



REPUBLIC OF NAMIBIA



AUDIT REPORT ON THE ACCOUNTS OF THE

VILLAGE COUNCIL OF KAMANJAB

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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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 Kamanjab for the financial year ended 30 June 2011, 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 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
VILLAGE COUNCIL OF KAMANJAB
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

1. INTRODUCTION

The accounts of the Village Council of Kamanjab for the year ended 30 June 2011 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1992) and the Local Authorities Act, 1992 (Act 23 of 1992).

The firm PKF 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 Dollars.

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. It is filed in the Office of the Auditor-General. The audited financial statements are not in agreement with the general ledger. **The financial statements set out on Annexures A to D have been prepared from the incorrect accounts prepared by the Village Council and make no sense. A cash flow statement could not be prepared due to the incorrect amounts in the financial statements prepared by the Village Council.**

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 misstatements, 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 misstatements.

An audit involved 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 misstatement 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 OBSERVATION AND COMMENTS

4.1 Trade and other receivables - Provision for bad debts

The average collection period of trade receivables, before taking the provision for bad debts into account, is 912 days (2010: 778 days). The Council should attend to the arrears as a matter of urgency. The balance sheet reflects a provision for bad debts of N\$ 4 339 419 compared to N\$ 3 428 321 in the previous year, which is an effective increase of N\$ 911 098. This amount has not been entered in the general ledger and is probably a creation by the drafter of the financial statements.

The auditors are of the opinion that the provision for bad debts should amount to N\$ 4 264 850 which is N\$ 836 529 more than what the Council's trial balance reflects.

The trade and other receivables as reflected in note 23.1 hereafter is incorrect as the Council ignored 2010/2011 transactions on debtors and produced figures very similar to those of 2010 and different from the general ledger. Debtors are reflected as N\$ 3 798 098 while the list of debtors totals N\$ 4 528 235, which is in agreement with the general ledger.

4.2 Other receivables - Build Together advances

Included in other receivables is an amount of N\$ 2 982 160 (2010: N\$ 2 982 160) for Build Together advances. No list of these advances could be provided to the auditors and therefore they were unable to verify the completeness and accuracy of these advances.

The amount reflected is incorrect as the Council did not enter the opening balances of 2010 and consequently a similar amount as last year is reflected as outstanding advances.

4.3 Property, plant and equipment

The balance sheet figure of N\$ 2 411 767 is incorrect as the Council did not enter the opening balances from 2010 nor was the additions for the year correctly dealt with in the balance sheet. This particular asset item amounts to N\$ 32 515 689.

Depreciation of N\$ 604 270 was calculated by the Council but not charged to the income statement and directly deducted from the Fund account.

The fixed assets register presented to the auditors does not agree with the general ledger.

The auditors could not establish whether the assets are adequately insured.

4.4 Inventory

No provision was made for inventory in the financial statements of the Village Council.

4.5 Trade and payables

Trade and payables per paragraph 23.2 hereafter does not agree with the general ledger in the light that the Council did not enter the opening balances from 2010 in the general ledger.

The auditors could not verify the provision for personnel benefits as no salary register was provided.

The accuracy and completeness of provisions included in the balance sheet could not be verified by the auditors due to a lack of supporting documentation.

4.6 Consumer deposits

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

4.7 VAT

Included in trade and other receivables is an amount of N\$ 4 813 007 (2010: N\$ 3 436 306) for VAT receivable.

Furthermore, the Receiver of Revenue is totally unaware of this and reflects an amount of N\$ 7 471 093 payable by the Village Council to the Receiver in respect of the following:

	N\$
Tax	134 357
Penalties	4 712 701
Interest	2 562 952
Subtotal	<u>7 410 010</u>
Interim penalties	60 678
Interim interest	402
Total	<u><u>7 471 093</u></u>

The Council should urgently rectify this matter and enter into negotiations with the Receiver of Revenue regarding payment of the correct amount. The Council may make use of the services of professionals in this regard.

