



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

VILLAGE COUNCIL OF GIBEON

FOR THE FINANCIAL YEARS ENDED 30 JUNE 2005, 2006 AND 2007

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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 Gibeon for the financial years ended 30 June 2005, 2006 and 2007, 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, December 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE GIBEON VILLAGE COUNCIL
FOR THE FINANCIAL YEARS ENDED
30 JUNE 2005, 2006 and 2007**

1. INTRODUCTION

The accounts of the Village Council of Gibeon for the years ended 30 June 2005, 2006 and 2007 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 Namibia 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 not signed and were only submitted on 11 January 2011 instead of within three months after the end of the financial year 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 sheets, Annexure A, is a true reflection of the originals.

The following Annexures are also attached to this report:

Annexure B: Abridged income statements

Annexure C: Cash flow statements

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 these financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

4. AUDIT OBSERVATIONS AND COMMENTS

4.1 Recoverability of debtors - 2005, 2006 and 2007

In the years under review, the Council's debts outstanding decreased by (5.0%) for 2007, (1.4%) for 2006 and for 2005: 1.0% it increased, but the total debt outstanding is rather significant in value. No provision for doubtful debts has been estimated or provided for.

	2007	2006	2005	2004
	N\$	N\$	N\$	N\$
Debt outstanding	1 488 617	1 566 157	1 588 113	1 573 114
Percentage (decrease)/increase in outstanding debts	(5.0%)	(1.4%)	1.0%	5.0%

It was noted that no provision was made for bad debts. The auditors made calculations and concluded that the provision for 2007 should have been N\$ 1 468 707, for 2006: N\$ 1 427 961 and for 2005: N\$ 1 427 961.

It should be noted that due to a lack of data the information for 2006 could not be rely on. (See paragraph 4.4.)

It is recommended to the Council to keep all relevant data in a safe place which should be available at any time for audit purposes. It is also recommended that the Council should make a provision for bad debts in future.

4.2 Stock control - 2005, 2006 and 2007

As reported in prior financial years, no physical stocktaking was conducted at year-end. No stock was recorded in the balance sheet, which means that stock is expensed to different votes at date of purchase.

Whilst this practice is financially prudent, it leads to inadequate accounting control over the items of stock held by the Council. It is recommended that measures should be implemented to keep accurate records of stock on hand.

4.3 Consumer deposits

Consumer deposits are disclosed in the financial statements as N\$ 2 760 for all the years under review. As can be seen in the table below, consumer deposits are not even 0.2% of debtors outstanding. This in fact means that the deposits are inadequate to compensate for one month's consumption which should be used as a norm. The Council is urged to determine an acceptable consumer deposit, collect the amounts and only use it for the purpose intended.

	2007	2006	2005	2004
	N\$	N\$	N\$	N\$
Debt outstanding	1 488 617	1 566 157	1 588 113	1 573 114
Consumer deposits	2 760	2 760	2 760	2 760
Percentage of deposits against outstanding debts	0.19%	0.18%	0.17%	0.18%

4.4 Source documents - 2005, 2006 and 2007

Numerous important source documents related to 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.

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

The Council's expenditure were recorded VAT inclusive in the annual financial statements. This resulted in an overstatement of the expenditure and understatement of the surplus for the financial year.

A loss of data on Finstel system for 2005/06 financial year were also experienced which contributed to the breakdown of internal controls at the Council.

4.5 Trade creditors, accrued expenses, provisions and consumers advance and deposits - 2005, 2006 and 2007

Due to the fact that no proper accounting records have been kept by the Village Council, the auditors were unable to perform their search for unrecorded liabilities for 2005. The Council was 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 and the auditors were unable to perform their audit tests on creditors for 2005, 2006 and 2007. The Council were not able to supply the necessary supporting documents to prove the outstanding balances.

The auditors detected that no provision for leave days was provided by the Council for the years under review. The calculated provision for leave days, as calculated by the auditors, were N\$ 43 178 for 2007, N\$ 50 608 for 2006 and N\$ 50 608 for 2005.

