 515
Increase in capital outlay		1 030 545	1 904 658
<i>Net cash flow from operating activities</i>		(315 964)	4 220 053
<i>CASH FLOW FROM INVESTING ACTIVITIES</i>		338 814	(4 160 257)
Net capital expenditure		(1 021 721)	(2 635 565)
Decrease / (increase) in investments		1 360 535	(1 524 692)
<i>CASH FLOW FROM FINANCING ACTIVITIES</i>		(8 824)	(8 092)
Decrease in long-term loans		(8 824)	(8 092)
<i>NET INCREASE IN CASH AND CASH EQUIVALENTS</i>		14 026	51 704
Cash and cash equivalents at beginning of year		121 673	69 969
Cash and cash equivalents at end of year		135 699	121 673

VILLAGE COUNCIL OF BETHANIE

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 convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties where appropriate.

1.2 Property, plant and equipment and depreciation

All plant and equipment are initially recorded at cost. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use. All other plant and equipment are stated at historical cost or valuation where applicable.

No depreciation is calculated on property, plant and equipment.

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 Build Together Fund

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

1.5 Capital Reserve Fund

This Fund was created to make provision for unforeseen expenditures as approved by the Council.

VILLAGE COUNCIL OF BETHANIE

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

	2010	2009
	N\$	N\$
2 OWN FUNDS		
2.1 Capital outlay:		
Contribution from:	10 055 791	9 025 246
Loans redeemed	75 117	66 293
Revenue contributions	7 465 197	6 443 476
General capital contributions	2 515 477	2 515 477
2.2 Funds	4 090 485	3 466 409
Capital Reserve Fund	1 327 266	1 327 265
Built Together Fund	3 008 291	2 888 698
Accumulated (deficit)	(245 072)	(749 554)
TOTAL FUNDS	14 146 276	12 491 655
3. FIXED ASSETS		
Infrastructure, land and buildings, motor vehicles, office equipment, furniture and fittings and computer equipment.	10 379 274	9 357 553
4. INVESTMENTS		
Commercial banks	1 029 589	2 390 124
	1 029 589	2 390 124
Comprising of:		
Capital Reserve Fund	501 850	1 327 265
Build Together Fund	527 739	1 062 859
	1 029 589	2 390 124
5. ACCOUNTS RECEIVABLE		
Services	3 846 676	2 629 218
Consumer deposits	(13 999)	(14 099)
Built Together advances	2 480 553	1 324 003
Suspense accounts	-	26 129
Less: Provision for bad debts	(553 076)	(553 076)
	5 760 154	3 412 175

VILLAGE COUNCIL OF BETHANIE

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

	2010	2009
	N\$	N\$
6. ACCOUNTS PAYABLES		
Trade payables	1 464 947	1 063 224
Provisions	101 314	101 314
Arrear instalments on Government loans	1 198 259	1 158 646
Outstanding cheques	275 637	270 729
	3 040 157	2 593 913
7. CASH AND BANK BALANCES		
Current bank account	(141 438)	(149 056)
Outstanding cheques transferred to creditors	275 637	270 729
Petty cash	1 500	-
	135 699	121 673
8. ADJUSTMENTS AND UTILIZATIONS		
Prior year adjustments	153 411	(35 740)
VAT received	-	917 612
	153 411	881 872
9. CASH GENERATED/(ABSORBED) BY OPERATIONS		
Net profit/(loss) before adjustments and interest	347 147	(37 593)
Adjustment for:		
Appropriation account	153 410	881 872
Operating income before changes in Working Capital	500 558	844 279
CHANGES IN WORKING CAPITAL		
(Increase)/decrease in trade and other receivables	(2 347 979)	(713 599)
(Increase)/decrease in inventories	(68 850)	(81 805)
Increase/(decrease) in trade and other payables	446 244	380 217
	(1 970 585)	(415 187)
	(1 470 027)	429 192