



**REPUBLIC OF NAMIBIA**



**AUDIT REPORT ON THE ACCOUNTS OF THE**

# **MUNICIPALITY OF OKAHANDJA**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

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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 Okahandja for the financial year ended 30 June 2012, 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, February 2014**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF  
THE MUNICIPALITY OF OKAHANDJA  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

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**1. INTRODUCTION**

The accounts of the Municipality of Okahandja for the year ended 30 June 2012 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Local Authorities Act, 1992 ( Act 23 of 1992).

The firm EDB and 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 Namibia Dollar. The figures in brackets indicate deficit.

**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. 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 original 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 Municipality 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 Fund accounts**

Due to cash flow problems related to the Revenue account, cash amounting to N\$ 35 091 610 (2011: N\$ 19 747 826) from investments of the Capital Reserve and Housing Funds had to be used to fund the shortfall on the Revenue account. At year-end, the Revenue account had a negative balance of N\$ 14 802 819 (2011: Negative balance of N\$ 3 440 951).

### **4.2 Trade and other receivables**

The average collection period of trade receivables is 262 days (2011: 256 days). As previously reported, the Council should attend to the arrears as a matter of urgency.

The Municipality's records reflect a bad debt provision of N\$ 4 000 000 (2011: N\$ 4 000 000), the recalculation of provision for doubtful debts revealed an understatement of N\$ 19 915 467 (2011: 17 314 533).

Included in trade receivables is an amount of N\$ 1 062 379 (2011: N\$ 1 288 170) for service loan receivables. Auditors were informed that this amount is bad debts for which arrangements has been made to be written off.

Auditors noted that the service loan debtors were duplicated in the Annual Financial Statements of the Council. The amount of N\$ 1 062 379 was included under Funds as Sundry debtors and again under Revenue as Service Loan Debtors.

The audit also revealed that Study loans amounting to N\$ 61 159, was not recorded in the books of the Council.

### **4.3 Consumer deposits**

Consumer deposits increased during the current financial year from N\$ 865 670 to N\$ 986 849. Consumer deposits are still not in line with monthly charges, the deposits are not adequate to cover one month's consumer services.

### **4.4 Leave provision**

The Council provided an amount of N\$ 1 800 000 (2011: N\$ 800 000) for the provision for leave. The leave provision calculated by the auditors amounted to N\$ 3 126 968 (2011: N\$ 2 356 357). The leave provision is thus understated by N\$ 1 326 968 (2011: N\$ 1 556 357).

### **4.5 Distribution results of water and electricity**

No distribution results were available at the time of the audit.

### **4.6 Build Together Programme**

The Council never accounted, in its financial statements, for funds received from Government for the Build Together Programme. Bank accounts, debtors, income and expenses of the Fund are thus not reflected in the accounts of the Municipality.

### **4.7 Inventories**

The auditors did not observe the counting of the inventories on 30 June 2012. There were no alternative practical audit procedures that could be performed to confirm the existence of the inventories on hand at year-end.

#### **4.8 Loans in arrears**

External Government loans are, as in previous years, not repaid but the repayments are provided for as arrear loan instalments. The total instalments in arrears amount to N\$ 4 160 612 (2011: N\$ 3 571 970). (See paragraphs 23.2, 25.1 and note 10 of Annexure D).

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

#### **4.9 Trade and other payables**

No statements or other supporting documentation could be availed to the auditors to verify creditors amounting to N\$ 6 088 602.

#### **4.10 VAT**

Included in trade and other receivables is an amount of N\$ 4 189 960 for VAT due to the Municipality. The auditors calculated an amount of N\$ 8 811 941 due to the Municipality. Therefore, debtors are understated by N\$ 4 621 982.

Most of the VAT returns were submitted late, and no provision for any penalties or interest has been made.

#### **4.11 Fixed Assets**

Auditors noted a difference of N\$ 475 772 between the Accounting system and the financial statements, the difference could not be explained.

No supporting documents could be availed to auditors for asset additions amounting to N\$ 13 106 882.

Motor vehicles acquired during the year were recorded with VAT and interest with amounts of N\$ 264 322 and N\$ 272 573, respectively.

#### **4.12 Payroll**

Auditors revealed a difference of N\$ 1 131 697 between the earnings report and the annual financial statements, the difference could not be explained.

