



REPUBLIC OF NAMIBIA



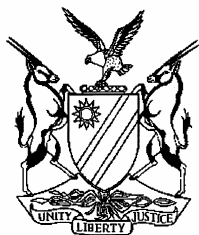
**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
TOWN COUNCIL OF ARANDIS**

FOR THE FINANCIAL YEARS ENDED 30 JUNE 2005 AND 2006

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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 Town Council of Arandis for the financial years ended 30 June 2005 and 2006 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, December 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR - GENERAL
ON THE ACCOUNTS OF THE TOWN COUNCIL OF ARANDIS
FOR THE FINANCIAL YEARS ENDED
30 JUNE 2005 and 2006**

1. INTRODUCTION

The accounts of the Town Council of Arandis for the years ended 30 June 2005 and 2006 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 Town 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 Town 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, but were only signed on 4 February 2008 and 19 February 2008 respectively and not within 3 months as required by the Act. The audited financial statements are in agreement with the general ledger and are filed in the Office of the Auditor-General. The abridged balance sheets, Annexure A, are true reflections of the originals.

The following annexures are also attached to this report:

- Annexure B: Abridged income statements
- Annexure C: Cash flow statements
- Annexure D: Notes to the financial statements

3. SCOPE OF THE AUDIT

The Accounting Officer of the Town Council 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 Town Council in the preparation of the financial statements and whether the accounting policies are appropriate to the Council'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 Recoverability of debtors - Bad and doubtful debts - 2005 and 2006

	2006	2005	2004
	N\$	N\$	N\$
Debt outstanding	7 808 321	7 633 947	13 580 913
Provision for bad debts	6 832 065	5 058 043	10 009 982
Percentage increase/(decrease) in outstanding debts	2%	(44%)	28%
Percentage increase/(decrease) in provision for bad debts	35%	(49%)	32%
Percentage provision vs. debt	87%	66%	74%

During the years under review the amount of debtors outstanding for 120 days plus remain at a alarming high level of 93% for 2006 and 70% for 2005 of the total debt outstanding. The provision for bad debts reflected above is based on 120 days as reflected on the age analysis and this represents 87% for 2006 and 66% for 2005 of the total debtors. This is considerably high as stated in prior years and it does not seem that the Council is improving on the debtors collections. The significant amount of irrecoverable debts is a matter of grave concern as the recovery of long outstanding debtors threatens the future cash flows of the Town Council.

The auditors recalculation revealed that the provision for doubtful debts, as at year end, was understated by N\$ 111 909 for 2006 and N\$ 779 869 for 2005. The Council should follow a strict policy of debt collection, and if amounts outstanding appear to be uncollectable, consideration should be given to writing off such debts in order to maintain the integrity of the accounting records of the Town Council.

During the year under review debts for 2006: N\$ 1 237 049 and 2005: N\$ 6 514 047 (2004: Nil) were written off by the Council. No Council or ministerial approval for this action could be provided by the Town Council.

Due to the significance of this matter, the Auditor-General has to qualify his opinion on bad and

doubtful debts for the years under review.

4.2 Receiver of Revenue – VAT (2005 & 2006)

As also reported in the previous year, to-date Council did not receive any refunds from the Receiver of Revenue on VAT returns from 2003 backwards. The auditors' assessment on the recoverability reveal that an amount of N\$ 855 739 for 2006 and N\$ 1 005 775 for 2005 would most probably not be recovered.

As a result, the current amount of N\$ 1 065 310 for 2006 and N\$ 1 074 179 for 2005 as stated in the annual financial statements is an incorrect reflection and valuation of VAT receivable.

4.3 Consumer deposits (2005 & 2006)

Consumer deposits of N\$ 166 070 for 2006 and N\$ 185 155 for 2005 (2004: N\$ 171 605) 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 2% of the total debt outstanding for the years under review.

	2006	2005	2004
	N\$	N\$	N\$
Debt outstanding	7 808 321	7 633 947	13 580 913
Consumer deposits	166 070	185 155	171 605
Percentage of deposits against outstanding debts	2%	2%	1%

4.4 Unrecorded liabilities (2005)

No supplier reconciliations were performed by the Town Council. Unrecorded liabilities of : N\$ 26 220 for 2005 (2004: Nil) were found.

