



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

# **TOWN COUNCIL OF ARANOS**

**FOR THE FINANCIAL YEARS ENDED 30 JUNE 2011 AND 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 Town Council of Aranos for the financial year ended 30 June 2011 and 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, November 2015**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF  
THE TOWN COUNCIL OF ARANOS  
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2011 AND 2012**

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**1. INTRODUCTION**

The accounts of the Town Council of Aranos for the years ended 30 June 2011 and 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).

Figures in the report are rounded off to the nearest Namibia Dollar. The (brackets) indicate negative figures.

**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. 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 Town Council 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 audit was conducted in accordance with International Standards on Auditing. Those standards require that the audit comply with ethical requirements to 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**

**4.1** The following issues arising from the prior year audit report remained unresolved:

- Rental Income is still not being properly accounted for by the Council; and
- External loans balance amounting to N\$ 1 038 204 and N\$ 1 090 942 (2011) was not reconciled to the Ministry of Finance by the Council.

### **Recommendation**

The Council should ensure that all audit recommendations are implemented at all times.

## **4.2 DEPRECIATION**

The audit found that depreciation is not expensed in the Income Statement for both financial years. These figures are N\$ 484 312 ( 2012) and N\$ 529 916 (2011) respectively. Therefore the net surplus for 2012 is overstated with the said amount while for 2011 the deficit was understated.

### **Recommendation**

It is recommended that the Council should ensure that depreciation is disclosed in its annual financial statements.

## **4.3 INVENTORY**

During the years under review, the Council did not disclose inventories in the annual financial statements.

### **Recommendation**

It is recommended that the Council must prepare a report on consumables at the end of each financial year and disclose it in the annual financial statements.

## **4.4 EXPENDITURE**

### **Non-submission of supporting documents**

#### **2010/2011**

Total expenditure amounting to N\$ 285 443 for general expenditure could not be verified due to vouchers which were not submitted for audit purposes.

### **Recommendation**

It is recommended that all transactions should be supported by appropriate documents; the Council should submit all vouchers and invoices for audit purposes.

## **4.5 REVENUE**

### **4.5.1 Non-submission of supporting documents**

#### **2010/2011**

Total revenue amounting to N\$ 1 676 242 could not be verified due to non- submission of supporting documents. Details of these transactions are also contained in the management letter.

### **Recommendation**

It is recommended that all transactions should be supported by appropriate documents.

## **4.6 PAYROLL**

### **4.6.1 Salaries and wages - 2011/2012**

An unexplained difference of N\$ 377 976 was found between the General ledger and the monthly paysheets.

#### **Recommendation**

The Council is advised to perform monthly reconciliation between general ledger and monthly pay sheets.

## **4.7 TRADE AND OTHER PAYABLES**

### **4.7.1 Non- submission of supporting documents**

The following sundry creditors could not be confirmed due to non-submission of supporting documents:

<b>DETAILS</b>	<b>2012</b>	<b>2011</b>
	N\$	N\$
Government loans	2 146 988	1 988 105
Consumer deposits	20 535	17 503
General	100 500	109 809
<b>TOTAL</b>	<b>2 268 022</b>	<b>2 115 416</b>

#### **Recommendation**

The Council is recommended to avail all supporting documents during the audit.

## **4.8 BUILD TOGETHER PROJECT**

### **4.8.1 Build Together Project Beneficiary list – 2011/2012**

The Build together Project beneficiary list for the 2011/2012 financial year was not provided.

#### **Recommendations**

It is recommended that the Council submit all documents as requested by the auditors during the audit.

## **5. ACKNOWLEDGEMENT**

The assistance and co-operation by the staff of the Aranos Town Council 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:

	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus / (deficit)</b>	<b>Balance</b>
	N\$	N\$	N\$	N\$
Accumulated deficit on 01/07/2011				(2 254 502)
<b>General accounts</b>				
- Non-profitable services	1 304 974	4 205 110	(2 900 136)	
- Self-supporting services	2 777 985	1 991 970	786 015	
- Rates and Tax	936 836	305 959	630 877	
<b>Trade accounts</b>				
- Electricity	2 346 025	1 166 078	1 179 947	
- Water	10 387 552	5 746 250	4 641 302	
Surplus for the year	17 753 372	13 415 322	4 338 005	4 338 005
Adjustments and utilisations (See Note 10, Annexure D)				2 083 348 (709 679)
Accumulated Surplus on 30/06/2012				<b>1 373 869</b>

	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus / (deficit)</b>	<b>Balance</b>
	N\$	N\$	N\$	N\$
Accumulated deficit on 01/07/2010				(2 392 629)
<b>General accounts</b>				
- Non-profitable services	1 208 580	3 697 379	(2 488 799)	
- Self-supporting services	1 613 363	558 105	1 055 258	
- Rates and Tax	976 460	258 443	718 017	
<b>Trade accounts</b>				
- Electricity	1 808 960	1 883 883	(74 923)	
- Water	2 094 459	1 389 738	704 721	(85 726)
Deficit for the year	7 701 822	7 787 548	(85 726)	(2 478 355)
Adjustments and utilisations (See Note 10, Annexure D)				223 853
Accumulated deficit on 30/06/2011				<b>(2 254 502)</b>

