



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

# VILLAGE COUNCIL OF STAMPRIET

FOR THE FINANCIAL YEARS ENDED 30 JUNE 2007, 2008 AND 2009

Published by authority

Price (Vat excluded) N\$ 32.99  
Report no 987

**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 Stampriet for the financial years ended 30 June 2007, 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, August 2011**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNTS OF THE VILLAGE COUNCIL OF STAMPRIET  
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2007, 2008 AND 2009**

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**1. INTRODUCTION**

The accounts of the Village Council of Stampriet for the years ended 30 June 2007, 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 PKF (Namibia) 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 during September 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 at Annexure A is a true reflection of the originals signed by the Accounting Officer.

The financial statements also include:

Annexure B: Abridged income statement

Annexure C: Cash flow statement

Annexure D: Notes to the financial statements

**3. SCOPE OF THE AUDIT**

*Management's responsibility for the financial statements*

The Accounting Officer of the Village Council is responsible for the preparation 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 misstatements.

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 in 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 Internal control and accounting records

There was not a sufficient system of internal control at the Village Council on which the auditors could rely upon for audit purposes.

##### 4.2 Distribution losses

The Council did not keep statistics to be able to calculate the distribution losses on water. The gross profit as set out in paragraph 10.1 hereafter varies considerably from year to year and Council is urged to take immediate steps to ensure proper statistics on distribution losses for purposes of managing such.

##### 4.3 Property, plant and equipment

No assets register was available at the Village Council, and no verification of assets for existence, carrying value or completeness could be performed by the auditors.

No depreciation was calculated on assets.

##### 4.4 Trade receivables

- The average collection period of trade receivables is as follows:

	Days
30 June 2006 (adjusted)	296
30 June 2007	275
30 June 2008	397
30 June 2009	518

- No provision for impairment of accounts receivable has been raised for any of the above years. These provisions could be as follows:

	N\$
30 June 2006	369 000
30 June 2007	485 581
30 June 2008	714 979
30 June 2009	989 367

- The ageing procedure of the accounts receivable module does not provide correct ageing of debtors.
- Build Together balances could not be established and consequently the auditors could not establish whether a provision for impairment of this item should have been raised.
- Sundry debtors consist of the balances on VAT-control accounts, as follows:

	N\$
30 June 2006	2 869
30 June 2007	230 782
30 June 2008	387 196
30 June 2009	501 414

- Council contravened legislation regarding Value-added-tax (VAT) as no returns were submitted since period 02/2001. This particular aspect has also been referred to in paragraph 4.10 of the reports of the Auditor-General for the financial years 2003, 2004, 2005 and 2006. Council ignored these reports related to the VAT issue.

It is doubtful whether the above can be recovered and a provision for impairment for all these balances should have been raised.

Furthermore, no provision has been made for interest and penalties payable. It was not possible for the auditors to calculate the contingent liabilities.

- To summarize, the provisions made for impairment should have been as follows:

	<b>Accounts receivable</b>	<b>VAT debits</b>	<b>Total</b>
	N\$	N\$	N\$
30 June 2006	369 000	2 869	371 869
30 June 2007	485 581	230 782	716 363
30 June 2008	714 979	387 196	1 102 175
30 June 2009	989 367	501 414	1 490 781

#### **4.5 Inventories**

Inventories are not recorded in the general ledger of Village Council and consequently not reflected in the financial statements.

The audit revealed by observation as well as documentary evidence that stock items to the value of N\$ 1 844 465, at cost, were physically at the premises but not accounted for in the general ledger.

The auditors could not trace any stock control procedure other than a lock on the door of the store room. Keys of this lock are held by a number of people which is a high risk to the Council relating to the safekeeping and accounting of these stock.

This particular matter was also referred to in the previous reports of the Auditor-General and was ignored by the Council.

#### **4.6 Arrear external loans**

The installments on external loans from Central Government were not paid since 2001/2002 to date. Provision for redemption and for interest and the charge there of to the revenue account was also not made. Consequently no transfers were made from the capital section of the balance sheet to the revenue section as creditors in the revenue section of the balance sheet. Therefore creditors are understated by the total amount of installments and interest in arrears.

#### **4.7 Consumer deposits**

No lists for consumer deposits were available at the Village Council, therefore the auditors were unable to verify these amounts.

Consumer deposits are not sufficient to cover one month's charges.