4.6 Fixed assets - 2005, 2006 and 2007

No fixed asset register was maintained by the Village Council for the years under review. As a result, no physically verification of assets, especially with respect to assets taken over from the Ministry of Regional and Local Government, Housing and Rural Development could not be conducted.

Numerous important source documents for additions of fixed assets 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.

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 to limit the possibility that assets can be misappropriated. The Council should also enquire about the whereabouts of assets taken over from the Ministry of Regional and Local Government, Housing and Rural Development and properly account for them as soon as possible.

4.7 Payroll - 2005, 206 and 2007

During the audit the auditors discovered a material difference of N\$ 223 563: 2007 and N\$ 242 254 for 2005 on their payroll reconciliation. No supporting documentation or explanation was given to substantiate the difference. No payroll reconciliation for 2006 was prepared, due to the unavailability of Finstel reports or supporting documents.

It is imperative that the 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 the Council should implemented necessary measures to ensure that payroll information is kept secure.

4.8 Value Added Tax - 2005, 2006 and 2007

The annual financial statements of the Village Council portray a VAT debt payable to the Directorate Inland Revenue of N\$ 101 877: 2006 and N\$ 34 087 for 2005. The auditors were unable to reconcile the VAT returns submitted to the debt payable in the annual financial statements, due to the fact that not all returns were availed for the years ended 30 June 2005, 2006 and 2007.

4.9 Housing Fund - 2005, 2006 and 2007

Due to insufficient record keeping at the Council inadequate documentation exists to confirm the amounts provided to customers when purchasing property. Furthermore, no proper listing exists of these customers and records related to repayments could also not be traced.

There is a lack of internal control measures to administer the Fund with the necessary integrity. Council should therefore make suitable efforts to implement necessary controls to maintain the integrity of the Fund.

4.10 Services income - Accuracy of charges levied on water and electricity - 2005, 2006 and 2007

The audit revealed a lack of documentation to substantiate that the readings were captured on the system for the years ended 30 June 2005 and 2007.

The auditors could not perform any audit tests on the Village Council's services income for the 2006 financial year, due to the unavailability of Finstel reports or supporting documentation. There were no Finstel cash book transactions available at the Council for the year ended 30 June 2006.

The audit revealed one individual's water readings was not properly recorded on the Finstel system and another one's water readings could not be traced in the reading books due to the unavailability of the meter reading books of April 2007 and June 2007. A third persons' readings could also not be verified against the system readings for the year ended 30 June 2007.

4.11 General - 2005, 2006 and 2007

There was no sufficient system of internal control at the Village Council for the years under review. 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 the Council override existing controls, a potential dangerous practice, which the Council should vigilantly guard against.

Incorrect recording and improper filing of minutes for the years under review occurred and the auditors had difficulty to ascertain which minutes were a true reflection of the meeting since certain minutes were not found nor signed.

The auditors noted that figures of balances and transactions on the Finstel trial balance did not agree with those stated in the annual financial statements for the years ended 2005 and 2007.

4.12 Non-compliance with recommendations

Many of the above-mentioned problem areas have already been highlighted in the previous audit report and were again highlighted when finalising the audit during March 2011. However, none or 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 years were as follows:

	Revenue	Expenditure	Surplus/ (deficit)	Balance
2007				
	N\$	N\$	N\$	N\$
Accumulated (Surplus) as at 01/07/2006				848 676
General accounts				
Rate and general	1 298 812	886 353	412 459	
Self-supporting (note 11)	303 876	466 844	(162 968)	
Trade accounts				
Electricity supply	629 149	873 531	(244 382)	
Water supply	342 618	1 027 138	(684 520)	
Deficit for the year	2 574 455	3 253 866	(679 411)	(679 411)
Unknown adjustments (See note 7, Annexure D)				169 265 919
Accumulated surplus 30/06/2007				170 184

2006	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus as at 01/07/2005				1 366 964
General accounts				
Rate and general	1 569 067	937 501	631 566	
Self-supporting	288 492	434 248	(145 756)	
Trade Accounts				
Electricity supply	503 054	873 029	(369 975)	
Water supply	281 252	884 718	(603 466)	
Deficit for the year	2 641 865	3 129 496	(487 631)	(487 631)
Unknown adjustments (See note 7, Annexure D)				879 333
				(30 657)
Accumulated surplus 30/06/2006				848 676