4.8 Arrear external loans

External loans from Government are, as in previous years, not repaid but the repayments are provided for as arrear loan instalments under current liabilities. The total instalments in arrears amount to N\$ 741 152 (2009: N\$ 741 152). The balance sheet reflects an amount of N\$ 438 355.

No interest on overdue amounts due to Government has been provided for.

4.9 Censored income and provisions

The auditors were provided with financial statements of Censored at 30 June 2011. The equity value of the Council's investment in Censored is less than cost. No provision for impairment has been made.

4.10 Annual financial statements and general ledger

The general ledger of the Council was not updated with all the opening balances and no journal entries were passed in respect of amounts received on investments and transferred to the bank account.

The balance sheet in the annual financial statements bears no relation to the general ledger of the Council and it is impossible to establish how the figures reflected in the balance sheet have been calculated.

The annual grant from the Government of the Republic of Namibia has not been entered in the general ledger. The investments and interest on investments were not recorded.

The profit for the year as per financial statements does not agree with the general ledger due to the loss made on sewerage that was omitted when calculating the profit. A debit of N\$ 1 851 on electricity account was reflected as a credit of N\$ 18 511.

5. ACKNOWLEDGEMENT

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

6. FINANCIAL RESULTS

The results of the operations and transactions on the Revenue account for the year were as follows:

	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus on 01/07/2010				8 453 830
General accounts				
- Non-profitable	1 301 807	950 461	351 346	
- Self-supporting	-	-	-	
Trade accounts				
- Water	732 198	570 017	162 181	
- Electricity	18 511	-	18 511	
Surplus for the year	2 052 516	1 520 478	532 038	532 038
Adjustments and utilisations				8 985 868
				-
Accumulated surplus on 30/06/2011				8 985 868

The financial results are not a true and fair reflection of the activities of the Council for the year under review. The loss on sewerage of N\$ 196 976 has not been brought into the financial results.

7. CURRENT BANK ACCOUNT

	2011	2010
	N\$	N\$
Cash book balance at 30 June	(271 448)	(78 241)
Outstanding cheques - disclosed as trade payables	-	118 275
Cash book balance at 30 June	(271 448)	40 034
Outstanding deposits	-	(12 069)
Balance as per bank statement	(271 448)	27 965

The bank account in the annual financial statements is incorrect and does not agree with the bank reconciliation prepared by the Council. The reconciliation reflects a favourable balance of N\$ 408 252. The bank reconciliation also incorrectly reflects the bank statement balance as N\$ 379 944 instead of N\$ 30 839.

The Council started the bank balance calculation with the wrong positive cash-book balance of N\$ 27 965 in stead of the negative cash book balance of N\$ 78 241 as reflected in the 2010 accounts.

The bank overdraft per trial balance amounts to N\$ 9 915 060, which is due to the fact that the transfers from the investment account were not processed through journals on the bank account. The balance sheet reflects a negative balance of N\$ 271 448.

8. INVESTMENTS

The investments per balance sheet as at 30 June were as follows:

Institution	2011	2010
	N\$	N\$
Commercial banks	8 748 682	4 618 423

The amount reflected as investments in the balance sheet is incorrect. The Council did not bring the opening balance forward in the general ledger and also did not journalise the transactions on investments during the year.

The auditors checked the bank statements for investments and found the amount to be N\$ 4 565 226.

During the year the Council received assistance from the Government of the Republic of Namibia for capital expenditure as well as its annual grant, which was deposited in these investment accounts. These were not recorded by the Council, nor were interest calculated and accounted for.

The balance sheet is not a true and fair reflection of investments.