4.5 Trade creditors (2005 & 2006)

No supplier reconciliations were performed by the Town Council. Nampower and Namwater creditors balances are materially understated by N\$ 2 132 375 and N\$ 895 269 respectively on 30 June 2005. This resulted in a material understatement of the liabilities and expenses as stated in the annual financial statements.

An amount of N\$ 788 316 is included in the creditors amount for 2006 as being payable to a creditor but no supporting documents for this amount could be submitted.

4.6 Source documents

Numerous important source documents for expenditure could not be found, namely a total of 73% for 2006 and 33% for 2005.

This lack of proper record keeping is in contravention of Section 86 of the Act.

4.7 Stock control

As in prior financial years reported, all purchases of stock items were written off when incurred against the Revenue Account. While this practice is financial prudent, it leads to inadequate accounting control over the items of stock held by the Council.

4.8 Build Together and Housing Fund Advances

The Council's files of build-together and housing fund beneficiaries revealed a lack of filing of important documents e.g. copy of beneficiary ID, deed of sale, mortgage bond etc. This might raise uncertainty and doubt on the validity and existence of loan beneficiaries.

4.9 Non-compliance with recommendations

Many of the above-mentioned problem areas have already been highlighted in previous audit reports and were again highlighted when finalising the audit during March 2009. However, none or few of the recommendations have been implemented.

5. ACKNOWLEDGEMENT

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

6. FINANCIAL RESULTS

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

2006	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit as at 01/07/2005				(3 228 584)
General services				
Rate and general	2 883 116	(3 438 339)	(555 223)	
Non-profitable	1 189 121	(1 427 367)	(238 246)	
Self-supporting	1 282 906	(990 444)	292 462	
Trade accounts				
Electricity supply	36 050	(164 224)	(128 174)	
Water supply	1 871 454	(3 203 197)	(1 331 743)	
	7 262 647	(9 223 571)	(1 960 924)	
Deficit for the year				(1 960 924)
Adjustments and utilizations detailed in Note 7 of the financial statements				(3 348 052)
Accumulated deficit as at 30/06/2006				(8 537 560)

The continuous annual deficits are of grave concern, especially with regard to the trade accounts.

2005	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit as at 01/07/2004				(1 696 507)
General services				
Rate and general	3 061 551	(3 213 521)	(151 970)	
Non-profitable	1 033	(459 122)	(458 089)	
Self-supporting	1 111 135	(1 088 262)	22 873	
Trade accounts				
Electricity supply	4 267 995	(1 489 601)	2 778 394	
Water supply	245 201	(2 262 671)	(2 017 470)	
	8 686 915	(8 513 177)	173 738	
Surplus for the year				173 738
Adjustments and utilizations detailed in Note 7 of the financial statements				(1 705 815)
Accumulated deficit as at 30/06/2005				(3 228 584)

7. CURRENT BANK ACCOUNT

The cash-book balance reflected a non-favourable balance of N\$ 346 432 for 2006 and N\$ 247 032 for 2005 (2004: Non-favourable N\$ 352 086), which is also the reconciled balance. The bank statements reflected a favourable balance of N\$ 8 323 for 2006 and N\$ 55 278 for 2005 (2004: N\$ 249 224), mainly due to unrepresented cheques.

8. INVESTMENTS AND INTEREST PROCEEDS

On 30 June 2006 and 2005 there was N\$ 64 736 and N\$ 65 056 (2004: N\$ 52 498) respectively invested at financial institutions, as follows:

	2006	2005	2004
	N\$	N\$	N\$
Commercial banks	52 636	52 956	52 498
Insurance company	12 100	12 100	-
	64 736	65 056	52 498
Investments were allocated to the following Funds:			
Build Together Fund	64 736	65 056	52 498
	64 736	65 056	52 498

Investment interest of N\$ 4 472 for 2006 and N\$ 1 899 for 2005 (2004: N\$ 3 935) was accounted for in the Fund accounts 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 water were as follows:

	2006	2005	2004
	N\$	N\$	N\$
Sales	1 828 609	242 141	1 164 199
Cost of bulk purchases	(2 697 543)	(1 796 433)	(2 399 727)
Gross loss	(868 934)	(1 554 292)	(1 235 528)
Expenses (net)	(462 809)	(463 178)	(298 282)
Net loss	(1 331 743)	(2 017 470)	(1 533 810)
Gross loss % on bulk purchases	32.21%	86.52%	51.49%
Net loss % on bulk purchases	49.37%	112.30%	63.92%

Council should investigate the reasons for these huge losses and report their findings as well as remedial steps taken to the Office of the Auditor-General.