#### **4.13 Bank and cash**

A proper bank reconciliation could not be availed to the auditors, outstanding cheques and outstanding receipts of amounts of N\$ 721 847 and 422 718 respectively could not be verified because no detail was available. The bank reconciliation provided did not list the cheques or cheque numbers or dates as a result the Annual Financial Statement bank balance could not be verified.

#### **4.14 Capital development fund**

An amount of N\$ 3 656 674 was allocated as interest from internal loans, however the auditors could not verify any evidence of interest on the Internal Loans calculations and the entry could not also be explained.

### **5. ACKNOWLEDGEMENT**

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

## 6. FINANCIAL RESULTS

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

	Revenue	Expenditure	Surplus/ (Deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit on 01/07/2011				(3 440 951)
General accounts				
- Non-profitable	14 449 196	36 750 129	(22 300 933)	
- Self-supporting	8 209 124	5 316 888	2 892 236	
Trade accounts				
- Water	18 456 799	11 420 310	7 036 489	
- Electricity	42 242 288	36 560 696	5 681 591	
Profit for the year	83 357 407	90 048 023	(6 690 617)	(6 690 617)
Adjustments and utilisations (See note 11, Annexure D)				(10 131 568)
				(4 671 252)
Accumulated deficit on 30/06/2012				<b>(14 802 820)</b>

## 7. CURRENT BANK ACCOUNT

	2012	2011
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	150 597	(1 225 389)
Outstanding cheques - Stated as trade payables	721 847	2 457 823
Balance	872 444	1 232 434
Outstanding deposits	(422 718)	(266 598)
Balance as per bank statement	<b>449 726</b>	<b>965 837</b>

## 8. INVESTMENTS

The investments as at 30 June were as follows:

Institution	2012	2011
	N\$	N\$
Commercial banks	<b>1 312 973</b>	<b>1 111 990</b>

The investments were allocated as follows:

Allocation	2012	2011
	N\$	N\$
Revenue	1 312 973	1 111 990
	<b>1 312 973</b>	<b>1 111 990</b>

## 9. FUND ACCOUNTS

The position of the Funds and accounts at year-end was as shown in note 8 in Annexure D.

## 10. TRADE ACCOUNTS

### 10.1 The results of water and electricity operations were as follows:

	Electricity		Water	
	2012	2011	2012	2011
	N\$	N\$	N\$	N\$
Sales	42 242 288	34 526 475	18 456 799	15 521 545
Cost of bulk purchases	(29 306 322)	(26 115 797)	(8 932 439)	(7 445 078)
Gross profit	12 935 966	8 410 678	9 524 360	8 076 467
Net expenditure	(7 254 374)	(4 183 640)	(2 487 871)	(1 816 954)
<b>Net surplus</b>	<b>5 681 592</b>	<b>4 227 038</b>	<b>7 036 489</b>	<b>6 259 513</b>
Gross profit percentages on bulk purchases	44.1%	32.2%	106.6%	108.5%
Net profit percentage on bulk purchases	19.4%	16.2%	78.8%	84.1%

### 10.2 Water distribution results in cubic meters

No distribution results were available at the time of the audit. The Council must ensure that the statistics per units purchased and sold are kept for water and electricity in order to determine the distribution results.

## 11. SELF-SUPPORTING SERVICES

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

	Income	Expenses	Surplus/ (deficit)	Surplus/ (deficit)
	2012	2012	2012	2011
	N\$	N\$	N\$	N\$
Cleansing services	4 414 802	3 703 800	711 002	1 295 587
Sewerage	3 794 321	1 613 088	2 181 234	2 307 873
	<b>8 209 123</b>	<b>5 316 888</b>	<b>2 892 236</b>	<b>3 603 460</b>

## 12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

No fruitless, unauthorized or avoidable expenditure was revealed during the year under review.

## 13. SUSPENSE ACCOUNTS

Suspense accounts are cleared on a regular basis.

## 14. IRREGULARITIES AND LOSSES

No irregularities or losses due to thefts, fire and accidents were revealed during the year under review.

**15. CAPITAL PROJECTS**

Nature of projects/acquisitions	Financed by		Total expenditure 2012	Total expenditure 2011
	Revenue account	Loans		
	N\$	N\$	N\$	N\$
Electricity	149 588	-	149 588	-
Cleansing services	-	-	-	251 100
General administration	5 025 676	859 968	5 885 644	665 287
Streets, storm water and sidewalks	-	-	-	1 023 172
Single Quarters	-	-	-	112 417
Water	-	9 371 994	9 371 994	46 658
Sewerage	26 000	-	26 000	-
	<b>5 201 264</b>	<b>10 231 962</b>	<b>15 433 226</b>	<b>2 098 633</b>

**16. BURSARIES**

No bursaries were granted during the years under review.