#### **4.8 Provision for leave pay, bonuses and severance pay on retirement**

No provisions have been raised for the above items. The auditors could not establish the amounts which should have been provided for.

#### **4.9 Salaries**

No salary registers were maintained at the Village Council and the auditors were thus unable to verify the correctness of salaries.

#### **4.10 Value added tax (VAT)**

No VAT returns were submitted by Council since the second period of 2001 to date. The VAT control account reflects an accumulated amount of N\$ 501 414 as receivable from the Central Government.

Afore mentioned oversight may cause substantial financial losses to Council as it will take considerable time and effort to complete these forms and convince authorities to accept the claims. Penalties and interest on late submissions were also not provided for by the Council.

### **5. ACKNOWLEDGEMENT**

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

## 6. FINANCIAL RESULTS

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

	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus/deficit</b>	<b>Balance</b>
	N\$	N\$	N\$	N\$
Accumulated surplus as at 1 April 2008				1 556 485
General accounts				
– Non-profitable	1 128 197	1 325 172	(196 975)	
– Self-supporting	202 815	-	202 815	
Trade accounts				
– Water	391 736	352 611	39 125	
Surplus for the year	1 722 748	1 677 783	44 965	44 965
				1 601 450
Adjustments and utilizations (See note 10 Annexure D)				38 188
Accumulated surplus as at 30 June 2009				<b>1 639 638</b>

	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus/(deficit)</b>	<b>Balance</b>
	N\$	N\$	N\$	N\$
Accumulated surplus as at 1 April 2007				1 255 110
General accounts				
– Non-profitable	1 012 776	1 064 684	(51 908)	
– Self-supporting	181 935	844	181 091	
Trade accounts				
– Water	342 810	268 144	74 666	
Surplus for the year	1 537 521	1 333 672	203 849	203 849
				1 458 959
Adjustments and utilizations (See note 10 Annexure D)				97 526
Accumulated surplus as at 30 June 2008				<b>1 556 485</b>

	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus</b>	<b>Balance</b>
	N\$	N\$	N\$	N\$
Accumulated surplus as at 1 April 2006				473 615
General accounts				
– Non-profitable	1 353 373	915 867	437 506	
– Self-supporting	161 065	2 036	159 029	
Trade accounts				
– Water	362 769	190 841	171 928	
Surplus for the year	1 877 207	1 108 744	768 463	768 463
Adjustments and utilizations (See note 10 Annexure D)				1 242 078
				13 032
Accumulated surplus as at 30 June 2007				<b>1 255 110</b>

## 7. CURRENT BANK ACCOUNT

The bank position at year-end was as follows:

	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	N\$	N\$	N\$	N\$
Cash book balance	307 486	22 666	(21 448)	212 162
Outstanding items	28 874	20 884	84 977	41 099
Bank balance at year-end	<b>336 360</b>	<b>43 550</b>	<b>63 529</b>	<b>253 261</b>

## 8. INVESTMENTS

The investments as at 30 June of each year were as follows:

	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	N\$	N\$	N\$	N\$
Commercial banks	1 500 166	1 995 906	1 672 894	2 339 815

The investments were allocated as follows:

	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	N\$	N\$	N\$	N\$
Revenue	104 001	687 382	752 669	144 757
Capital section	-	-	-	1 135 909
Housing fund	1 396 165	1 308 524	920 225	1 059 149
	<b>1 500 166</b>	<b>1 995 906</b>	<b>1 672 894</b>	<b>2 339 815</b>

## 9. FUND ACCOUNTS

Fund accounts at year-ends were as follows:

	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	N\$	N\$	N\$	N\$
Fixed property fund	64 948	60 349	54 294	47 847
Capital reserve fund	110 681	104 913	98 858	94 067
Housing fund	1 875 171	1 804 107	1 248 627	1 192 448
Renewal fund	11 061	10 485	9 879	9 401
	<b>2 061 861</b>	<b>1 979 854</b>	<b>1 411 658</b>	<b>1 343 763</b>

