



REPUBLIC OF NAMIBIA



**AUDIT REPORT ON THE ACCOUNTS OF THE
MUNICIPALITY OF GOBABIS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

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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 Municipality of Gobabis for the financial year ended 30 June 2008, 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 MUNICIPALITY OF GOBABIS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2008**

1. INTRODUCTION

The accounts of the Municipality of Gobabis for the year ended 30 June 2008 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 Municipality 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 Municipality'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 November 2008 instead of three months after year-end as required by the Act.** The audited financial statements are in agreement with the general ledger and are filed in the Office of the Auditor-General. The abridged balance sheet, Annexure A, is a true reflection of the original.

The following annexure 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

The Accounting Officer of the Municipality is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. 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 audit as carried out by the said firm, included:

- a) examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements;
- b) assessment of the significant estimates and judgements made by the Accounting Officer of the Municipality in preparation of the financial statements and whether the accounting policies are appropriate to the Municipality's circumstances, consistently applied and adequately disclosed; and
- c) evaluation of the overall adequacy of the presentation of information in the financial statements.

The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by error, fraud or other irregularities;

- in all material respects, the expenditure and income have been applied to the purposes intended; and
- the financial transactions conform to the authorities which govern them.

4. AUDIT OBSERVATIONS AND COMMENTS

4.1 Payroll

The auditors' computation on payroll reflected a material difference of N\$ 583 810 for the 2008 financial year and this difference were mainly attribute to wrong allocations.

The Municipality should ensure that proper control, reconciliation and updating of the payroll registrar should be maintained and reconcile to ledger.

4.2 Inventory control

The auditors noted that only fuel stocks from the Municipality are carried as inventory in its accounting records while other inventory items such as electrical, water and vehicle spare parts are expensed to the revenue fund.

The Municipality, bearing in mind the nature of items kept at the stores, exposes itself to the risk of financial loss through stock theft and misappropriation of funds.

4.3 Value Added Tax

The auditors' reconciliation on VAT control account reflected a material difference of N\$ 62 739 for the 2008 financial year and this is mainly due to the fact that the 02/2008 VAT return was not journalized on the system.

The recoverability analysis on VAT refunds due reveal that its probable that the council might not recover 2007: 79% and 2008: 71% of the total debt which equals an amount of 2007: N\$ 482 185 and 2008: N\$ 1 447 388 - accumulative balance from prior year. This is mainly due to refunds not followed up with the Receiver of Revenue.

The Council should ensure that all VAT returns are submitted when due and information declared should correspond with the ledger. The Treasurer should then ensure that refunds are followed up when due.

Due to the above matters, the auditors could not satisfy themselves regarding the accuracy as well as the valuation of this account balance.

4.4 Consumer deposits

Consumer deposits for 2008: N\$ 725 554 (2007: N\$ 706 267) were recorded in the annual financial statements. The auditors were unable to satisfy themselves to the adequacy of consumer deposits as the recorded amounts represented only a coverage of 8% of consumer debt outstanding for the year under review.

4.5 Streets and Sidewalks

The auditors' computation on claims income from Roads Authority compared to the Council records, reflected a material difference of N\$ 528 188 for the 2008 financial year and this is mainly due to prior year provision wrongly reversed, thus resulting in an overstatement of income.

4.6 Going concern

The auditors draw attention to the fact that at 31 March 2008, the current liabilities exceed the current assets with N\$ 14 990 342.

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

The ability of the Municipality to continue as a going concern is dependent on continued financial support by the Government of the Republic of Namibia.

4.7 Current bank account

The current bank account closed with a balance of N\$ 1 290 178. The bank reconciliation however, revealed a difference of N\$ 35 021 which could not be explained by the Council.

5. ACKNOWLEDGEMENT

The assistance and co-operation given by the management and staff of the Municipality during the audit is appreciated. The efforts made by management to implement the previous year's recommendations of the auditors are also appreciated.