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

No contributions were made during the years under review.

**18. COMPENSATION PAYMENTS**

No compensation payments were made during the years under review.

**19. VISITS TO FOREIGN COUNTRIES**

There were visits to foreign countries, however no further detail could be provided.

**20. CLAIMS AGAINST THE LOCAL AUTHORITY**

There were no claims against the Local Authority.

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

Nature	2012	2011
	N\$	N\$
Nominal donations	<b>92 280</b>	<b>6 650</b>

**22. TRANSFER OF PROPERTY**

**22.1** There were no transfers of property to the Local Authority.

**22.2** There were no transfers of property by the Local Authority to others.



## 23. TRADE AND OTHER RECEIVABLES

### 23.1 Trade and other receivables at 30 June were:

	2012	2011
	N\$	N\$
Services, rates and taxes	34 434 370	29 145 172
Other receivables	5 944 284	3 225 727
	40 378 654	32 370 899
Provision for bad debts	(4 000 000)	(4 000 000)
<b>Total</b>	<b>36 378 654</b>	<b>28 370 899</b>

The average collection period of trade receivables is 262 days (2011: 256 days). As previously reported, the Council should attend to the arrears as a matter of urgency.

The Municipality's records reflect a bad debt provision of N\$ 4 000 000 (2011: N\$ 4 000 000), which in the opinion of the auditors, is inadequate. The debtors provision is understated by at least N\$ 19 915 467 (2011: N\$ 17 314 533).

Included in trade receivables is an amount of N\$ 1 062 379 (2011: N\$ 1 288 170) for service loan receivables. The list of service loan receivable was available, and the auditors were informed that this amount is bad debts for which arrangements has been made to be written off.

### 23.2 Trade and other payables at 30 June were:

	2012	2011
	N\$	N\$
Trade payables	9 461 842	6 858 113
Loan instalments in arrear	4 160 612	3 571 970
Provisions	1 800 000	800 000
Consumer deposits	986 849	865 670
<b>Totals</b>	<b>16 409 303</b>	<b>12 095 753</b>

The Council provided an amount of N\$ 1 800 000 (2011: N\$ 800 000) for the provision for leave. The leave provision calculated by the auditors amounted to N\$ 3 126 968 (2011: N\$ 2 356 357). The leave provision is thus understated by N\$ 1 326 968 (2011: N\$ 1 556 357).

## 24. ASSESSMENT RATES

	2012	2011
	N\$	N\$
The proceeds from assessment rates were	8 494 026	6 161 157
Tariffs per N\$1 valuation per annum		
- Land	0.06497	0.06497
- Improvements	0.01069	0.01069

The contribution to the Regional Council amounted to N\$ 424 701.

## 25. LOANS

### 25.1 External loans

	2012	2011
	N\$	N\$
The Government of Namibia	2 713 595	2 949 235
National Housing Enterprises	-	27 302
Commercial banks	1 783 442	675 594
	<b>4 497 037</b>	<b>3 652 131</b>

External Government loans are, as in previous years, not repaid but the repayments are provided for as arrear loan instalments. The total instalments in arrears amount to N\$ 4 160 612 (2011: N\$ 3 571 970).

### 25.2 Due to the Municipality

	2012	2011
	N\$	N\$
Erven and housing loans	<b>36 318</b>	<b>103 688</b>

### 25.3 Loans written off

No loans were written off by the Council.

## 26. SALE OF ERVEN

Council could not provide the auditors with a complete list of erven sold, nor could they provide a list of erven debtors, as a result no test could be carried out to verify the erven sales and debtors.

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

Information not provided, only feedback was that details to be obtained at property division.

## 28. TARIFF ADJUSTMENTS

Tariffs were not updated as per the Government Gazette, test revealed that the 2010/11 tariffs were in use.

## 29. APPROVALS

### 29.1 Excess on approved budget

All budget excesses were approved.

### 29.2 Internal loans

Internal loan balances at year-end amounted to N\$ 21 304 073 (2011: N\$ 22 110 887). Internal loans of N\$ 0.00 (2011: N\$ 2 006 383) funded from the Capital Reserve Fund were added during the year under review.

