



**REPUBLIC OF NAMIBIA**



**AUDIT REPORT ON THE ACCOUNTS OF THE**

# **VILLAGE COUNCIL OF UIS**

**FOR THE FINANCIAL YEARS ENDED 30 JUNE 2008 AND 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 Village Council of Uis for the financial years ended 30 June 2008 and 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, June 2010**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNT OF THE VILLAGE COUNCIL OF UIS  
FOR THE FINANCIAL YEARS ENDED  
30 JUNE 2008 and 2009**

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**1. INTRODUCTION**

The accounts of the Village Council of Uis for the years ended 30 June 2008 and 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 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 signed on 02 February 2010 instead of three months after year-end.** The letters of representation concerning both financial years are dated 12 April 2010. 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 Recoverability of debtors - 2008 and 2009**

In the years under review, the Council's debts outstanding increased by 20.1% for 2009 and for 2008: 0.3% it increased significantly, but total debt outstanding is rather significant in value. No provision for doubtful debts has been estimated or provided for.

	<b>2009</b>	<b>2008</b>	<b>2007</b>
	N\$	N\$	N\$
Debt outstanding	5 399 039	4 494 186	4 478 609
<b>Provision for bad debts</b>	282 987	234 632	-
Percentage (decrease)/increase in outstanding debts	20.1%	0.3%	2.6%
Percentage (decrease)/increase in provision for bad debts	20.6%	-	0%
Percentage provision vs. debt	5.2%	5.2%	0%

The Council should follow a strict policy of debt collection, and if the amounts outstanding appear to be uncollectible, consideration should be given to write off such debts in order to maintain the integrity of the accounting records of the Village Council.

**4.2 Submission and format of annual financial statements - 2008 and 2009**

The Accounting Officer of the Village Council failed to submit the annual financial statements in time for the financial years under review to the Office of the Auditor-General for audit purposes. According to the Local Authorities Act, 1992 (Act no. 23 of 1992) annual financial statements need to be submitted within three months after the financial year. (See paragraph 2)

The annual financial statements were not prepared in the appropriate pre-determined format as required by the Local Authorities Act.

**4.3 Stock control - 2008 and 2009**

As reported in prior financial years all purchases of stock items when incurred were written off against the Revenue Account. While this practice is financial prudent, it leads to inadequate accounting control over the items of stock held by the Council.

#### 4.4 Consumer deposits

Due to lack of accounting records kept at the Village Council N\$ 17 162 has been recorded in respect of consumer deposits received since 2007. When reviewed and compared to total debt outstanding, the deposits cover appears to be inadequate to compensate for future default in consumer accounts.

	2009	2008	2007
	N\$	N\$	N\$
Debt outstanding	5 399 039	4 494 186	4 478 609
<b>Consumer deposits</b>	17 162	17 162	17 162
Percentage of deposits against outstanding debts	0.32%	0.38%	0.38%

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

#### 4.5 Source documents

- \* Numerous important source documents of expenditures incurred by the Village Council could not be found, at the time of the audit. This was mainly attributable to an unorganised filing system and poor recordkeeping by the Council.
- \* The lack of proper record keeping is in contravention of Section 86 of the Local Authorities Act.
- \* Accounting data processing done on the Pastel business system instead of Finstel, which is more appropriate and suitable for Local Authorities disclosure requirements, caused annual financial statements to be prepared in a manner not prescribed for local authorities. This contravenes Section 86(4) of the Local Authorities Act.
- \* A loss of data on Finstel system for 2007/08 and 2008/09 financial years were experienced which contributed to the breakdown of internal controls at the Council.

#### 4.6 Trade creditors, accrued expenses, provisions and consumers advances and deposits - 2008 and 2009

Due to the fact that no proper accounting records have been kept by the Town Council, the auditors were unable to perform their search for unrecorded liabilities. The Council was also unable to provide the auditors with any supporting documents that agreed with the annual financial statements for the years under review.

No creditors reconciliations were performed during the years under review. The auditors own reconciliations shown a material difference of N\$ 45 226 of unknown creditors for both years. Council was not able to supply the necessary supporting documents to prove the outstanding balances.