The investments were allocated as follows in the balance sheet:

Allocation	2011	2010
	N\$	N\$
Capital outlay	4 302 597	-
Build Together Fund	121 467	121 467
Revenue	4 324 618	4 496 956
	8 748 682	4 618 423

9. FUND ACCOUNTS

No information regarding fund accounts can be provided as the opening balances from 2010 were not brought into the 2011 general ledger by the consultant. Consequently only the Capital Outlay Fund is reflected in the balance sheet.

10. TRADE ACCOUNTS

10.1 The results of trade accounts were as follows:

	Electricity		Water	
	2011	2010	2011	2010
	N\$	N\$	N\$	N\$
Sales	18 511	-	723 949	709 067
Cenored surcharges	-	46 793	-	-
Cost of bulk purchases	-	-	(544 276)	(567 501)
Gross surplus	18 511	46 793	179 673	141 566
Other expenses (net)	-	(26 821)	(17 491)	(173 691)
Net (loss)/surplus	18 511	19 972	162 182	(32 125)
Gross surplus percentages on sales		100%	24.8%	20.0%
Gross surplus percentages on cost of bulk purchases		N/A	33.0%	24.9%
Net surplus percentages on cost of bulk purchases		N/A	29.8%	(5.7%)
Net (loss)/surplus percentage on sales		42.7%	22.4%	(4.5%)

The results in respect of electricity are incorrect as there is no such income item of N\$ 18 511. Instead there was an expense of N\$ 1 851 which was incorrectly read in by the Council and furthermore reflected as a credit instead of a debit. The Council also did not bring the Censored income of N\$ 43 259 to the income statement.

10.2 Water distribution results, in cubic meters

	Water	
	2011	2010
	Units	Units
Sales	71 968	73 693
Purchases	75 707	77 946
Loss	(3 739)	(4 253)
Percentage loss in units purchased	(4.9%)	(5.5%)

11. SELF-SUPPORTING SERVICES

11.1 The result for the year under review is as follows:

	Income	Expenses	Surplus/ (deficit)	Surplus/ (deficit)
	2011	2011	2011	2010
	N\$	N\$	N\$	N\$
Sewerage	-	-	-	549 312
	-	-	-	549 312

The income statement is incorrect in this regard as the general ledger reflects a loss of N\$ 196 976 on sewerage but this was not carried into the appropriation account in the calculation of the surplus of N\$ 532 038.

12. FRUITLESS, UNAUTHORISED 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

The following were spent on capital projects:

Nature of projects/acquisitions	Total expenditure 2011	Total expenditure 2010
	N\$	N\$
General administration	-	467 081
Sewerage	-	7 214 775
Water supply	-	145 619
Roads and streets	-	90 194
Parks, cemeteries and sports grounds	-	126 236
	-	8 043 905

This is an incorrect reflection of what really happened as the Council incurred considerable capital expenditure of N\$ 8 250 942, which was correctly reflected in the general ledger. The Council, however, omitted when drafting the financial statements and consequently no reliance can be placed on the amount reflected as property, plant and equipment and expenditure on capital projects in the annual financial statements.

16. BURSARIES

There were no such expenses.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

	2011	2010
	N\$	N\$
Contribution from Government	-	9 200 000

This is incorrect as Government made an annual contribution of N\$ 1 400 000 to the Council as well as certain grants for capital expenditure. The latter could not be established as the investment accounts were not accounted for properly, not only for capital contributions but also for the annual contribution from the Government.

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

There were no transfers of property to or from the local authority. The general ledger reflects income of N\$ 5 526 in respect of sale of erven. The auditors could not establish the completeness and accuracy of such transactions as there is no register for sale of erven.

23. TRADE AND OTHER RECEIVABLES/PAYABLES

23.1 Trade and other receivables

	2011	2010
	N\$	N\$
Services, rates and taxes	3 798 098	3 798 098
VAT	4 813 007	3 436 306
Build Together advances	2 982 160	2 982 160
Suspense accounts	13 053	13 053
Provision for bad debts	11 606 318 (4 339 419)	10 229 617 (3 428 321)
Total	7 266 899	6 801 296

The above is incorrect as the Council did not bring forward the balances of 2010 to the general ledger of 2011, consequently reflecting exactly the same amounts for receivables for services, rates and taxes, for Build Together advances and for the suspense accounts.