6. FINANCIAL RESULTS

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

	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated (Deficit) as at 01/07/2007				(14 411 234)
General services				
Rate and general	4 761 575	1 789 482	2 972 093	
Non-profitable	12 387 022	20 691 382	(8 304 360)	
Self-supporting	880 410	962 649	(82 239)	
Non-trading accounts				
Sewerage	1 694 843	1 492 445	202 398	
Sanitation	2 742 477	2 543 048	199 429	
Ongulumbashe quarters	12 960	29 238	(16 278)	
Trade accounts				
Electricity supply	17 943 372	12 851 888	5 091 484	
Water supply	7 712 348	7 168 604	543 744	
	48 135 007	47 528 736	606 271	
Surplus for the year				606 271
(Adjustments and utilizations detailed in Note 7 of the financial statements.)				(1 825 205)
Accumulated deficit as at 30/06/2008				(15 630 168)

7. CURRENT BANK ACCOUNT

7.1 Operational current account

The cash-book balance reflected a favourable balance of N\$ 1 290 178 (2007: N\$ 1 201 304) while the bank statements reflected a favourable balance of N\$ 1 206 729 (2007: N\$ 1 128 330). Cheques not presented for payment totalling N\$ 50 376 (2007: 34 938) and deposits not banked totalled N\$ 98 804 (2007: N\$ 107 872) were outstanding at year-end. A difference of N\$ 35 021 could not be explained by the Council.

7.2 Smallerland bank account

This account closed with a favourable cash-book balance of N\$ 1 089 400 (2007: N\$ 1 017 949) which was satisfactorily reconciled with the bank statements saldo of N\$ 1 089 400 (2007: N\$ 1 017 949).

7.3 Build Together bank account

This account closed with a favourable cash-book balance of N\$ 1 460 357 (2007: N\$ 1 299 863) which was satisfactorily reconciled with the bank statement saldo of N\$ 1 430 357 (2007: N\$ 1 299 863).

8. INVESTMENTS AND INTEREST PROCEEDS

On 30 June 2008 there was N\$ 5 308 054 (2006: N\$ 000000) invested at financial institutions, as follows:

	2008	2007
	N\$	N\$
Banking institutions and listed investments:		
Sanlam policy	101 121	137 414
Old Mutual policy	108 720	170 640
Bank Windhoek	4 174 925	2 000 000
Namport Fixed Deposit	-	3 000 000
	4 384 766	5 308 054
Investments were allocated to the following Funds:		
Build Together Fund	1 003 360	1 000 000
Capital Development Fund	65 005	286 529
Tariff Stabilisation Fund	198 350	165 149
Renewal Fund	204 493	185 801
Betterment Fund	136 013	199 456
Fixed Property Fund	378 503	818 724
Capital Reserve Fund	446 009	38 179
Sanitation Revolving Fund	54 366	36 070
Study Loan Fund	61 154	55 526
HIV/AIDS Small Grant Fund	1 105	57 000
Housing Fund	833 048	1 465 620
Smallerland Fund	1 003 360	1 000 000
	4 384 766	5 308 054

Investment interest of N\$ 45 174 (2007: N\$ 59 545) was accounted for in the net surplus account for the year.

9. FUND ACCOUNTS

The position of the Fund accounts at the end of the year is shown in Note 2 of Annexure D.

10. TRADE ACCOUNTS

10.1 The results of operations of electricity were as follows:

	2008	2007
	N\$	N\$
Sales	15 795 216	15 297 411
Cost of bulk purchases	(8 361 803)	(7 892 520)
Gross profit	7 433 413	7 404 891
Expenses (net)	(2 341 929)	(1 684 525)
Net surplus	5 091 484	5 720 366
Gross profit % on bulk purchases	88.90%	93.82%
Net loss % on bulk purchases	60.89%	72.48%

10.2 Distribution losses for electricity were:

	2008	2007
	kw	kw
Units sold for the year	17 308 157	22 285 881
Units purchased during the year	20 086 670	19 680 510
Distribution (loss)profit	(2 778 513)	2 605 371
Distribution (loss)/profit percentage	(13.8%)	13.2%

10.3 The results of operations of water were as follows:

	2008	2007
	N\$	N\$
Sales	7 050 725	6 778 613
Cost of bulk purchases	(5 175 681)	(5 400 771)
Gross profit	1 875 044	1 377 842
Expenses (net)	(1 331 300)	(1 084 130)
Net surplus	543 744	293 712
Gross profit % on cost of bulk purchases	36.23%	25.51%
Net profit % on cost of bulk purchass	10.51%	5.44%

10.4 Distribution losses for water were as follows:

	2008	2007
	m ³	m ³
Units sold for the year	641 240	794 346
Units purchased during the year	751 347	(667 045)
Distribution (loss)/profit	(110 107)	127 301
Distribution (loss)/profit percentage	(14.7%)	19%

The Municipality managed to provide statistics regarding current year water distribution losses unlike in prior years. The Municipality should now focus on reducing losses on water to acceptable levels to boost the billable water consumption.