Although provision for leave days outstanding was provided for the years under review, audit found that the leave registers was not updated.

#### **4.7 Fixed assets**

No fixed assets register was maintained by the Village Council for the years under review. As a result, no physical verification of assets, especially with respect to assets taken over from the Ministry of Regional and Local Government, Housing and Rural Development could be conducted.

Numerous important source documents for additions of fixed assets by the Village Council could not be submitted, at the time of the audit. This was mainly attributable to an unorganised filing system and poor recordkeeping by the Council.

Without proper internal control mechanisms in place, proper recording and safekeeping of assets, financial as well as physical loss is bound to be suffered by the Village Council.

It is therefore recommended that a complete fixed asset register be implemented at the Village Council. Council should also enquire about the whereabouts of assets taken over from the Ministry of Regional and Local Government, Housing and Rural Development and account for them as a matter of urgency.

#### **4.8 Bad and doubtful debts 2008 and 2009**

The auditors' estimated provision for bad and doubtful debts for financial year 2008, indicated an under provision of N\$ 4 404 300. The significance of irrecoverable debts is a matter of concern as the recovery of long outstanding debtors threatens the cash flow of the Village Council.

The adequacy of the provision for bad and doubtful debts for 2009 could not be tested, due to the fact that the Council could not provide a debtors trial balance or any other supporting document to perform audit tests.

#### **4.9 Payroll - 2008 and 2009**

During the audit the auditors discovered a material difference for 2009: N\$ 83 639 and 2008: N\$ 49 912 on their payroll reconciliation. No supporting documentation or explanation was given to substantiate the differences found.

It is imperative that Council should ensure that payroll information is kept and safeguarded at all costs. Payroll information is considered to be sensitive in nature and the inability to trace such records could lead to staff conflicts, and possible legal encounters. It is therefore recommended that Council should implement necessary measures to ensure that payroll information is kept secure.

#### **4.10 Value Added Tax**

As reported from prior years the Village Council did not submit VAT returns for both financial years. No provision for possible penalties or interest, were provided for in the annual financial statements.

#### **4.11 Services income**

The Village Council's services income for 2007/2008 and 2008/2009 financial years were captured on the Pastel business system which could then not be split per votes/departments as on the Finstel system. Due to a computer system breakdown, the data/information captured on Finstel was not reliable to prepare the annual financial statements.

#### 4.12 Non-compliance with recommendations

Many of the above-mentioned problem areas have already been highlighted in previous audit reports and was again highlighted when finalising the audit during April 2010, however, only a few of the recommendations have been implemented.

#### 5. ACKNOWLEDGEMENT

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

#### 6. FINANCIAL RESULTS

The results of the various operations of , and transactions on the Revenue Account for the year are as follows:

<b>2009</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus/ (deficit)</b>	<b>Balance</b>
	N\$	N\$	N\$	N\$
Accumulated surplus as at 01/07/2008				3 045 076
<b>General services</b>				
Rate and general **	2 192 055	2 387 933	(195 878)	
<b>Trade accounts</b>				
Water supply	-	-	-	
	2 192 055	2 387 933	(195 878)	
Deficit for the year				(195 878)
Accumulated surplus as at 30/06/2009				<b>2 849 198</b>

<b>2008</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus/ (deficit)</b>	<b>Balance</b>
	N\$	N\$	N\$	N\$
Accumulated surplus as at 01/07/2007				3 518 438
<b>General services</b>				
Rate and general **	1 709 878	2 183 240	(473 362)	
Non-profitable	-	-	-	
Self-supporting	-	-	-	
<b>Trade accounts</b>				
Electricity supply	-	-	-	
Water supply	-	-	-	
	1 709 878	2 183 240	(473 362)	
Surplus for the year				(473 362)
Accumulated surplus as at 30/06/2008				<b>3 045 076</b>

\*\* The annual financial statements of 30 June 2008 and 2009 were not split as per votes/departments. (See paragraph 4.2 & 4.11.)