It is impossible to understand from the annual financial statements how the growth in the provision for bad debts was established.

23.2 Trade and other payables

	2011	2010
	N\$	N\$
Consumer deposits	356	356
Loan instalments in arrear	438 356	741 152
Provisions	102 578	84 173
Debtors	188 816	-
Trade payables	7 160	356 618
Outstanding cheques	-	118 275
Totals	737 266	1 300 574

The above is incorrect as it was impossible for the auditors to understand from the general ledger the decline in loan instalments in arrears, nor does it agree with the general ledger. No provision has been made for unpaid accounts.

24. ASSESSMENT RATES

	2011	2010
	N\$	N\$
The proceeds from assessment rates were	152 311	153 237
Tariffs per N\$1 valuation per annum - site valuation	0.0306	0.0306
Tariffs per N\$1 valuation per annum - improvements	0.0100	0.0100

25. LOANS

25.1 External loans

	2011	2010
	N\$	N\$
Commercial banks	102 691	102 691

The balance is incorrect as the Council did not process the repayments and interest for the year under review. The auditors found the balance to be N\$ 66 178.

The payments were debited by the consultant to the income statement instead of splitting between capital and interest, charging interest to the income statement and capital to the loan account.

25.2 Loans written off

No loans were written off by the Council.

26. SALE OF ERVEN

An amount of N\$ 5 526 is included in the income statement for sale of erven. No list for the sale of erven could be provided to the auditors.

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 of 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

No analysis could be provided as the general ledger has not been updated.

30.2 Inventory

No inventory records were available.

31. SPECIAL INVESTIGATIONS

No special investigations were conducted during the year.

32. GENERAL

There is an insufficient system of internal control at the Village Council. Proper segregation of duties is not possible due to the small number of staff employed. While increased management involvement does not reduce risks, it causes the risk that management and the 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 were raised with the Town Clerk. Audit differences and other comments are addressed in paragraph 4 of this report.

34. DISCLAIMED AUDIT OPINION

The accounts of the Village Council of Kamanjab for the financial year ended 30 June 2011, summarised in Annexures A to D, were audited by me in terms of section 85 of the Local Authorities Act, 1992, read with section 25 (1) (b) of the State Finance Act, 1991.

I am not in a position to express any opinion due to the following reasons:

Trade and other receivables – Provision for bad debts

The average collection period of trade receivables, before taking the provision for bad debts into account, is 912 days (2010: 778 days). The Council should attend to the arrears as a matter of urgency. The balance sheet reflects a provision for bad debts of N\$ 4 339 419 compared to N\$ 3 428 321 in the previous year, an effective increase of N\$ 911 098. This amount has not been entered in the general ledger and is probably a creation by the drafter of the financial statements.

The auditors are of opinion that the provision for bad debts should amount to N\$ 4 264 850 which is N\$ 836 529 more than what the auditors trial balance reflects.

The trade and other receivables as reflected in note 23.1 hereafter is incorrect as the consultant ignored 2010/2011 transactions on debtors and produced figures very similar to those of 2010 and different from the general ledger. Debtors are reflected as N\$ 3 798 098 while the list of debtors totals N\$ 4 528 235, in agreement with the general ledger.

Other receivables - Build Together advances

Included in other receivables is an amount of N\$ 2 982 160 (2010: N\$ 2 982 160) for Build Together advances. No list of these advances could be provided to the auditors and therefore they were unable to verify the completeness and accuracy of these advances.

The amount reflected is incorrect as the Council did not enter the opening balances of 2010 and consequently a similar amount as last year is reflected as outstanding advances.

Property, plant and equipment

The balance sheet figure of N\$ 2 411 767 is incorrect as the Council did not enter the opening balances from 2010 nor was the additions for the year correctly dealt with in the balance sheet.