2005	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus as at 01/07/2004				1 367 048
General services				
Rate and general	1 580 101	809 142	770 959	
Self-supporting	236 616	419 822	(183 206)	
Trade accounts				
Electricity supply	490 231	520 822	(30 591)	
Water supply	353 677	842 979	(489 302)	
Surplus for the year	2 660 625	2 592 765	67 860	67 860
Unknown adjustments (See note 7, Annexure D)				1 434 908
				(67 944)
Accumulated surplus 30/06/2005				1 366 964

7. CURRENT BANK ACCOUNT

The balance sheets reflected an unfavourable cash-book balance for 2007: N\$ 108, for 2006: a favourable N\$ 17 027 and for 2005: an unfavourable N\$ 115 094 (2004: N\$ 11 708 - unfavourable), which is also the reconciled balance. The bank statements reflected an unfavourable balance for 2007: N\$ 21 083, 2006: favourable with N\$ 14 806 and for 2005 favourable with N\$ 45 831, mainly due to outstanding cheques at year-end.

As explained by the external consultant and the acting Chief Executive Officer, the bank made a mistake to processed a cheque of N\$ 92 291, instead of N\$ 9 921. The external consultant and the Human Resource Manager followed up the matter at the bank to be rectified but no positive feedback was provided by the bank. This resulted that the Council's bank reconciliation had a difference of N\$ 83 630 due to the bank error that is not yet been rectified by the bank for the years ended 30 June 2006 and 2007.

8. INVESTMENTS AND INTEREST PROCEEDS

On 30 June 2005, 2006 and 2007 there was investments invested at financial institutions, as follows:

	2007	2006	2005	2004
	N\$	N\$	N\$	N\$
Housing Fund	72 277	73 039	76 155	-
Revenue	75 782	1 905	317 232	-
	148 059	74 944	393 459	-

All the money was invested at commercial banks.

9. FUND ACCOUNTS

The position of the Fund accounts at the years end are shown in Note 2 of Annexure D.

10. TRADE ACCOUNTS

10.1 The results of operations of electricity were as follows:

	2007	2006	2005	2004
	N\$	N\$	N\$	N\$
Sales	618 089	483 190	483 959	412 947
Cost of bulk purchases*	(665 231)	(802 001)	(454 348)	(599 865)
Gross (loss)/profit	(47 142)	(318 811)	29 612	(186 918)
Expenses (net)	(197 239)	(51 164)	(60 203)	(144 110)
Net deficit	(244 382)	(369 975)	(30 591)	(331 028)
Gross loss % on bulk purchases	(7.09%)	(39.75%)	6.52%	(31.16%)
Net loss % on bulk purchases	(36.74%)	(46.13%)	(6.73%)	(55.18%)

* The audit revealed that the amounts disclosed in the financial statements and the general ledgers differed. The ledger for the 2007 financial year is understated by N\$ 470 775 and for 2006 understated by N\$ 693 420. The main reason for the misstatements for these two years was that not all invoices were captured on the system or could not be found. There was an unexplained difference of N\$ 17 377 for the 2006 financial year.

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

10.3 The results of operations of water were as follows:

	2007	2006	2005	2004
	N\$	N\$	N\$	N\$
Sales	341 291	279 879	352 497	382 624
Cost of bulk purchases**	(919 571)	(539 998)	(760 754)	(912 362)
Gross (loss)	(578 280)	(260 119)	(408 257)	(529 738)
Expenses (net)	(106 240)	(343 347)	(81 045)	(120 920)
Net deficit	(684 520)	(603 466)	(489 302)	(650 658)
Gross loss % on bulk purchases	(62.89%)	(48.17%)	(53.66%)	(58.06%)
Net loss % on bulk purchases	(74.44%)	(111.75%)	(64.32%)	(71.32%)

** The auditors made a calculation, from the sample selected, and as a result they concluded that water purchases are overstated in the trial balance by N\$ 136 425: 2007, N\$ 382 369: 2006 and N\$ 452 937 for 2005.