## 7. CURRENT BANK ACCOUNT

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	N\$	N\$	N\$
Cash-book balance at 30 June	(22 675)	19 420	(79 811)
Outstanding cheques	259 821	102 510	149 610
Advanced receipts	1 581	-	-
Adjustments	4 389	3 439	3 429
Balance as per bank statement	<b>243 116</b>	<b>125 369</b>	<b>73 228</b>

## 8. INVESTMENTS

The investments as at 30 June were as follows:

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	N\$	N\$	N\$
Commercial banks	4 945 380	908 486	1 577 306
	<b>4 945 380</b>	<b>908 486</b>	<b>1 577 306</b>
<b>The investments were allocated as follows:</b>			
Fixed Property Fund	1 009 908	460 061	1 080 516
Housing Fund	101 534	-	-
Build Together Fund	425 167	448 425	496 790
Capital Fund	67 106	-	-
Bank account investment	3 341 664	-	-
	<b>4 945 380</b>	<b>908 486</b>	<b>1 577 306</b>

## 9. TRADE ACCOUNTS

### 9.1 The results of operations were as follows:

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	N\$	N\$	N\$
<b>Electricity</b>			
Sales and royalties	2 183 198	1 804 406	1 447 658
Cost of bulk purchases	(1 030 303)	(1 023 052)	(843 576)
Gross profit	1 152 895	781 354	604 082
Nett income - normal operations	270 552	856 278	32 061
Nett surplus / (loss) before capital expenditure	1 423 447	1 637 632	636 143
Less: Capital expenditure	-	-	-
Nett surplus / (loss) for the year	<b>1 423 447</b>	<b>1 637 632</b>	<b>636 143</b>
Gross profit % on bulk purchases	111.90%	76.37%	71.61%
Nett surplus before capital expenditure % on bulk purchases	138.16%	160.07%	75.41%
<b>Water</b>			
Sales	1 805 095	1 755 426	1 483 153
Cost of bulk purchases	(1 158 059)	(1 242 029)	(1 178 948)
Gross profit	647 036	513 397	304 205
Nett income - other	3 994 265	304 742	288 176
	<b>4 641 301</b>	<b>818 139</b>	<b>592 381</b>
Gross profit % on bulk purchases	55.87%	41.34%	25.80%
Nett surplus before capital expenditure % on bulk purchases	400.78%	65.87%	50.25%

From the above tables it is clear that water and electricity votes are operating on a sound basis.

### 9.2 Distribution losses

The Council did not keep statistics of distribution losses.

## 10. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

No such expenditure was revealed during the audit.

## 11. SELF-SUPPORTING SERVICES

11.1 The results for the years under review were as follows:

Service	Income 2012	Expenses 2012	Surplus/ (deficit) 2012	Surplus/ (deficit) 2011
	N\$	N\$	N\$	N\$
Street, roads and storm water	339 660	250 987	88 673	88 680
Townlands and pound	8 979	7 143	1 836	23 770
Housing	792 261	703 566	88 695	113 426
Natis	318 423	143 224	175 199	127 025
Cleansing services	614 780	482 413	132 367	346 946
Sewerage	703 882	404 637	299 245	355 411
	<b>2 777 985</b>	<b>1 991 970</b>	<b>786 015</b>	<b>1 055 258</b>

Service	Income 2011	Expenses 2011	Surplus/ (deficit) 2011	Surplus / (deficit) 2010
	N\$	N\$	N\$	N\$
Street, roads and storm water	391 720	303 040	88 680	234 358
Townlands and pound	23 770	-	23 770	170 526
Housing	136 530	23 104	113 426	85 939
Natis	255 705	128 680	127 025	273 372
Cleansing services	390 228	43 282	346 946	496 906
Sewerage	415 410	59 999	355 411	451 999
	<b>1 613 363</b>	<b>558 105</b>	<b>1 055 258</b>	<b>1 713 100</b>

## 12. SUSPENSE ACCOUNTS

No suspense accounts are carried in the accounts.

## 13. IRREGULARITIES AND LOSSES

The auditors did not find any irregularities and losses for the year under review.

## 14. CAPITAL PROJECTS

	2012	2011	2010
	N\$	N\$	N\$
<b>Expenditure:</b>			
Housing	-	-	1 469 500
Streets and roads	4 280 602	-	-
General administration	146 647	655 615	917 790
	<b>4 427 249</b>	<b>655 615</b>	<b>2 387 290</b>
<b>Financed by:</b>			
Revenue account	4 427 249	655 615	2 387 290
	<b>4 427 249</b>	<b>655 615</b>	<b>2 387 290</b>

According to the financial statements (votes) expenses of a capital nature amounted to N\$ 363 108: 2012 and N\$ 22 236: 2011. According to the fixed asset register this amount should have only been N\$ 146 647: 2012 and N\$ 656 615: 2011.