<b>2007</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus/ (deficit)</b>	<b>Balance</b>
	N\$	N\$	N\$	N\$
Accumulated surplus as at 01/07/2006				3 992 007
<b>General services</b>				
Rate and general	1 529 806	1 573 551	(43 745)	
Non-profitable	1 663	169 971	(168 308)	
Self-supporting	219 827	214 022	5 805	
<b>Trade accounts</b>				
Water supply	925 003	1 192 324	(267 321)	
	2 676 299	3 149 868	(473 569)	
Deficit for the year				(473 569)
Accumulated surplus as at 30/06/2007				<b>3 518 438</b>

## 7. CURRENT BANK ACCOUNT

The balance sheet reflected a favourable N\$ 275 605 and non-favourable N\$ 46 207 for 2009 and a favourable cash-book balance of N\$ 428 994 and non-favourable N\$ 80 084 for 2008, which is also the reconciled balance. The bank statements reflected a favourable balance for 2009: N\$ 283 748 and 2008: N\$ 438 407 (2007: N\$ 353 624), mainly due to outstanding cheques at year-end.

## 8. INVESTMENTS AND INTEREST PROCEEDS

On 30 June 2009 and 2008 there was N\$ 29 179 and N\$ 29 179 respectively (2007: N\$ 29 180) invested at financial institutions, as follows:

	<b>2009</b>	<b>2008</b>	<b>2007</b>
	N\$	N\$	N\$
Notice and Call Deposits	29 179	29 179	29 180
	<b>29 179</b>	<b>29 179</b>	<b>29 180</b>
Investments were allocated to the following Funds:			
Build Together Fund	29 179	29 179	29 180
	<b>29 179</b>	<b>29 179</b>	<b>29 180</b>

Investment interest for 2009: N\$ 725 and 2008: N\$ 1 497 were earned for the years, but not account for in the books of the Council.

Material difference on investment for the year 2009 to N\$ 29 179 was found. This account was closed before year-end, but the balance was still carried in the books of the council.

## 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 water were as follows:

	2009	2008	2007
	N\$	N\$	N\$
Sales*	*-	*-	913 102
Cost of bulk purchases **	(152 509)	(120 258)	(947 608)
<b>Gross (loss) / profit</b>	(152 509)	(120 258)	(34 506)
Expenses (net)	-	-	(232 814)
<b>Net deficit</b>	<b>(152 509)</b>	<b>(120 258)</b>	<b>(267 320)</b>
Gross loss % on bulk purchases	N/A	N/A	(3.64%)
Net loss % on bulk purchases	N/A	N/A	(28.21%)

\* The amount for sale of water could not be determined due to the accounting system in use (See paragraph 4.11).

\*\* Amount as per our computed water purchases testing shows a difference for 2009: N\$ 729 854 and 2008: N\$ 671 361.

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

10.3 The results of operations of electricity were as follows:

	2009	2008	2007
	N\$	N\$	N\$
Sales	898	477	-
Cost of bulk purchases	-	-	-
<b>Gross profit</b>	898	477	-
Expenses (net)	-	-	-
<b>Net profit</b>	<b>898</b>	<b>477</b>	<b>-</b>
Gross profit % on bulk purchases	N/A	N/A	-
Net profit % on bulk purchases	N/A	N/A	-

The distribution losses for electricity could not be determined due to inadequate record keeping. Distribution of electricity was taken over from the Village Council by Erongo RED during 2005/2006.

## 11. SELF-SUPPORTING SERVICES

The net results of self supporting services were as follows:

	2009	2008	2007
	N\$	N\$	N\$
Cleansing services	-	-	82 342
Townlands	-	-	(76 537)
	<b>*-</b>	<b>*-</b>	<b>5 805</b>

\* See paragraph 4.2 and 4.11.

**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.

	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>Revenue account</b>	<b>Revenue account</b>	<b>Revenue account</b>
	N\$	N\$	N\$
General administration	15 450	533 933	736 219
Water services	-	-	-
<b>Total</b>	<b>15 450</b>	<b>533 933</b>	<b>736 219</b>

**16. BURSARIES**

No bursaries were granted during the years under review.