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

11. SELF-SUPPORTING SERVICES

The net results of self supporting services were as follows:

	2007	2006	2005	2004
	N\$	N\$	N\$	N\$
Public health	(5 699)	(3 337)	(16 363)	(16 601)
Cleansing services	(80 639)	(87 509)	(115 851)	(108 596)
Cemetery	(37 261)	(28 384)	(25 563)	(92 416)
Townlands	(39 369)	(26 526)	(25 429)	(91 565)
Total	(162 968)	(145 756)	(183 206)	(309 178)

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 years for capital projects or acquisitions:

	2007	2006	2005	2004
	N\$	N\$	N\$	N\$
Office equipment	-	-	-	12 919
Electricity	-	-	-	39 924
Streets network	-	-	-	19 537
Computer system	-	-	118 533	-
Office upgrade	247 869	22 987	-	-
Prepaid watermeters	21 662	289 134	-	-
Street lighting	150 000	-	-	-
Total	419 531	312 121	118 533	72 380

16. BURSARIES

No bursaries were granted during the years under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

No contributions or grants were made nor were any financial aid provided 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

There were no gifts or donations made or received by the Council 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 years under review.

23. DEBTORS AND CREDITORS

23.1 Debtors at 30 June were:

	2007	2006	2005	2004
	N\$	N\$	N\$	N\$
Service to consumers	1 488 617	1 566 157	1 588 113	1 573 114
Build Together Debtors	33 297	33 297	30 901	-
	1 521 914	1 599 453	1 619 014	1 573 114

The above-mentioned debtors were analysed by the auditors and the correctness thereof were recalculated. The financial statements reflected the consumer debtors for 2007: N\$ 1 488 617, 2006: N\$ 1 566 157 and for 2005: N\$ 1 588 113 (2004: N\$ 1 573 114). A difference of N\$ 246 914 was found between the debtors trial balance and age analysis for the 2007 financial year. No reports or any other documents were found at the Council for the 2006 financial year.

23.2 Creditors at 30 June were:

	2007	2006	2005	2004
	N\$	N\$	N\$	N\$
Trade creditors and provisions	1 207 665	628 903	383 350	188 521
Consumer deposits	2 760	2 760	2 760	2 760
Receiver of Revenue - VAT	181 730	101 878	34 085	-
	1 392 155	733 541	420 195	191 281

24. ASSESSMENT RATES

No assessment rates were charged and therefore no transactions of such nature were accounted for in the accounting records of the Council during the years under review. It is recommended that the Council should charge assessment rates as prescribed in Section 73 of the Local Authorities Act.

25. LOANS

25.1 External loans

No external loans were entered in the years under review.

25.2 Internal loans

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

25.3 Housing loans

The audit revealed that no money was advanced to housing debtors during 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

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

The budget for the financial years were approved as required by Section 83 of the Local Authorities Act, 1992.

	2007	2006	2005	2004
	N\$	N\$	N\$	N\$
Public health	-	-	-	709
Cleansing services	-	-	-	47 092
Cemetery	-	-	-	33 866
Electricity services	-	-	-	102 354
Townlands	-	-	-	41 894
Total	-	-	-	225 915

30. STOCK AND EQUIPMENT

30.1 Motor vehicles

No up to date asset register could be submitted for the years under review. As such it was not possible to confirm that all vehicles and equipment are on hand nor what their values are.

30.2 Stock and equipment

As reported in prior years, no stock was accounted for, nor disclosed in the financial statements of the Council.

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 the Council override existing controls.

33. FORMAL AND INFORMAL QUERIES

Formal queries are embodied in this report.