## 10. TRADE ACCOUNT

10.1 The results of water operations were as follows:

	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	N\$	N\$	N\$	N\$
Sales	384 536	340 718	360 563	188 900
Cost of bulk purchases	(259 973)	(252 309)	(176 601)	(257 768)
Gross profit /(loss)	124 563	88 409	183 962	(68 868)
Net expenditure	(85 438)	(13 743)	(12 034)	(61 365)
Net surplus /(deficit)	<b>39 125</b>	<b>74 666</b>	<b>171 928</b>	<b>(130 233)</b>
Gross profit/(loss) percentages on bulk purchases	47,9%	35,0%	104,2%	26,7%
Net profit/(loss) percentages on bulk purchases	15,1%	29,6%	97,4%	50,5%

### 10.2 Water distribution results, in cubic meters

As also reported in previous reports no statistics were kept by the Village Council to calculate the distribution losses. The Village Council, in future, should record the cubic meters sold and purchased to calculate distribution losses. (See paragraph 4.2)

## 11. SELF-SUPPORTING SERVICES

The results for the year under review were as follows:

	<b>Income</b>	<b>Expenses</b>	<b>Surplus</b>	<b>Surplus / (deficit)</b>
	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2008</b>
	N\$	N\$	N\$	N\$
Cleansing services	198 234	-	198 234	177 039
Townlands	4 581	-	4 581	4 552
	<b>202 815</b>	<b>-</b>	<b>202 815</b>	<b>181 591</b>
	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>
	N\$	N\$	N\$	N\$
Cleansing services	177 039	-	177 039	156 947
Townlands	4 896	344	4 552	2 082
	<b>181 935</b>	<b>344</b>	<b>181 591</b>	<b>159 029</b>
	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>
	N\$	N\$	N\$	N\$
Cleansing services	157 983	1 036	156 947	125 685
Townlands	3 082	1 000	2 082	150
	<b>161 065</b>	<b>2 036</b>	<b>159 029</b>	<b>125 835</b>
	<b>2006</b>	<b>2006</b>	<b>2006</b>	<b>2005</b>
	N\$	N\$	N\$	N\$
Cleansing services	133 655	7 970	125 685	(56 737)
Townlands	1 915	1 765	150	(32 288)
	<b>135 570</b>	<b>9 735</b>	<b>125 835</b>	<b>(89 025)</b>

## 12. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

No fruitless, unauthorised or avoidable expenditure was revealed during the years under review.

## 13. SUSPENSE ACCOUNTS

Suspense accounts are cleared on a regular basis during the years under review.

## 14. IRREGULARITIES AND LOSSES

There were no such expenses.

## 15. CAPITAL PROJECTS

<b>Nature of projects</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	N\$	N\$	N\$	N\$
General administration	115 308	125 108	-	94 220
Cleansing services	-	-	-	719 978
Water supply	81 557	356 775	1 174 261	80 435
	<b>196 865</b>	<b>481 883</b>	<b>1 174 261</b>	<b>894 633</b>
<b>Financed by:</b>				
General capital (net)	-	356 775	1 174 261	719 978
Revenue account	196 865	125 108	-	174 655
	<b>196 865</b>	<b>481 883</b>	<b>1 174 261</b>	<b>894 633</b>

## 16. BURSARIES

No bursaries were allocated or paid during the year.

## 17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	N\$	N\$	N\$	N\$
Contribution from Government	1 160 000	1 160 000	900 000	1 160 000

## 18. COMPENSATION PAYMENTS

No compensation payments were claimed from the Village Council during the years under review.

## 19. VISITS TO FOREIGN COUNTRIES

Council did not pay for any visits to foreign countries during the years under review.

## 20. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the Local Authority during the years under review.

## 21. GIFTS AND DONATIONS BY THE LOCAL AUTHORITY

No gifts and donations were allocated or paid during the years under review.

## 22. TRANSFER OF PROPERTY

Certain erven were sold in terms of the Build Together scheme.

No register was kept and supporting documentation was not available to determine the value thereof.

## 23. TRADE AND OTHER RECEIVABLES

### 23.1 Trade and other receivables

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
Services, rates and taxes	1 079 028	759 155	534 680	400 070
VAT (net inputs)	501 415	387 196	230 782	*2 869
Build together receivables	479 006	495 583	328 402	133 300
<b>Total</b>	<b>2 059 449</b>	<b>1 641 934</b>	<b>1 093 864</b>	<b>536 239</b>

\*The amount of N\$ 2 869 related to the 2005/06 financial year was rental income and not VAT.