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

10.3 The results of operations of electricity were as follows:

	2006	2005	2004
	N\$	N\$	N\$
Sales	25 544	4 243 551	3 508 818
Cost of bulk purchases	(78 475)	(1 182 813)	(3 200 285)
Gross profit	(52 931)	3 060 738	308 533
Contribution from Government	-	-	150 000
Expenses (net)	(75 243)	(282 344)	(307 094)
Net surplus/(deficit)	(128 174)	2 778 394	151 439
Gross (loss)/profit % on bulk purchases	(67.45%)	258.77%	9.64%
Net (loss)/profit % on bulk purchases	(163.33%)	234.90%	4.73%

11. SELF-SUPPORTING SERVICES

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

	2006	2005	2004
	N\$	N\$	N\$
Assessment rates	(163 734)	(299 820)	99 506
Cleaning services	-	-	(230 665)
Sewerage	456 196	322 693	199 864
	292 462	22 873	68 705

12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

No fruitless, unauthorized or avoidable expenditure was revealed during the audit.

13. SUSPENSE ACCOUNTS

Suspense accounts reflect a receivable amount of N\$ 1 262 688 for 2006 and N\$ 1 034 967 for 2005 (2004: N\$ 50 299) and a payable amount of N\$ 98 394 for 2006 in the annual financial statements. No reconciliations and proper clearing of these accounts were done.

14. IRREGULARITIES AND LOSSES

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

15. CAPITAL PROJECTS

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

	2006	2005	2004
	Revenue account	Revenue account	Revenue account
	N\$	N\$	N\$
Council general expenses	20 267	44 333	76 521
General administration	14 544	17 655	187 109
Treasury department	-	1 750	5 370
Streets and stormwater	952 623	-	188 400
Cleansing services	-	14 000	10 344
Electricity services	-	22 800	-
Water services	-	21 233	-
Total	987 434	121 771	467 744

16. BURSARIES

No bursaries were granted during the years under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

No Government subsidies or contributions, except for those of capital projects, were received during the years under review.

18. COMPENSATION PAYMENTS

No expenditure was incurred for crop fields compensation during the year under review.

19. VISITS TO FOREIGN COUNTRIES

No visits to foreign countries were made during the years under review.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

No claims for losses were received during the years.

21. GIFTS / DONATIONS BY / TO THE LOCAL AUTHORITY

An amount of N\$ 8 006 for 2006 and N\$ 11 779 for 2005 (2004: N\$ 7 759) were paid as donations.

22. TRANSFER OF PROPERTY TO / FROM GOVERNMENT

No properties were transferred from the Ministry of Regional and Local Government, Housing and Rural Development.

22.1 Debtors at 30 June were:

	2006	2005	2004
	N\$	N\$	N\$
Consumers	7 808 321	7 633 947	13 580 913
Provision for bad debts	(6 832 065)	(5 058 043)	(10 009 982)
	976 256	2 575 904	3 570 931
Value added taxation	1 065 310	1 074 179	1 371 433
Other debtors	1 262 688	1 034 967	50 299
	3 304 254	4 685 050	4 992 663

22.2 Creditors at 30 June were:

	2006	2005	2004
	N\$	N\$	N\$
Trade creditors	5 384 200	3 201 096	3 970 103
Provisions and accruals	2 661 856	1 775 533	287 619
Consumer deposits	166 070	185 155	171 605
	8 212 126	5 161 784	4 429 327

24. ASSESSMENT RATES

Income from assessment rates amounted to N\$ 129 113 for 2006 and N\$ 118 425 for 2005 (2004: N\$ 99 505). The tariffs for private and business properties was for 2006: N\$ 0.044 and 2005: 0.043003 (2004: not available) per dollar per year on site valuations plus for 2006: 0.0045 and 2005: N\$ 0.004380 (2004: not available) per dollar per year on the valuation of improvements are in line with gazetted rates.