Informal queries addressed to the Town Clerk consist of:

- * Inadequate inventory control
- * Creditors
- * Debtors
- * Processing of data – Finstel
- * Filing
- * No fixed asset register maintained

34. DISCLAIMED AUDIT OPINION

The accounts of the Village Council of Gibeon for the financial years ended 30 June 2008, 2009 and 2010, summarized in Annexure A to D, was 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 audit opinion due to the following:

- No provision was made for bad debts.
- No stock was disclosed on the balance sheets for the years under review.
- Consumer deposits are inadequate.
- Numerous source documents related to expenditures could not be submitted for audit purposes.
- No creditors reconciliations were performed for the years under review.
- No provision for leave was made for the years under review.
- No fixed asset register was maintained for the years under review.
- During the audit payroll differences of N\$ 223 563 for 2007 and N\$ 242 254 for 2005 were found. No payroll reconciliation could be done for 2006 due to unavailability of Finstel reports.
- Not all Vat returns were available for the years under review, therefore the auditors could not confirm whether the VAT payable for 2006 of N\$ 101 877 and N\$ 34 087 for 2005 were correct.
- Due to inadequate documentation, the auditors could not confirm the movement in the Housing Fund.
- The auditors could not confirm that the charges for electricity and water were correctly captured on the system due to a lack of documentation.
- The auditors could not conduct any audit test on income related to services for the 2006 financial year due to the unavailability of Finstel reports.

VILLAGE COUNCIL OF GIBEON

BALANCE SHEETS ON 30 JUNE

	Notes	2007 N\$	2006 N\$	2005 N\$	2004 N\$
ASSETS					
Non-current assets					
Property, Plant and Equipment	3	1 241 552	748 906	755 228	243 308
Investments	4	1 093 493	673 962	361 841	243 308
		148 059	74 944	393 387	-
Current assets					
Accounts receivables	5	1 523 062	1 616 709	1 619 022	1 573 137
Cash and cash equivalents		1 521 914	1 599 453	1 619 014	1 573 114
		1 148	17 256	8	23
TOTAL ASSETS		2 764 614	2 365 615	2 374 250	1 816 445
EQUITY AND LIABILITIES					
Funds					
Funds and accounts	2	1 372 351	1 632 074	1 838 961	1 613 456
Accumulated funds	2	1 202 167	783 398	471 997	246 408
		170 184	848 676	1 366 964	1 367 048
Current liabilities					
Accounts payable	6	1 392 263	733 541	535 289	202 989
Bank overdraft		1 392 155	733 541	420 195	191 281
		108	-	115 094	11 708
TOTAL EQUITY AND LIABILITIES		2 764 614	2 365 615	2 374 250	1 816 445

VILLAGE COUNCIL OF GIBEON

INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE

	Notes	2007	2006	2005	2004
		N\$	N\$	N\$	N\$
INCOME		2 572 477	2 632 699	2 660 625	2 314 981
EXPENDITURE		(3 253 866)	(3 129 496)	(2 592 765)	(2 851 052)
NET OPERATING (LOSS) / PROFIT		(681 389)	(496 797)	67 860	(536 071)
INVESTMENT INTEREST EARNED		1 978	9 166	-	-
NET (LOSS) / INCOME	2	(679 411)	(487 631)	67 860	(536 071)
ADJUSTMENTS	7	919	(30 657)	(67 944)	24 388
NET (LOSS) / PROFIT for the year		(678 492)	(518 288)	(84)	(511 683)
APPROPRIATION ACCOUNT AT THE BEGINNING OF THE YEAR		848 676	1 366 964	1 367 048	1 878 731
APPROPRIATION ACCOUNT AT THE END OF THE YEAR		170 184	848 676	1 366 964	1 367 048

VILLAGE COUNCIL OF GIBEON

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE

	2007	2006	2005	2004
	N\$	N\$	N\$	N\$
Cash flow from operating activities				
Cash receipt form customers	2 572 477	2 632 699	2 660 625	2 314 981
Cash paid to suppliers	(2 516 794)	(2 827 246)	(2 477 695)	(2 902 129)
Cash generated /(utilised) by operating activities	55 683	(194 547)	182 930	(587 148)
Interest received	1 978	9 166	-	-
Increase/(decrease) in Fund accounts	(762)	(720)	107 056	-
Increase in Capital outlay	419 531	312 121	118 533	72 381
Net cash flow from operating activities	476 430	126 020	408 519	(514 767)
Cash flow from investing activities				
Net capital expenditure	(419 531)	(312 121)	(118 533)	(72 381)
(Increase)/decrease in investments	(73 115)	318 443	(393 387)	-
Net cash flow from investing activities	(492 646)	6 322	(511 920)	(72 381)
Net (decrease)/increase in cash and cash equivalents	(16 216)	132 342	(103 401)	(587 148)
Cash and cash equivalents				
- At the beginning of the year	17 256	(115 086)	(11 685)	575 463
Cash and cash equivalents				
- At the end of the year	1 040	17 256	(115 086)	(11 685)