11. SELF-SUPPORTING SERVICES

The net results of self-supporting services were as follows:

	2008	2007
	N\$	N\$
Sewerage	202 398	204 584
Sanitation	199 429	54 309
Ongulumbashe Quarters	(16 278)	(14 417)
	385 549	244 476

12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

No fruitless, unauthorized or avoidable expenditure was incurred during the year.

13. SUSPENSE ACCOUNTS

An amount of N\$ 56 318 (2007: N\$ 49 353) under suspense account were disclosed on the financial statements.

14. IRREGULARITIES AND LOSSES

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

15. CAPITAL PROJECTS

The following expenditure was incurred during the year for capital projects or acquisitions.

	2008				2007
	Total	Capital	Revenue account	Loans account	Total
	N\$	N\$	N\$	N\$	N\$
Sports and recreation	85 547	-	-	85 547	21 920
Council general expenses	67 086	-	-	67 086	-
Public building	2 172 969	2 012 517	42 944	117 508	2 204 134
Sewerage	12 109	-	-	12 109	22 722
Town treasurer	113 008	-	-	113 008	112 132
Town secretary	11 029	-	11 029	-	12 524
Streets	460 867	-	-	460 867	387 338
Town engineer	63 092	-	-	63 092	-
Electricity	879 007	-	200 000	679 007	418 784
Cemetery	87 461	-	-	87 461	5 853
Sanitation	93 034	-	4 498	88 536	72 842
Water	-	-	-	-	20 072
Local economic development	70 198	-	28 734	41 464	-
Human resource	10 741	-	904	9 837	-
Total	4 126 148	2 012 517	288 109	1 825 522	3 278 321

16. BURSARIES

No bursaries were granted during the year under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

No donations were granted to the Municipality during the year under review. No Government subsidies or contributions were received by the Municipality during the year under review.

18. COMPENSATION PAYMENTS

No compensation payments were made during the year under review.

19. VISITS TO FOREIGN COUNTRIES

Officials of the Municipality did not visit foreign countries during the year.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

No claims for losses were received during the year.

21. GIFTS / DONATIONS BY / TO THE LOCAL AUTHORITY

An amount of N\$ 5 150 (2007: N\$ 5 162) was paid as donations for the year under review.

22. TRANSFER OF PROPERTY TO / FROM GOVERNMENT

No properties were transferred from the Ministry of Local Government and Housing.

23. DEBTORS AND CREDITORS

23.1 Debtors at 30 June 2008 were:

	2008	2007
	N\$	N\$
Service debtors	8 873 469	9 415 347
Hand overs to attorneys	5 295 025	4 571 912
	14 168 494	13 987 259
Less:		
- Provision for doubtful debts	(9 402 993)	(8 149 907)
- Consumer deposits	(767 780)	(718 982)
- Net debt sales and taxes	3 997 721	5 118 370
Add:		
- Accrued interest	5 825	23 314
- Subsidies	2 958 884	279 478
- VAT	1 452 778	482 185
- General	1 667 478	892 249
	10 082 686	6 795 596

23.2 Creditors at 30 June 2008 were:

	2008	2007
	N\$	N\$
Trade creditors	3 801 295	2 856 857
Leave pay provision	2 091 047	1 832 536
Grant – Social housing – Ongulumbashe	2 754 050	1 745 227
Nossobville – Government loans	9 890	7 417
Mortgage insurance	33 635	33 988
Grant – Social housing	79 232	42 196
General	31 032	34 512
	8 800 181	6 552 733

24. ASSESSMENT RATES

Net proceeds from assessment rates, amounted to N\$ 2 972 092 (2007: N\$ 2 859 067). The tariffs for private and business properties of N\$ 0.04402 per dollar per year on site valuations plus N\$ 0.007604 per dollar per year on the valuation of improvements is in line with gazette rates.

25. LOANS

25.1 External loans

External loans for the year under review amounted to N\$ 4 783 590 (2007: N\$ 4 856 470).

25.2 Internal loans

Internal loans of N\$ 13 245 881 (2007: N\$ 12 669 637) were received during the year under review.