25. LOANS**25.1 External loans**

No external loans were entered in to during the years under review.

25.2 Internal loans

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

25.3 Housing loans

The amounts advanced in favour of housing loans under the Build-Together Housing Scheme and Housing Fund are disclosed as N\$ 6 834 037 for 2006 and N\$ 6 811 921 for 2005 (2004: N\$ 6 658 997) in the financial statements.

26. SALE OF ERVEN AND HOUSES

During the current financial year, cash proceeds to the value of N\$ 201 520 for 2006 and nil for 2005 (2004: N\$ 31 933) were received for erven and houses sold. The revenue has been allocated to the Housing Fund.

27. PROPERTY SOLD ON AN INSTALMENT BASIS

Details regarding erven and houses that were sold on an instalment basis for the years under review are disclosed in paragraph 25.3.

28. TARIFF ADJUSTMENTS

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

29. APPROVALS

29.1 Excess on approved budget

Although management accounts are discussed and approved by Council on their monthly meetings during the year, the following votes were exceeded:

	2006	2005	2004
	N\$	N\$	N\$
General administration	-	440 277	349 643
Treasury department	-	-	98 576
Assessment rates	-	-	101
Water services	225 418	-	-
Streets	37 599	-	-
Electricity services	164 224	-	-
	427 241	440 277	448 320

Section 84(1) of the Local Authorities Act stipulates that the Council may not apply any of its funds other than as per approved estimate compiled in terms of Section 83 (1). Council should ensure that any excess expenditure is covered by an approval of supplementary estimates as determined in Section 83 (1) (b).

30. STOCK AND EQUIPMENT

30.1 Stock and equipment

As in prior financial years, no continuous records of inventory on hand were maintained. Also, records of vehicles in the various categories could not be provided.

No records of total kilometers travelled and fuel consumption for the Council's vehicles were maintained during the financial years under review.

31. SPECIAL INVESTIGATIONS

The Council was under investigation by the Anti-Corruption Commission. Details are still pending.

32. GENERAL

32.1 Internal controls

The accounting and internal controls are satisfactory, except where indicated otherwise in this report. Proper segregation of duties is not feasible due to the small number of staff employed. While increased management involvement reduces risks, the risk arises that management and Council override existing controls.

32.2 Temporary advances

Temporary advances were made from Fund accounts to Revenue of N\$ 3 286 749 for 2006 and N\$ 2 505 837 for 2005 (2004: N\$ 1 908 776) to finance operating costs. The Fund accounts are thus no longer fully cash backed.

33. FORMAL AND INFORMAL QUERIES

Formal queries are embodied in this report.

Informal queries addressed to the Town Clerk consist of:

- * Inadequate consumer deposits;
- * Long overdue debtors' accounts and monies long outstanding becoming doubtful;
- * VAT issue with the Receiver of Revenue;
- * Suspense account reconciliation;
- * Inadequate inventory control.

34. QUALIFIED AUDIT OPINION

The accounts of the Arandis Town Council for the financial years ended 30 June 2005 and 2006, 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 provision for bad debts as at 30 June 2005 has been understated by N\$ 779 869.
- * Value Added Tax – Due to incorrect VAT figures as far back as 2003, the VAT figures for the years under review are also incorrect.
- * No suppliers reconciliations were conducted during the years under review which lead to unrecorded liabilities of N\$ 3 027 644 for 2005 and an unsupported creditor amount of N\$ 788 316 for 2006.
- * The validity of the Build Together debtors and the Housing Fund debtors is questionable because important information related to the loans are not available.
- * A huge number of source documents that was sampled from the population could not be submitted for audit purposes.

Except for the effects of the above-mentioned issues, in my opinion, the financial statements fairly present the financial position of the Town Council at 30 June 2006 and 2005, and the results of its operations and cash flows for the years then ended in accordance with generally accepted accounting practice.