### 23.2 Trade and other payables

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
Trade payables	149 548	108 662	64 363	116 487
VAT	-	-	-	3 264
Suspense accounts	-	-	-	1 701
Consumer deposits	7 024	6 474	5 147	4 445
Other deposits	9 895	9 895	9 895	9 895
<b>Total</b>	<b>166 467</b>	<b>125 031</b>	<b>79 405</b>	<b>135 792</b>

No provisions for leave pay or bonuses or severance pay on retirement were recorded in the balance sheet.

## 24. ASSESSMENT RATES

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
Proceeds from assessment rates were	64 947	46 697	21 296	9 964

The Government Gazette available at the Village Council does not state tariffs for assessment rates. The Council should rectify this when issuing their next Government Gazette with the approved notes. (See also paragraph 28)

## 25. LOANS

### 25.1 External loans

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
Government of Namibia	291 424	291 424	291 424	291 424

External loans were, as in previous years, not repaid, and no provision for interest was made in the financial statements. No interest on overdue amounts due to Government has been provided for. Council should reach an agreement with Central Government related to these outstanding loans. (See paragraph 4.6)

### 25.2 Internal loans

There were no internal loans.

### 25.3 Loans written off

No loans were written off.

## **26. SALE OF ERVEN**

Due to unavailability of supporting documentation, as also reported in previous reports, this information is not available. Council should take urgent steps to rectify this issue. The non-disclosure of sale of erven also attributed to the fact that the financial statements may be incorrect.

## **27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS**

No Village Council property was sold on an installment basis.

## **28. TARIFF ADJUSTMENTS**

The Government Gazette available at the Village Council does not state tariffs for assessment rates. No indication was found that the Council implemented the recommendation which was made in the previous report, namely that the legality of these charges should be investigated. The Council should now indicate what steps have been taken in this regard.

## **29. APPROVALS**

### **29.1 Internal loans**

There were no internal loans approved during the years under review.

### **29.2 Revenue written off**

No revenue was written off during the year under review.

## **30. INVENTORY AND EQUIPMENT**

### **30.1 Motor vehicles and values thereof**

As also reported in previous years, no asset register was available to verify the value of the motor vehicles.

### **30.2 Inventory**

As also reported in previous years, no inventory records were available. (See paragraph 4.5)

## **31. SPECIAL INVESTIGATIONS**

No special investigations were performed by the Village Council.

## **32. GENERAL**

There is not a sufficient 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 reduce risks, it causes the risk that management and Council override existing controls, a potentially dangerous practice, which Council should vigilantly guard against.

## **33. FORMAL QUERIES**

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

**33.2** Informal queries were brought to the attention of Village Council by way of a management report.

This report covered the following main issues:

- General ledger and annual financial statements;
- Corporate governance;
- Income;
- Expenses;
- VAT;
- Accounts receivable;
- Inventory; and
- Fixed assets.

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

The accounts of the Village Council of Stampriet for the financial years 30 June 2007, 2008 and 2009 summarised in annexure 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 unable to express an opinion on the financial statements, results of operations and the cash flow of the Council for the years ended 30 June 2007, 2008 and 2009 due to the following reasons:

- There were no sufficient internal control measures on which the auditors could rely.
- No asset registers were available to confirm the existence and value of property, plant and equipment.
- No provisions for inventories were made in the balance sheet.
- No amortisation tables were available related to Government loans nor were any payments made.
- No lists of consumer deposits were available and therefore the auditors were not able to verify this amount.
- No listings were available to confirm the provision for leave and bonuses and severance pay. Furthermore the auditors were also unable to confirm the accuracy of the salaries.
- No VAT returns were submitted to the Receiver of Revenue and no provision has been made for interest and penalties.
- No provision for bad debts has been made. Debtors are as such overstated. Accumulated funds are consequently also overstated by these amounts.