Depreciation of N\$ 604 270 was calculated by the Council but not charged to the income statement and directly deducted from the Fund account.

The fixed assets register presented to the auditors does not agree with the general ledger.

Inventory

No provision was made for inventory in the financial statements of the Village Council.

Trade and payables

Trade and payables does not agree with the general ledger in light thereof that the Council did not enter the opening balances from 2010 in the general ledger. In addition the auditors could not verify the provision for personnel benefits as no salary register was provided.

The accuracy and completeness of provisions included in the balance sheet could not be verified due to a lack of supporting documentation.

Consumer deposits

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

VAT

Included in trade and other receivables is an amount of N\$ 4 813 007 (2010: N\$ 3 436 306) for VAT receivable.

Furthermore, the Receiver of Revenue is totally unaware of this and reflects an amount of N\$ 7 471 093 payable by the Village Council to the Receiver in respect of the following:

	N\$
Tax	134 357
Penalties	4 712 701
Interest	2 562 952
Subtotal	<u>7 410 010</u>
Interim penalties	60 678
Interim interest	402
Total	<u><u>7 471 093</u></u>

Arrear external loans

External loans from Government are, as in previous years, not repaid but the repayments are provided for as arrear loan instalments under current liabilities. The total instalments in arrears do not correspond to the balance sheet.

Interest on overdue amounts due to Government has been provided for.

Annual financial statements and general ledger

The general ledger of the Council was not updated with all the opening balances and no journal entries were passed in respect of amounts received on investments and transferred to the bank account.

The balance sheet in the annual financial statements bears no relation to the general ledger of the Council and it is impossible to establish how the figures reflected in the balance sheet have been calculated.

The annual grant from the Government of the Republic of Namibia has not been entered in the general ledger. Interest on investments were not recorded.

The profit for the year per financial statements does not agree with the general ledger due to the loss made on sewerage that was omitted when calculating the profit. A debit of N\$ 1 851 on electricity account was reflected as a credit of N\$ 18 511.

General

There is an insufficient system of internal control at the Village Council.

WINDHOEK, November 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

VILLAGE COUNCIL OF KAMANJAB

BALANCE SHEET AT 30 JUNE

	Notes	2011	2010
		N\$	N\$
ASSETS			
Non-current assets			
Property, plant and equipment	2	12 558 728	30 281 448
Investments	3	2 411 767	24 264 746
		10 146 961	6 016 702
Current assets			
Trade and other receivables	4	7 253 846	6 841 330
Cash and bank balances	5	7 253 846	6 801 296
		-	40 034
Total assets		19 812 574	37 122 778
EQUITY AND LIABILITIES			
Capital and reserves			
Capital outlay	6	18 701 169	35 719 513
Fund accounts	7	6 611 673	24 162 055
		12 089 496	11 557 458
Long-term liabilities	8	102 691	102 691
Current liabilities			
Bank overdraft	5	1 008 714	1 300 574
Trade and other payables	9	271 448	-
		737 266	1 300 574
Total funds and liabilities		19 812 574	37 122 778

VILLAGE COUNCIL OF KAMANJAB

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	Notes	2011	2010
		N\$	N\$
Income		1 680 865	11 077 224
Expenditure		(1 923 080)	(9 901 284)
Net operating profit		(242 215)	1 175 940
Investment income earned for revenue account		774 253	338 575
Net profit for the year		532 038	1 514 515
Adjustments	10	-	789 442
		532 038	2 303 957
Revenue account			
- Beginning of the year		8 453 830	6 149 873
- End of the year	7	8 985 868	8 453 830