### 29.3 Revenue written off

No revenue were written off during the financial year.

## 30. INVENTORY AND EQUIPMENT

### **30.1 Motor vehicle and values thereof**

The Council could not provide the auditors with the list of motor vehicles.

### **30.2 Inventory**

The Council only accounts for fuel stock. Inventory of items utilised in repairs are not accounted for at year-end. It is recommended that the Council should compile a complete list of all its inventories at year-end and account for it in the balance sheet of the Council.

## **31. SPECIAL INVESTIGATIONS**

No special investigations were made during the year.

## **32. GENERAL**

The accounting and internal controls are insufficient and unsatisfactory. 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 the Council should vigilantly guard against.

Formal queries are embodied in this report.

Management has been informally informed about the following:

- Trade and other receivables
- Consumer deposits
- Leave provision
- Distribution results of water and electricity
- Build Together programme
- Inventories
- Trade and other payables
- VAT control receivable
- Fixed assets – Depreciation
- Sale of even
- Loans in arrears

## **34. ADVERSE AUDIT OPINION**

The accounts of the Municipality of Okahandja for the financial year end 30 June 2012, 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.

In my opinion, *because of the matters mentioned under audit observation paragraph 4.1 to 4.14*, the financial statements referred to in the first paragraph *do not* present fairly, in all material respects, the financial position of the Municipality of Okahandja.

**WINDHOEK, February 2014**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## MUNICIPALITY OF OKAHANDJA

## BALANCE SHEET AS AT 30 JUNE

	Notes	2012 N\$	2011 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		74 299 346	58 732 507
Investments	2	72 950 055	57 516 829
Loans receivable	3	1 312 973	1 111 990
		36 318	103 688
<b>Current assets</b>			
Trade and other receivables	4	36 562 954	28 412 339
Inventories	5	36 342 337	28 370 899
Bank and cash	6	69 860	41 280
		150 757	160
<b>TOTAL ASSETS</b>		<b>110 862 299</b>	<b>87 144 846</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>			
Capital outlay	7	89 955 959	70 171 573
Funds and accounts	8	53 831 205	31 831 305
		36 124 754	38 340 268
<b>Non-current liabilities</b>			
Long-term liabilities	9	4 497 037	3 652 131
<b>Current liabilities</b>			
Trade and other payables	10	16 409 303	13 321 142
Bank overdraft	6	16 409 303	12 095 753
		-	1 225 389
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>110 862 299</b>	<b>87 144 846</b>

## MUNICIPALITY OF OKAHANDJA

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2012</u>	<u>2011</u>
		N\$	N\$
INCOME		83 356 223	68 252 688
EXPENDITURE		<u>(90 048 024)</u>	<u>(68 544 158)</u>
NET OPERATING DEFICIT		(6 691 801)	(291 470)
INVESTMENT INCOME EARNED ALLOCATED TO REVENUE ACCOUNTS		<u>1 184</u>	<u>426 087</u>
NET SURPLUS/(DEFICIT) FOR THE YEAR		(6 690 617)	134 617
APPROPRIATION ACCOUNT	11	<u>(4 671 252)</u>	<u>422 318</u>
		(11 361 869)	556 935
REVENUE ACCOUNT - Beginning of the year		<u>(3 440 951)</u>	<u>(3 997 886)</u>
REVENUE ACCOUNT - End of the year		<u><b>(14 802 820)</b></u>	<u><b>(3 440 951)</b></u>

## MUNICIPALITY OF OKAHANDJA

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2012 N\$	2011 N\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		83 356 223	68 252 688
Cash paid to suppliers			(79 278 840)
Cash utilised by operations	12	(15 049 521)	(11 026 152)
Investment income		1 184	426 087
Increase in Fund accounts		9 146 355	6 945 478
Increase in Capital outlay		21 999 900	1 947 703
Net cash flow from operating activities		16 097 918	(1 706 884)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net capital expenditure		(15 433 226)	(2 098 633)
Decrease/(increase) in investments		(200 983)	2 676 375
Decrease in loans receivable		67 370	145 982
		(15 566 839)	723 724
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
(Decrease)/increase in long-term loans		844 906	(968 535)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1 375 986)	(1 951 695)
<b>CASH AND CASH EQUIVALENTS</b>			
- BEGINNING OF THE YEAR		(1 225 229)	726 466
CASH AND CASH EQUIVALENTS			
- END OF THE YEAR	6	<b>150 757</b>	<b>(1 225 229)</b>

## MUNICIPALITY OF OKAHANDJA

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

**1. ACCOUNTING POLICIES****1.1 Introduction**

The annual financial statements set out in Annexures A to C were prepared on the historical cost basis and incorporate the following principal accounting policies, which are consistent in all material aspects with those applied in the previous year.