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

No contributions or grants were made nor was financial aid given during the years 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 such claims were identified during the years under review.

**21. GIFTS / DONATIONS BY / TO THE LOCAL AUTHORITY**

The Council has received redundant furniture, of which the value could not be established, from the Ministry. An amount of N\$ 1 600 spent by the Council on various donations during 2008.

**22. TRANSFER OF PROPERTY TO / FROM GOVERNMENT**

No properties were transferred from the Ministry of Local Government and Housing for the years under review.

## 23. DEBTORS AND CREDITORS

### 23.1 Debtors at 30 June were:

	<b>2009</b>	<b>2008</b>	<b>2007</b>
	N\$	N\$	N\$
Consumers	5 659 734	4 692 641	4 478 610
Provision for bad debts	(282 987)	(234 632)	-
	5 376 747	4 458 009	4 478 610
Staff loans and advances	22 167	3 000	-
Other receivables	125	33 177	-
	<b>5 399 039</b>	<b>4 494 186</b>	<b>4 478 610</b>

### 23.2 Creditors at 30 June were:

	<b>2009</b>	<b>2008</b>	<b>2007</b>
	N\$	N\$	N\$
Trade creditors and provisions	810 312	810 312	810 911
Consumer deposits	17 162	17 162	17 162
Payroll creditors	44	1 567	-
	<b>827 518</b>	<b>829 041</b>	<b>828 073</b>

## 24. ASSESSMENT RATES

Assessment rates were not specified.

## 25. LOANS

### 25.1 External loans

No external loans were entered into during the year under review.

### 25.2 Internal loans

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

### 25.3 Housing loans

The amounts advanced in favour of housing loans under the Build Together and Housing Fund Scheme could not be established for the years under review.

## 26. SALE OF ERVEN

During the financial years under review no erven were sold.

## 27. PROPERTY SOLD ON INSTALMENT BASIS

No details of houses that were sold on an instalment basis during the years under review could be provided.

## 28. TARIFF ADJUSTMENTS

No tariffs could be tested, due to loss of data on Finstel system. The auditors could therefore not confirm if the adjustments were in accordance with the relevant Official Government Gazette notices.

## **29 APPROVALS**

### **29.1 Excess on approved budget**

All necessary approvals were obtained.

## **30 STOCK AND EQUIPMENT**

### **30.2 Stock and equipment**

As in prior financial years, no continuous records of inventory, vehicles or equipment on hand were maintained.

## **31 SPECIAL INVESTIGATIONS**

No special investigations were carried out during the year.

## **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.

### **32.2 Temporary advances**

Temporary advances to revenue for 2009: N\$ nil and 2008: N\$ nil (2007: 515 721) were disclosed on the annual financial statements.

## **33 FORMAL AND INFORMAL QUERIES**

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

**33.2** Informal queries addressed to the Town Clerk consist of:

- \* Consumer deposits.
- \* Provision for leave gratuity.
- \* Recognition of debtors and council services income.
- \* Inadequate inventory control.
- \* Control and accounting of housing funds.
- \* Unorganised filing and recordkeeping system.
- \* Inadequate consumer deposits.
- \* Long overdue debtors' accounts and monies long outstanding becoming doubtful.
- \* No fixed asset register maintained.
- \* VAT returns
- \* Investments.
- \* Payroll.
- \* Purchases and accounts payables cycle.

## **34 DISCLAIMED AUDIT OPINION**

The accounts of the Village Council of Uis for the financial years ended 30 June 2008 and 2009, 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.