25.3 Housing loans

The amounts due to the Municipality of Gobabis were N\$ 16 454 (2007: N\$ 18 717). The balances due to the Municipality were up to date, interest calculation is correct and the securities held are in order.

26. SALE OF ERVEN

During the current financial year, N\$ 256 187 cash proceeds were received for erven sold and was allocated to the Fixed Property Fund.

27. PROPERTY SOLD ON INSTALMENT BASIS

No erven were sold on instalment basis for the year under review. The Municipality's policy is to sell all erven on a cash basis.

28. TARIFF ADJUSTMENTS

All tariff adjustments were in accordance with the relevant Official Government notice.

29. STOCK AND EQUIPMENT

29.1 Motor vehicles

	Sedan vehicles		LDV's and Combi's		Heavy duty vehicles (Lorries and busses)	
	No	N\$	No	N\$	No	N\$
On hand as at 01/07/2007	3	169 547	19	121 740	50	1 097 243
Adjustments	(1)	(43 860)	(5)	206 654	(3)	2 376 931
Additions	2	125 687	14	328 394	47	3 474 174
Less: Depreciation		(13 965)		(27 184)	1	420 460
On hand 30/06/2008	2	111 722	14	301 210	48	3 632 200

These figures, except for the adjustments, are provided by the Municipality on an annual basis. Looking at the adjustments that are made to rectify the closing balances with the opening balances the correctness of these figures are questionable. The Council is urged to keep proper records of all assets and provide accurate information to the Office of the Auditor-General. It is also noted that fuel consumption is not calculated. This may create an opening for misuse of Council's assets.

29.2 Stock

According to the Municipality, stock comprising of stationery and consumables amounted to N\$ 228 145 (2007: N\$ 144 483).

30. SPECIAL INVESTIGATIONS

No special investigations were carried out during the year.

31. GENERAL

31.1 Internal controls

The accounting and internal controls are satisfactory, except where indicated otherwise in this report. Proper segregation of duties is feasible, but due to the small number of staff employed increased management involvement reduces risks, the risk arises that management and Municipality override existing controls, a potentially dangerous practice which Municipality should vigilantly guard against.

31.2 Temporary advances

There were temporary advances to revenue to the amount of N\$ 16 973 553 (2007: N\$ 15 230 483) for the year under review.

32. FORMAL AND INFORMAL QUERIES

Formal queries are embodied in this report.

Informal queries addressed to the Town Clerk consist of:

- * Long overdue debtors' accounts and monies long outstanding becoming doubtful;
- * Inadequate consumer deposits
- * Incorrect allocations in ledger accounts
- * Monthly recons to balance sheet items
- * Going concern

33. QUALIFIED AUDIT OPINION

The accounts of the Municipality of Gobabis for the financial year ended 30 June 2008, 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.

The audit opinion has been qualified due to the following reasons:

- * The payroll reflected a material difference of N\$ 583 810.
- * Control over inventory is not satisfactorily.
- * The VAT control account reflects a material difference of N\$ 62 739 and the recoverability of VAT is also questionable.
- * Income related to streets and sidewalks claimable from the Roads Authority reflects a material difference of N\$ 528 188.
- * The ability of the Municipality to continue as a going concern is dependant on the continues financial support by the Government of the Republic of Namibia.
- * The current bank account's bank reconciliation revealed a difference of N\$ 35 021.

Except for the effects of any adjustments which might have been necessary as mentioned above, in my opinion, these financial statements fairly present the financial position of the Municipality at 30 June 2008, and the results of operations and cash flows for the year then ended in accordance with generally accepted accounting practice.

WINDHOEK, June 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

MUNICIPALITY OF GOBABIS

BALANCE SHEET ON 30 JUNE 2008

	Notes	2008 N\$	2007 N\$
ASSETS			
Non-current assets			
Property, plant and equipment	3	40 665 652	38 223 760
Investments	4	31 490 211	28 490 125
Secured loans	5	4 384 766	5 308 054
		4 790 675	4 425 581
Current assets			
Cash and bank balances		14 397 969	10 739 170
Inventory	6	3 810 495	3 519 676
Trade and other receivables	7	228 145	144 484
Revenue loans	8	10 082 686	6 795 596
		276 643	279 414
TOTAL ASSETS		55 063 621	48 962 930
EQUITY AND LIABILITIES			
Funds			
Capital outlay	2.1	41 479 849	37 553 726
Fund and accounts	2.2	15 525 744	13 250 545
		25 954 105	24 303 181
Non-current liabilities			
Long-term liabilities	9	4 783 591	4 856 471
Current liabilities			
Trade and other payables	10	8 800 181	6 552 733
Suspense accounts	11	5 892 342	4 689 393
		2 907 839	1 863 340
TOTAL EQUITY AND LIABILITIES		55 063 621	48 962 930