WINDHOEK, December 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

THE TOWN COUNCIL OF ARANDIS

BALANCE SHEETS ON 30 JUNE

	Notes	2006 N\$	2005 N\$	2004 N\$
ASSETS				
Non-current assets		40 711 354	43 597 430	47 171 566
Property, plant and equipment	3	33 812 581	36 720 453	40 460 071
Loans	5	6 834 037	6 811 921	6 658 997
Investments	4	64 736	65 056	52 498
Current assets		3 307 748	4 686 069	4 993 682
Accounts receivable	6	3 304 254	4 685 050	4 992 663
Cash and cash equivalents		3 494	1 019	1 019
TOTAL ASSETS		44 019 102	48 283 499	52 165 248
EQUITY AND LIABILITIES				
Funds		35 460 543	42 874 683	47 383 836
Financing of capital	2	33 812 581	36 720 452	40 460 071
Funds	2	10 185 522	9 382 815	8 620 272
Accumulated deficit		(8 537 560)	(3 228 584)	(1 696 507)
Current liabilities		8 558 559	5 408 816	4 781 412
Accounts payable	7	8 212 126	5 161 784	4 429 327
Bank overdraft		346 433	247 032	352 085
TOTAL EQUITY AND LIABILITIES		44 019 102	48 283 499	52 165 248

ANNEXURE B

THE TOWN COUNCIL OF ARANDIS

INCOME STATEMENT FOR THE YEARS ENDED 30 JUNE

	Notes	2006 N\$	2005 N\$	2004 N\$
INCOME		7 262 647	8 686 915	9 921 046
EXPENDITURE		(9 223 571)	(8 513 177)	(10 843 355)
NET OPERATING LOSS / PROFIT		(1 960 924)	173 738	(922 309)
INVESTMENT INTEREST EARNED		-	-	52 669
NET LOSS / PROFIT for the year		(1 960 924)	173 738	(869 640)
ADJUSTMENTS	8	(3 348 052)	(1 705 815)	(492 826)
NET LOSS / PROFIT for the year		(5 308 976)	(1 532 077)	(1 362 466)
APPROPRIATION ACCOUNT AT THE BEGINNING OF THE YEAR		(3 228 584)	(1 696 507)	(334 041)
APPROPRIATION ACCOUNT AT THE END OF THE YEAR		(8 537 560)	(3 228 584)	(1 696 507)

ANNEXURE C

THE TOWN COUNCIL OF ARANDIS

CASH FLOW STATEMENT FOR THE YEARS ENDED 30 JUNE

	Notes	2006 N\$	2005 N\$	2004 N\$
CASH FLOW FROM OPERATING ACTIVITIES				
Cash receipts from customers		7 262 647	8 686 915	9 921 046
Cash paid to suppliers		(8 140 485)	(9 178 922)	(10 576 013)
	9	(877 838)	(492 007)	(654 967)
Interest received		-	-	52 669
MOVEMENT IN FUND ACCOUNTS				
Increase/(decrease) in Fund accounts	2.2	802 707	762 542	853 866
Capital outlay (decrease)/increase	2.1	(2 907 817)	(3 739 618)	(3 388 494)
Net cash flow from operating activities		(2 983 002)	(3 469 083)	(3 136 926)
CASH FLOW FROM INVESTING ACTIVITIES				
Decrease/(increase) in nett capital expenditure		2 907 872	3 739 619	3 388 494
(Increase)/decrease in investments		320	(12 558)	734 511
(Increase)/decrease in loans		(22 116)	(152 924)	(603 019)
		2 886 076	3 574 137	3 519 986
NETT MOVEMENT IN CASH AND CASH EQUIVALENTS		(96 926)	150 054	383 060
CASH AND CASH EQUIVALENTS -BEGINNING OF THE YEAR		(246 013)	(351 067)	(734 127)
CASH AND CASH EQUIVALENTS - END OF THE YEAR	5	(342 939)	(246 013)	(351 067)

THE TOWN COUNCIL OF ARANDIS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE

1. ACCOUNTING POLICIES

The annual financial statements are compiled in accordance with the historical convention modified by the restatement of the financial instruments to fair value, except where otherwise stated.

The principal accounting policies of the Town Council, which are set out below, had been consistent and comply with Namibian Statements of Generally Accepted Accounting Practices. The financial statements have been prepared in accordance with the requirements of the Namibian Local Authorities Act.