The statements have been prepared on the basis of accounting practices applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

I am unable to express an opinion on the financial statements, results of operations and the cash flows of the Council for the years ended 30 June 2008 and 2009 due to the following reasons:

- The annual financial statements submitted were not prepared in the appropriate format as required by the Local Authorities Act.
- Consumer deposits are inadequate.
- Source documents of expenditures not available for audit purposes.
- Account programme used not suitable for Local Authorities accounting purposes. This contravenes Section 86(4) of the Local Authorities Act, 1992 (Act 23 of 1992).
- The accuracy of trade creditors, accrued expenses, provisions, consumer advances and deposits could not be verified due to a lack of supporting documentation. Creditors differs with a material amount of N\$ 45 226.
- No fixed asset register was maintained therefore the value and existence could not be verified.
- The adequacy of the provision for bad and doubtful debts for 2009 could not be determined due to the non-submission of required data. The provision for bad and doubtful debt for 2008 is understated by N\$ 4 404 300.
- Payroll differences of N\$ 83 639 for 2009 and N\$ 49 912 for 2008 could not be explained.
- Council did not submit VAT returns. No provision was made for any penalties or interest that might occur.
- Services income could not be split due to the accounting system in use.

**WINDHOEK, June 2010**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## VILLAGE COUNCIL OF UIS

## BALANCE SHEETS ON 30 JUNE 2008 and 2009

	Notes	2009 N\$	2008 N\$	2007 N\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	4 910 675	4 895 225	4 361 232
Investments	4	4 881 496	4 866 046	4 332 053
		29 179	29 179	29 179
<b>Current assets</b>				
Accounts receivable	5	5 741 293	4 961 772	4 862 233
Cash and cash equivalents		5 399 039	4 494 186	4 478 610
		342 254	467 586	383 623
<b>TOTAL ASSETS</b>		<b>10 651 968</b>	<b>9 856 997</b>	<b>9 223 465</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Funds</b>				
Funds and accounts	2	9 778 243	8 947 872	8 395 392
Accumulated funds	2	6 929 045	5 902 796	4 876 954
		2 849 198	3 045 076	3 518 438
<b>Current liabilities</b>				
Accounts payable	6	873 725	909 125	828 073
Bank overdraft		827 518	829 041	828 073
		46 207	80 084	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10 651 968</b>	<b>9 856 997</b>	<b>9 223 465</b>

## VILLAGE COUNCIL OF UIS

## INCOME STATEMENTS FOR THE YEARS ENDED 30 JUNE

	<u>2009</u>	<u>2008</u>	<u>2007</u>
	N\$	N\$	N\$
INCOME	2 192 055	1 709 878	2 667 368
EXPENDITURE	(2 387 933)	(2 183 240)	(3 149 868)
NET OPERATING (LOSS) / PROFIT	(195 878)	(473 362)	(482 500)
INVESTMENT INTEREST EARNED	-	-	8 931
NET (LOSS) / INCOME	(195 878)	(473 362)	(473 569)
APPROPRIATION ACCOUNT AT THE BEGINNING OF THE YEAR	3 045 076	3 518 438	3 992 007
APPROPRIATION ACCOUNT AT THE END OF YEAR	<b>2 849 198</b>	<b>3 045 076</b>	<b>3 518 438</b>

## VILLAGE COUNCIL OF UIS

## CASH FLOW STATEMENTS FOR THE YEARS ENDED 30 JUNE

	Notes	2009 N\$	2008 N\$	2007 N\$
<b>Cash flow from operating activities</b>				
Cash receipt from customers		2 192 055	1 709 878	2 667 368
Cash paid to customers		(3 294 309)	(2 197 848)	(2 672 570)
Cash generated by operations	7	(1 102 254)	(487 970)	(5 202)
Investment income		-	-	8 931
Movement in Fund accounts				
- Increase in Fund accounts		-	-	60 000
- Increase in Capital outlay		1 026 249	1 025 842	736 218
Net cash flow from operating activities		(76 005)	537 872	799 947
Cash flow from investing activities				
Net capital expenditure		(15 450)	(533 993)	(736 218)
(Increase)/decrease in investments		-	-	338 229
		(15 450)	(533 993)	(397 989)
Net movement in cash and cash equivalents		(91 455)	3 879	401 958
Cash and cash equivalents				
- At the beginning of the year		387 502	383 623	(18 335)
Cash and cash equivalents				
- At the end of the year		<b>296 047</b>	<b>387 502</b>	<b>383 623</b>



## VILLAGE COUNCIL OF UIS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE

**1 ACCOUNTING POLICIES**

The annual financial statements are compiled in accordance with the historical convention modified by the restatement of the financial instruments to fair value, except where otherwise stated.