MUNICIPALITY OF GOBABIS

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 N\$	2007 N\$
INCOME		48 089 833	42 886 109
EXPENDITURE		(47 528 736)	(42 843 777)
NET OPERATING PROFIT		561 097	42 332
INVESTMENT INTEREST EARNED		45 174	59 545
NET INCOME for the year	2	606 271	101 877
ADJUSTMENTS/PROVISIONS		(1 825 205)	(5 343 388)
NET (LOSS) for the year		(1 218 934)	(5 241 511)
APPROPRIATION ACCOUNT			
- AT THE BEGINNING OF THE YEAR		(14 411 234)	(9 169 723)
- AT THE END OF THE YEAR		(15 630 168)	(14 411 234)

MUNICIPALITY OF GOBABIS

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 N\$	2007 N\$
CASH GENERATED BY OPERATING ACTIVITIES			
Cash receipts from customers		48 089 833	42 886 109
Cash paid to suppliers		(50 474 473)	(49 043 640)
<i>Cash (utilised)/generated by operating activities</i>	13	(2 384 640)	(6 157 531)
Investment income		45 174	59 545
Movement in Fund accounts			
Fund accounts		2 275 199	3 921 773
Capital outlay		2 869 858	2 048 711
Net cash flow from operating activities		5 190 231	6 030 029
CASH EFFECTS OF INVESTING ACTIVITIES			
Capital expenditure		(3 000 086)	(2 346 009)
Decrease/(increase) in investments		923 288	3 009 061
(Increase) in secured loans		(365 094)	(967 977)
		(2 441 892)	(304 925)
CASH EFFECTS OF FINANCIAN ACTIVITIES			
Increase/(decrease) in long-term liabilities		(72 880)	(65 069)
		(72 880)	(65 069)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS			
		290 819	(497 496)
CASH AND CASH EQUIVALENTS			
- At the beginning of the year		3 519 676	4 017 172
- At the end of the year		3 810 495	3 519 676

MUNICIPALITY OF GOBABIS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2008

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 Municipality, 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 Municipality 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.

Inventories are measured at lower cost and net realizable value. The cost of inventories should comprise all cost of purchases, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

1.2 Inventories

Inventories are measured at lower cost and net realizable value. The cost of inventories should comprise all cost of purchases, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

2. OWN FUNDS**2.1 Capital outlay**

	2008	2007
	N\$	N\$
Loans redeemed	5 042 322	4 561 318
Revenue contributions	3 108 087	2 545 786
General capital contributions	7 375 335	6 143 441
	15 525 744	13 250 545

MUNICIPALITY OF GOBABIS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2008

2. OWN FUNDS (continued)

	2008	2007
	N\$	N\$
2.2 Funds and accounts		
HIV/AIDS Small Grant Fund	1 105	57 000
Betterment Fund	708 977	655 136
Build Together Fund	4 959 678	4 493 484
Capital Reserve Fund	9 938 026	9 277 689
Fixed Property Fund	15 441 964	14 560 949
Housing Fund	2 653 208	2 541 371
Renewal Fund	1 688 806	1 623 786
Sanitation Revolving Fund	54 365	36 070
Smallingland Fund	5 452 293	4 847 815
Study Loan Fund	487 501	455 966
Tariff Stabilisation Fund	198 350	165 149
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992	(15 630 168)	(14 411 234)
	<u>25 954 105</u>	<u>24 303 181</u>
Total	<u>41 479 849</u>	<u>37 553 726</u>

3. FIXED ASSETS

Infrastructure, land and buildings, motor vehicles, office equipment, furniture and fittings and computer equipment.

	<u>31 490 211</u>	<u>28 490 125</u>
Financed from:		
Capital account	7 375 335	6 143 441
Revenue account	8 150 409	7 108 104
Loans	15 964 467	15 238 580
	<u>31 490 211</u>	<u>28 490 125</u>

A temporary advance of N4 2 000 000 was made to Revenue and N\$ 65 005 has been invested. This is a clear indication that loan monies have not been utilized for the purpose of the loan.