1.1 Fixed assets and depreciation

Fixed assets are stated at cost or at valuation where assets have been acquired by grant or donation, less depreciation written off over the expected useful lives as determined by the Council from time to time. Fixed assets acquired with loan funds are not depreciated until the loan is repaid, unless the expected lifetime of the asset is less than the repayment period of the loan in which case depreciation is calculated on the shortfall.

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

	2006	2005	2004
	N\$	N\$	N\$
2.1 Financing of capital:			
Contribution from:	33 812 581	36 720 452	40 460 072
Capital	30 387 543	34 015 601	37 663 660
Revenue	3 425 038	2 704 851	2 796 412
2.2 Funds	1 647 962	6 154 231	6 923 765
Housing Funds	9 464 808	8 686 226	7 910 534
Build Together Fund	720 714	696 589	709 736
Accumulated (deficit)	(8 537 560)	(3 228 584)	(1 696 506)
TOTAL FUNDS	35 460 543	42 874 683	47 383 836

THE TOWN COUNCIL OF ARANDIS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE (continued)

	2006	2005	2004
	N\$	N\$	N\$
3. FIXED ASSETS			
Infrastructure, land and buildings, motor vehicles, office equipment, furniture and fittings and computer equipment.	33 812 581	36 720 453	40 460 071
Financed from:			
Capital account	30 387 543	34 015 602	37 663 660
Revenue account	3 425 038	2 704 851	2 796 411
	33 812 581	36 720 453	40 460 071
4 INVESTMENTS			
Commercial banks	52 636	52 956	52 498
Insurance company	12 100	12 100	-
	64 736	65 056	52 498
Comprising of:			
Build Together Fund	64 736	65 056	52 498
	64 736	65 056	52 498
5. LOANS			
These loans were granted from the Build Together and Housing Funds to residents of Arandis	6 834 037	6 811 921	6 658 997
	6 834 037	6 811 921	6 658 997
6. ACCOUNTS RECEIVABLE			
Debtors	7 808 321	7 633 947	13 580 913
Less: Provision for doubtful debts	(6 832 065)	(5 058 043)	(10 009 982)
	976 256	2 575 904	3 570 931
VAT Control Account	1 065 310	1 074 179	1 371 433
Sundry debtors	1 262 688	1 034 967	50 299
	3 304 254	4 685 050	4 992 663

THE TOWN COUNCIL OF ARANDIS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 (continued)

	2006	2005	2004
	N\$	N\$	N\$
7. ACCOUNTS PAYABLE			
Trade creditors	5 384 200	3 201 096	3 970 103
Provisions and accruals	2 661 856	1 775 533	287 619
Consumer deposits	166 070	185 155	171 605
	8 212 126	5 161 784	4 429 327
8. ADJUSTMENTS AND UTILIZATIONS			
Unknown deposits	-	-	2 103 893
Previous year expenditure	110 571	-	-
Stale cheques	170 706	793 386	25 216
Debtors adjustments	(13 583)	(853 131)	(102 538)
Debts written off	(1 237 049)	(6 514 047)	-
Provision for bad debts	(1 774 022)	4 951 940	(2 401 506)
Creditor adjustments	(604 675)	(83 962)	-
Accounting fees previous year	-	-	(53 120)
Bond insurance adjustment			(47 880)
Rent previous year			(1 212)
Channel life adjustment			(15 679)
	(3 348 052)	(1 705 816)	(492 826)

THE TOWN COUNCIL OF ARANDIS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE (continued)

	2006	2005	2004
	N\$	N\$	N\$
NETT OPERATING PROFIT/(LOSS) BEFORE TRANSFERS	(1 960 924)	173 738	(869 640)
-Adjustments to appropriation account	(3 348 052)	(1 705 815)	(492 826)
-Investment income	-	-	(52 669)
	(5 308 976)	(1 532 077)	(1 415 135)
Changes in working capital (Increase)/decrease in trade and other receivables	1 380 796	307 613	(1 021 168)
(Decrease)/increase in trade and other payables	3 050 342	732 457	1 781 336
	4 431 138	1 040 070	760 168
Cash generated by operations	(877 838)	(492 007)	(654 967)