**WINDHOEK, August 2011**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## VILLAGE COUNCIL OF STAMPRIET

## BALANCE SHEETS AS AT 30 JUNE

	Notes	2009 N\$	2008 N\$	2007 N\$	2006 N\$
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	2	5 041 610	4 844 746	4 362 863	3 188 602
Investments	3	1 500 166	1 995 906	1 672 894	2 339 815
<b>Current assets</b>					
Trade and other receivables	4	2 059 449	1 641 934	1 093 864	536 239
Cash and bank balances	5	308 350	23 530	864	213 026
<b>Total assets</b>		<b>8 909 575</b>	<b>8 506 116</b>	<b>7 130 485</b>	<b>6 277 682</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Capital outlay	6	4 750 187	4 553 322	4 071 440	4 033 088
Fund accounts	7	3 701 499	3 536 339	2 666 768	1 817 378
<b>Long-term liabilities</b>	8	291 424	291 424	291 424	291 424
<b>Current liabilities</b>					
Bank overdraft		-	-	21 448	-
Trade and other payables	9	166 465	125 031	79 405	135 792
<b>Total funds and liabilities</b>		<b>8 909 575</b>	<b>8 506 116</b>	<b>7 130 485</b>	<b>6 277 682</b>

## VILLAGE COUNCIL OF STAMPRIET

## INCOME STATEMENTS AS AT 30 JUNE

	Notes	2008	2008	2007	2006
		N\$	N\$	N\$	N\$
<b>Income</b>		1 722 748	1 533 554	1 840 033	1 623 638
Expenditure		(1 677 783)	(1 333 672)	(1 108 745)	(1 326 529)
Net operating profit		44 965	199 882	731 288	297 109
Investment income earned for revenue account		-	3 967	37 174	64 807
Net profit for the year		44 965	203 849	768 462	361 916
Adjustments	10	38 188	97 526	13 033	(243 153)
		83 153	301 375	781 495	118 763
<b>Revenue account</b>					
- Beginning of the year		1 556 485	1 255 110	473 615	354 852
- End of the year	7	<b>1 639 638</b>	<b>1 556 485</b>	<b>1 255 110</b>	<b>473 615</b>

## VILLAGE COUNCIL OF STAMPRIET

## CASH FLOW STATEMENTS AS AT 30 JUNE

	Notes	2009 N\$	2008 N\$	2007 N\$	2006 N\$
<b>Operating activities</b>					
Cash receipts					
- Customers		145 232	682 258	420 760	463 638
		1 160			
- Government	000		1 160 000	900 000	1 160 000
Cash paid to suppliers and service providers		(1 402 181)	(1 066 296)	(1 156 656)	(1 562 107)
Cash generated by operations	11	(96 949)	775 962	164 104	61 531
Investment income					
- Revenue account		-	3 967	37 174	64 807
- Fund accounts		81 613	66 350	68 442	-
Movement in fund accounts					
- Fund accounts		-	-	-	43 155
- Capital outlay		-	-	-	1 344 656
Sale of erven		1 280	2 730	4 010	-
		(14 056)	849 009	273 730	1 514 149
<b>Investing activities</b>					
Net capital expenditure		(196 864)	(481 883)	(1 174 261)	(894 633)
Change in investments		495 740	(323 012)	666 921	(426 860)
		298 876	(804 895)	(507 340)	(1 321 493)
<b>Net movement in cash and cash equivalents</b>		284 820	44 114	(233 610)	192 656
<b>Cash and cash equivalents - Beginning of the year</b>		23 530	(20 584)	213 026	20 370
<b>Cash and cash equivalents - End of the year</b>	5	<b>308 350</b>	<b>23 530</b>	<b>(20 584)</b>	<b>213 026</b>

## VILLAGE COUNCIL OF STAMPRIET

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS 30 JUNE

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**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.

**1.6 Internal Funds**

Internal Funds were created as follows by Council:

**Fixed Property Fund**

Proceeds from the sale of land that has been developed by the Stampriet Village Council, accumulated in this fund. Costs incurred on the development of land are charged to this Fund.

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

**Capital Reserve Fund**

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

**Renewal Fund**

The purpose of this Fund is to provide for future replacement of assets and for additional depreciation on assets which have permanently declined in value. Income for this account is derived from general revenue contributions as well as interest on investments.

## VILLAGE COUNCIL OF STAMPRIET

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS 30 JUNE (continued)