VILLAGE COUNCIL OF KAMANJAB

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
		N\$	N\$
Operating activities			
Cash generated by operations	11		1 005 177
Interest received			338 575
Increase in fund accounts			40 521
Increase in capital outlay			<u>8 085 885</u>
			<u>9 470 158</u>
Investing activities			
Net capital expenditure			(7 087 435)
Change in investments			<u>(1 389 914)</u>
			<u>(8 477 349)</u>
Financing activities			
Decrease in loans			<u>(998 449)</u>
Net movement in cash and cash equivalents		(311 482)	(5 640)
Cash and cash equivalents - Beginning of the year		<u>40 034</u>	<u>45 674</u>
Cash and cash equivalents - End of the year	5	<u><u>(271 448)</u></u>	<u><u>40 034</u></u>

VILLAGE COUNCIL OF KAMANJAB

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

1. ACCOUNTING POLICIES

The annual financial statements have been prepared on the historical cost basis and incorporate the following accounting policies which are consistent with those applied in the previous year.

The financial statements are prepared on a going concern basis.

1.1 Property plant and equipment

Property, plant and equipment are stated at cost or valuation where assets have been acquired by grant or by donation.

No provision for depreciation is made.

1.2 Investments

Investments are reflected at face value.

1.3 Trade receivables

Accounts receivable are recorded at originated cost less an allowance for bad debts.

1.4 Cash and cash equivalents

It consists of cash on hand and the current account with banks, all of which are available for immediate use by Council.

1.5 Trade and other payables

All financial liabilities are recorded at cost.

2. PROPERTY, PLANT AND EQUIPMENT, AT COST

	2011	2010
	N\$	N\$
Loan assets	102 691	169 648
Income assets	2 309 076	16 879 154
General capital assets	-	7 215 944
	2 411 767	24 264 746

VILLAGE COUNCIL OF KAMANJAB

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

	2011	2010
	N\$	N\$
3. INVESTMENTS		
Commercial banks	4 565 226	4 618 423
Cenored	1 398 279	1 398 279
Unexplained difference	4 183 456	-
	10 146 961	6 016 702
4. TRADE AND OTHER RECEIVABLES		
Value added tax	4 813 007	3 436 306
Services, rates and taxes	3 798 098	3 798 098
Provision for bad debts	(4 339 419)	(3 428 321)
Housing fund debtors	2 982 160	2 982 160
Suspense account	-	13 053
	7 253 846	6 801 296
5. CASH AND BANK BALANCES		
Petty cash	-	-
Bank account	(271 448)	40 034
	(271 448)	40 034
6. CAPITAL OUTLAY		
Revenue contributions	-	16 879 154
Loans redeemed	-	66 957
Government contributions	6 611 673	-
General capital contributions	-	7 215 944
	6 611 673	24 162 055
7. Funds and accounts		
Build Together Fund	3 103 628	3 103 628
Revenue account kept in compliance with section 86(1) of the Local Authorities Act, 1992.	8 985 868	8 453 830
	12 089 496	11 557 458
8. Long-term liabilities		
The Government of the Republic of Namibia	102 691	102 691

VILLAGE COUNCIL OF KAMANJAB

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

	<u>2011</u>	<u>2010</u>
	N\$	N\$
9. TRADE AND OTHER PAYABLES		
Provisions	-	84 173
Outstanding cheques	-	118 275
Regional Council	7 160	-
Trade payables	188 817	356 618
Consumer and other deposits	356	356
Government loans	438 356	741 152
Government subsidy received in advance personnel benefits	102 578	-
	<u>737 267</u>	<u>1 300 574</u>
10. ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Cenored equity		1 398 279
Prior year expenses		(2 126)
Provision for bad debts		<u>(606 711)</u>
		<u>789 442</u>
11. CASH GENERATED BY OPERATIONS		
Net operating profit		1 175 940
Adjustments to appropriation account		<u>789 442</u>
Operating income before changes in working capital		1 965 382
Changes in working capital		
Trade and other receivables		(1 076 785)
Trade and other payables		<u>116 580</u>
Cash generated by operations		<u>1 005 177</u>