**1.2 Property, plant and equipment**

Property, plant and equipment are stated at cost or valuation where assets have been acquired by grant or by donation, less depreciation written off over the expected useful lives as determined by the Council from time to time. Property, plant and equipment 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.

**1.3 Internal Funds**

The following Funds were created by the Town Council:

**1.3.1 Housing 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.

**1.3.2 Capital Reserve Fund**

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

	<u>2012</u>	<u>2011</u>
	N\$	N\$
<b>2. INVESTMENTS</b>		
INVESTMENTS		
Commercial banks	1 312 973	1 111 990
Total	<u><b>1 312 973</b></u>	<u><b>1 111 990</b></u>
ALLOCATED AS FOLLOWS		
Revenue	1 312 973	1 111 990
	<u><b>1 312 973</b></u>	<u><b>1 111 990</b></u>

## MUNICIPALITY OF OKAHANDJA

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

	2012	2011
	N\$	N\$
<b>3. LOANS RECEIVABLE</b>		
HOUSING FUND		
Erven and housing loans	<b>36 318</b>	<b>103 688</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
Services, rates and taxes	34 434 370	29 145 172
Other receivables	4 693 816	3 225 727
Built together debtors	1 214 151	-
	40 342 337	32 370 899
Provision for bad debts	(4 000 000)	(4 000 000)
	<b>36 342 337</b>	<b>28 370 899</b>
<b>5. INVENTORIES</b>		
Fuel	<b>69 860</b>	<b>41 280</b>
<b>6. CASH AND BANK BALANCES</b>		
Current account	150 597	(1 225 389)
Petty cash	160	160
Current account	<b>150 757</b>	<b>(1 225 229)</b>
<b>7. CAPITAL OUTLAY</b>		
Loans redeemed	9 066 237	8 019 721
Revenue contributions	21 177 275	16 223 890
General capital contributions	23 587 694	7 587 694
	<b>53 831 205</b>	<b>31 831 305</b>
<b>8. FUNDS AND ACCOUNTS</b>		
Capital Reserve Fund	47 564 689	39 670 065
Housing Fund	3 362 884	2 111 154
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(14 802 819)	(3 440 951)
	<b>36 124 754</b>	<b>38 340 268</b>



## MUNICIPALITY OF OKAHANDJA

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

	2012	2011
	N\$	N\$
<b>9. LONG-TERM LIABILITIES</b>		
The Government of Namibia	2 696 417	2 949 235
National Housing Enterprises	17 178	27 302
Commercial banks	1 783 442	675 594
	<b>4 497 037</b>	<b>3 652 131</b>
<b>10. TRADE AND OTHER PAYABLES</b>		
Trade payables	9 461 842	6 858 113
Loan instalments in arrear	4 160 612	3 571 970
Provision for leave	1 800 000	800 000
Consumer deposits	986 849	865 670
	<b>16 409 303</b>	<b>12 095 753</b>
<b>11. ADJUSTMENTS TO APPROPRIATION ACCOUNT</b>		
Prior year adjustments	(4 671 252)	556 935
Unexplained difference	-	(134 617)
	<b>(4 671 252)</b>	<b>422 318</b>
<b>12. CASH UTILISED BY OPERATIONS</b>		
Net operating (loss) / profit before transfers	(6 690 617)	134 617
Adjustments for:		
- Adjustments to appropriation account	(4 671 252)	422 318
- Investment income	(1 184)	(426 087)
OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL	(11 363 053)	130 848
CHANGES IN WORKING CAPITAL		
Increase in trade and other receivables	(7 971 438)	(2 113 183)
(Increase)/decrease in inventories	(28 580)	(1 536)
(Decrease)/increase in trade and other payables	4 313 550	(9 042 281)
	(3 686 468)	(11 157 000)
<b>CASH UTILISED BY OPERATIONS</b>	<b>(15 049 521)</b>	<b>(11 026 152)</b>