The principal accounting policies of the Village Council, which are set out below, had been consistent and comply with Namibian Statements of Generally Accepted Accounting Practices. The financial statements have not been prepared in accordance with the requirements of the Namibian Local Authorities Act.

**1.1 Fixed assets and depreciation**

Fixed assets are stated at cost or at valuation where assets have been acquired by grant or donation, less depreciation written off over the expected useful lives as determined by the Council from time to time. Fixed assets acquired with loan funds are not depreciated until the loan is repaid, unless the expected lifetime of the asset is less than the repayment period of the loan in which case depreciation is calculated on the shortfall.

	<b>2009</b>	<b>2008</b>	<b>2007</b>
	N\$	N\$	N\$
<b>2. OWN FUNDS</b>			
<b>2.1 Financing of capital:</b>			
Contribution from:	6 384 144	5 357 895	4 332 053
General capital	5 260 063	4 233 814	3 207 972
Contribution from Revenue	1 124 081	1 124 081	1 124 081
<b>2.2 Funds</b>	3 394 099	3 589 977	4 063 339
Fixed Property Fund	60 294	60 294	60 294
Housing Fund	484 607	484 607	484 607
Accumulated surplus	2 849 198	3 045 076	3 518 438
<b>TOTAL FUNDS</b>	<b>9 778 243</b>	<b>8 947 872</b>	<b>8 395 392</b>

## VILLAGE COUNCIL OF UIS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE

	<b>2009</b>	<b>2008</b>	<b>2007</b>
	N\$	N\$	N\$
<b>3 FIXED ASSETS</b>			
Infrastructure, land and buildings, motor vehicles, office equipment, furniture and fittings and computer equipment.			
	<b>4 881 496</b>	<b>4 866 046</b>	<b>4 332 053</b>
Financed from:			
Capital account	-	-	3 207 972
Revenue account	-	-	1 124 081
** Total property, plant and equipment	4 881 496	4 866 046	-
	<b>4 881 496</b>	<b>4 866 046</b>	<b>4 332 053</b>
** The annual financial statements of 30 June 2008 and 2009 was not specified as per financing from Capital or Revenue account.			
<b>4. INVESTMENTS</b>			
Fixed deposits and money on call	29 179	29 179	29 179
	<b>29 179</b>	<b>29 179</b>	<b>29 179</b>
Comprising of:			
Housing fund	29 179	29 179	29 179
	<b>29 179</b>	<b>29 179</b>	<b>29 179</b>
<b>5. ACCOUNTS RECEIVABLE</b>			
Consumers accounts	5 399 039	4 494 186	4 478 610
	<b>5 399 039</b>	<b>4 494 186</b>	<b>4 478 610</b>
<b>6. ACCOUNTS PAYABLE</b>			
Trade creditors and provisions	810 356	811 879	810 911
Consumer deposits	17 162	17 162	17 162
	<b>827 518</b>	<b>829 041</b>	<b>828 073</b>

## VILLAGE COUNCIL OF UIS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE

	<b>2009</b>	<b>2008</b>	<b>2007</b>
	N\$	N\$	N\$
<b>7. CASH GENERATEB BY OPERATIONS</b>			
Net operating surplus/(loss) before transfers	(195 878)	(473 362)	(473 569)
Adjustments for:			
Appropriation account	-	-	-
Investments income	-	-	(8 931)
Operating (deficit) before changes in working capital	(195 878)	(473 362)	(482 500)
Changes in working capital			
(Increase)/decrease in accounts receivable	(904 853)	(15 576)	(116 965)
Increase/(decrease) in accounts payable	(1 523)	968	594 263
	(906 376)	(14 608)	477 298
Cash generated by operations	<b>(1 102 254)</b>	<b>(487 970)</b>	<b>(5 202)</b>