MUNICIPALITY OF GOBABIS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2008

	2008	2007
	N\$	N\$
4. INVESTMENTS		
Sanlam policy	101 121	137 414
Old Mutual policy	108 720	170 640
Fixed deposit – Commercial bank	4 174 925	5 000 000
	4 384 766	5 308 054
Comprising of:		
Capital Development Fund	65 005	286 529
Tariff Stabilisation Fund	198 350	165 149
Renewal Fund	204 493	185 801
Betterment Fund	136 013	199 456
Fixed Property Fund	378 503	818 724
Capital Reserve Fund	446 009	38 179
Sanitation Revolving Fund	54 366	36 070
Study Loan Fund	61 154	55 526
HIV/AIDS Small Grant Fund	1 105	57 000
Housing Fund	833 048	1 465 620
Smallerland Fund	1 003 360	1 000 000
Build Together Fund	1 003 360	1 000 000
	4 384 766	5 308 054
5. SECURED LOANS		
Smallerland Fund	2 364 012	2 338 876
Build Together Fund	2 380 480	2 042 383
Housing Fund	46 183	44 322
	4 790 675	4 425 581
6. INVENTORY		
Comprising of:		
Consumable stores	228 145	144 484
	228 145	144 484

MUNICIPALITY OF GOBABIS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2008

	2008	2007
	N\$	N\$
7. DEBTORS		
Service debtors	8 873 469	9 415 347
Hand over to attorney	5 295 025	4 571 912
	<u>14 168 494</u>	<u>13 987 259</u>
Less:		
Provision for doubtful debts	(9 402 993)	(8 149 907)
Consumer deposits	(767 780)	(718 982)
	<u>3 997 721</u>	<u>5 118 370</u>
Add:		
- Accrued interest	5 825	23 314
- Subsidies	2 958 884	279 478
- VAT	1 452 778	482 185
- General	1 667 478	892 249
	<u>10 082 686</u>	<u>6 795 596</u>
8. REVENUE LOANS		
Study loans	264 481	245 359
Other	12 162	34 055
	<u>276 643</u>	<u>279 414</u>
9. LOANS		
External loans	<u>4 783 591</u>	<u>4 856 471</u>
10. ACCOUNTS PAYABLE		
Trade creditors	3 801 295	2 856 857
Leave pay provision	2 091 047	1 832 536
	<u>5 892 342</u>	<u>4 689 393</u>

MUNICIPALITY OF GOBABIS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2008

	2008	2007
	N\$	N\$
11. SUSPENSE ACCOUNTS		
Grant – Social housing – Ongulumbashe	2 754 050	1 745 227
Nossobville – Government loans	9 890	7 417
Mortgage insurance	33 635	33 988
Grant – Social housing	79 232	42 196
General	31 032	34 512
	2 907 839	1 863 340
12. ADJUSTMENTS AND PROVISIONS		
Provision for bad debts	(1 318 530)	(2 543 617)
Provision for leave pay	(502 314)	(323 648)
Provision for bad debts on study loans	-	(1 902)
Under provision on creditors	-	(1 805)
Donated Funds	-	(1 264)
VAT correction	-	(2 672 780)
Stale cheques written back	6 123	13 371
Audit fees overprovision 2007	39 516	41 319
Service amounts in credit	-	32 579
Balancing suspense account: insurance	-	114 359
Donated Funds	(50 000)	-
	(1 825 205)	(5 343 388)
13. CASH GENERATED BY OPERATIONS		
Net operating (loss)/profit before transfers	606 271	101 877
Adjustments for:		
Adjustments to appropriation account	(1 825 205)	(5 343 388)
Investments income	(45 174)	(59 545)
OPEARATING INCOME BEFORE CHANGES IN WORKING CAPITAL	(1 264 108)	(5 301 056)
CHANGES IN WORKING CAPITAL		
(Increase)/decrease in loans	2 771	(64 104)
(Increase)/decrease in inventory	(83 661)	(26 007)
(Increase)/decrease – Trade and other receivables	(3 287 090)	488 759
Increase/(decrease) – Trade and other payables	1 202 949	666 007
Increase/(decrease) – Suspense account	1 044 499	(1 921 130)
	(1 120 532)	(856 475)
CASH (UTILISED IN)/GENERATED BY OPERATIONS	(2 384 640)	(6 157 531)