	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	N\$	N\$	N\$	N\$
<b>2. PROPERTY, PLANT AND EQUIPMENT, AT COST</b>				
Townships, sewerage network and streets	885 964	885 964	885 964	885 964
Townlands	23 328	23 328	23 328	23 328
Plant, equipment, vehicles and office equipment				
– general administration	702 543	587 236	462 128	462 128
– cleansing services	436 804	436 804	436 804	436 804
– cemetery	1 500	1 500	1 500	1 500
– water reticulation	2 991 471	2 909 914	2 553 139	1 378 878
	<b>5 041 610</b>	<b>4 844 746</b>	<b>4 362 863</b>	<b>3 188 602</b>
<b>3. INVESTMENTS</b>				
Commercial banks	<b>1 500 166</b>	<b>1 995 906</b>	<b>1 672 894</b>	<b>2 339 815</b>
Allocated as follows to Fund and Accounts:				
- Property, Development and equipment	-	-	-	1 135 909
- Housing fund	1 396 165	1 308 524	920 226	1 059 149
- Revenue	104 001	687 382	752 668	144 757
	<b>1 500 166</b>	<b>1 995 906</b>	<b>1 672 894</b>	<b>2 339 815</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>				
VAT	501 415	387 196	230 782	*2 869
Services, rates and taxes	1 079 028	759 155	534 680	400 070
Housing Fund debtors	479 006	495 583	328 402	133 300
	<b>2 059 449</b>	<b>1 641 934</b>	<b>1 093 864</b>	<b>536 239</b>

\*The amount of N\$ 2 869 related to the 2005/06 financially year was sundry debtors and not VAT.

<b>5. CASH AND BANK BALANCES</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	N\$	N\$	N\$	N\$
Petty cash	864	864	864	864
Bank account	307 486	22 666	-	212 162
	<b>308 350</b>	<b>23 530</b>	<b>864</b>	<b>213 026</b>

#### **6. CAPITAL OUTLAY**

Loans redeemed	41 134	41 134	41 134	41 134
Revenue contributions	1 289 534	1 092 669	967 562	967 562
General capital contributions	3 419 519	3 419 519	3 062 744	3 024 392
	<b>4 750 187</b>	<b>4 553 322</b>	<b>4 071 440</b>	<b>4 033 088</b>

#### **7. FUNDS AND ACCOUNTS**

Fixed Property Fund	64 948	60 349	54 294	47 847
Capital Reserve Fund	110 681	104 913	98 858	94 067
Housing Fund	1 875 171	1 804 107	1 248 627	1 192 448
Renewal fund	11 061	10 485	9 879	9 401
	<b>2 061 861</b>	<b>1 979 854</b>	<b>1 411 658</b>	<b>1 343 763</b>

Revenue account kept in compliance with section 86(1) of the Local Authorities Act, 1992.

	1 639 638	1 556 485	1 255 110	473 615
	<b>3 701 499</b>	<b>3 536 339</b>	<b>2 666 768</b>	<b>1 817 378</b>

#### **8. Long-term liabilities**

The Government of the Republic of Namibia

	<b>291 424</b>	<b>291 424</b>	<b>291 424</b>	<b>291 424</b>
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#### **9. Trade and other payables**

VAT	-	-	-	3 264
Suspense account	-	-	-	1 701
Trade payables	149 549	108 662	64 363	116 487
Consumer and other deposits	16 918	16 369	15 042	14 340
	<b>166 467</b>	<b>125 031</b>	<b>79 405</b>	<b>135 792</b>

#### **10. Adjustments to appropriation account**

Unexplained difference	-	28 322	(65 343)	(243 153)
Adjustments to:				
- General ledger allocations	-	-	3 555	-
- Revenue unknown	38 188	69 204	8 368	-
- Creditors	-	-	66 452	-
	<b>38 188</b>	<b>97 526</b>	<b>13 032</b>	<b>(243 153)</b>

## VILLAGE COUNCIL OF STAMPRIET

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS 30 JUNE (continued)

	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	N\$	N\$	N\$	N\$
<b>11. Cash generated by operations</b>				
Net operating profit	44 965	203 849	768 462	361 916
Adjustments to appropriation account	38 188	97 526	13 033	(243 153)
Investment income	-	(3 967)	(37 174)	(64 807)
Capital expenditure charged to revenue account				
- As an expense	196 865	125 107	-	-
- By incorrectly reducing GRN grant	-	356 775	38 352	-
Fund expenses				
- Expenses	(886)	(884)	(4 557)	-
- Income	-	500 000	-	-
Operating income before changes in working capital	279 132	1 278 406	778 116	53 956
Changes in working capital				
Trade and other receivables	(417 515)	(548 070)	(557 625)	(16 794)
Trade and other payables	41 434	45 626	(56 387)	24 369
Cash generated by operations	<b>(96 949)</b>	<b>775 962</b>	<b>164 104</b>	<b>61 531</b>