VILLAGE COUNCIL OF GIBEON

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 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.

	2007	2006	2005	2004
	N\$	N\$	N\$	N\$
2. OWN FUNDS				
2.1 Financing of capital:				
Contribution from:	1 093 493	673 962	361 841	243 308
Contribution from Revenue	<u>1 093 493</u>	<u>673 962</u>	<u>361 841</u>	<u>243 308</u>
2.2 Funds	278 858	958 112	1 477 120	1 370 148
Fixed Property Fund	<u>3 100</u>	<u>3 100</u>	<u>3 100</u>	<u>3 100</u>
Housing Fund	105 574	106 336	107 056	-
Accumulated surplus	<u>170 184</u>	<u>848 676</u>	<u>1 366 964</u>	<u>1 367 048</u>
TOTAL FUNDS	<u>1 372 351</u>	<u>1 632 074</u>	<u>1 838 961</u>	<u>1 613 456</u>
3. FIXED ASSETS				
Infrastructure, land and buildings, motor vehicles, office equipment, furniture and fittings and computer equipment.	<u>1 093 493</u>	<u>673 962</u>	<u>361 841</u>	<u>243 308</u>
Financed from:				
Revenue account	1 093 493	673 962	361 841	243 308
	<u>1 093 493</u>	<u>673 962</u>	<u>361 841</u>	<u>243 308</u>

VILLAGE COUNCIL OF GIBEON

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE

	2007	2006	2005	2004
	N\$	N\$	N\$	N\$
4. INVESTMENTS				
Fixed deposits and money on call	148 059	74 944	393 387	-
	148 059	74 944	3893 387	-
Comprising of:				
Housing Fund	72 277	73 039	76 155	-
Revenue	75 782	1 905	317 232	-
	148 059	74 944	393 387	-
5. TRADE AND OTHER RECEIVABLES				
Consumers debtors	1 488 617	1 566 156	1 588 113	1 573 114
Housing Fund receivables	33 297	33 297	30 901	-
	1 521 914	1 599 453	1 619 014	1 573 114
6. TRADE AND OTHER PAYABLES				
Trade creditors and provisions	1 207 665	628 903	383 350	188 521
Consumer deposits	2 760	2 760	2 760	2 760
Receiver of Revenue - VAT	181 730	101 878	34 085	-
	1 392 155	733 541	420 195	191 281
7. ADJUSTMENTS TO APPROPRIATION ACCOUNT				
Unknown adjustments	919	(30 657)	(67 944)	24 388
	919	(30 657)	(67 944)	24 388

VILLAGE COUNCIL OF GIBEON

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
	N\$	N\$	N\$	N\$
8. CASH (GENERATED)/UTILIZED BY OPERATIONS				
Net operating surplus/(deficit) before interest and adjustments	(681 389)	(496 797)	67 860	(536 071)
Adjustments:				
Appropriation account	919	(30 657)	(67 944)	24 388
Operating surplus/(deficit) before changes in working capital	(680 470)	(527 454)	(84)	(511 683)
Changes in working capital				
(Increase)/decrease in trade and other receivables	77 539	19 561	(45 900)	(73 584)
Increase/(decrease) in trade and other payables	658 614	313 346	228 914	(1 881)
	<u>736 153</u>	<u>332 907</u>	<u>183 014</u>	<u>(75 465)</u>
Cash generated/(utilized) by operations	<u>55 683</u>	<u>(194 547)</u>	<u>182 930</u>	<u>(587 148)</u>