This results in a difference of N\$ 216 461: 2012 and N\$ 633 379: 2011. The Council should look into this difference and rectify this issue.



**15. BURSARIES**

No bursaries were granted during the years.

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

No compensation payments were allocated or paid during the years under review.

**17. COMPENSATION PAYMENTS**

No compensation payments were made during the years under review.

**18. VISITS TO FOREIGN COUNTRIES**

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

**19. CLAIMS AGAINST THE LOCAL AUTHORITY**

There were no claims against the Local Authority.

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

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

**21. TRANSFER OF PROPERTY**

No transfer of property has been made to / from Local Authority for the periods under review.

**22. TRADE AND OTHER RECEIVABLES**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	N\$	N\$	N\$
Build Together Project Fund receivables	3 914 137	4 012 760	3 200 656
Services, rates and taxes	4 650 353	3 857 723	3 027 965
Provision for bad debts	(4 339 600)	(3 418 314)	(2 751 882)
VAT claims	841 328	327 496	313 910
Other receivables	691 829	140 587	185 924
	<b>5 758 047</b>	<b>4 920 252</b>	<b>3 976 573</b>

**23. TRADE AND OTHER PAYABLES**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	N\$	N\$	N\$
Loan instalments in arrears	2 146 988	1 988 105	1 829 222
Trade payables	1 330 514	419 525	239 037
Consumer deposits	20 535	17 503	17 088
Sundry creditors	100 500	109 809	102 942
Provisions for leave	444 119	386 529	386 529
Provisions ext. electricity	-	156 060	-
Regional Council	11 784	-	-
	<b>4 054 440</b>	<b>3 077 531</b>	<b>2 574 818</b>

## 24. ASSESSMENT RATES

	2012	2011	2010
	N\$	N\$	N\$
Proceeds from assessment rates	936 836	976 460	683 200

## 25. LOANS

### 25.1 External loans

	2012	2011	2010
	N\$	N\$	N\$
Balance on loans			
- Capital section	962 598	999 773	1 062 784
- Housing Fund	1 287	1 581	1 861
Namibia Housing Enterprises	74 319	89 588	112 044
	1 038 204	1 090 942	1 176 689
Instalments and interest in arrears	2 146 988	1 988 105	1 829 222
Total outstanding	<b>3 185 192</b>	<b>3 079 047</b>	<b>3 005 911</b>

No repayments were done on the loans from Government but are provided for under current liabilities as instalments and interest in arrears.

### 25.2 Due to the Town Council

No loans were due to the Town Council. Advances in terms of the housing fund are reflected as debtors.

### 25.3 Loans written off

No loans were written off during the years under review.

## 26. SALE OF ERVEN

Due to unavailability of a sale of erven register, this information was not available.

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

Properties were sold on credit in terms of the Build Together Scheme for the years under review, but the value thereof could not be provided by the Council.

## 28. TARIFF ADJUSTMENTS

Tariff adjustments were duly approved and promulgated in the Government Gazette.

## 29. APPROVALS

### 29.1 Internal loans

No further internal loans were granted during the years under review.

### 29.2 Revenue written off

No revenue was written off during the years under review.

### 30. INVENTORY AND EQUIPMENT

#### 30.1 Motor vehicles

2011	Sedan Vehicles		LDV's and Kombi's		Heavy vehicles (Lorries and busses)	
	Number	Value	Number	Value	Number	Value
On hand 01/07/2010	2	47 965	2	136 000	6	1 534 100
Acquisitions	-	-	1	950 000	-	-
Depreciation	2	47 965 (11 991)	3	1 086 000 (129 000)	6	1 534 100 (214 900)
On hand 30/06/2011	<b>2</b>	<b>35 974</b>	<b>3</b>	<b>957 000</b>	<b>6</b>	<b>1 319 200</b>
<b>2012</b>						
On hand 01/07/2011	2	35 974	3	957 000	6	1 319 200
Acquisitions	-	-	-	-	-	-
Depreciation	2	35 974 (11 991)	3	957 000 (129 000)	6	1 319 200 (214 900)
On hand 30/06/2012	<b>2</b>	<b>23 983</b>	<b>3</b>	<b>828 000</b>	<b>6</b>	<b>1 104 300</b>

These figures were obtained from the fixed asset register.

#### 30.2 Inventory

No inventory was disclosed in the financial statements nor were any records available for the years under review.

### 31. SPECIAL INVESTIGATIONS

No special investigations were conducted into the Councils activities during the years under review.

### 32. GENERAL

There is not a sufficient system of internal control at the Town Council. Proper segregation of duties is not possible due to the small number of staff employed. While increased management involvement does not reduce risks, it causes the risk that management and Council override existing controls, a potentially dangerous practice which the Council should guard against.

### 33. FORMAL AND INFORMAL QUERIES

33.1 Formal queries are embodied in this report.

33.2 Informal queries were discussed with the Town Council.

### 34. DISCLAIMED AUDIT OPINION

The accounts of the Town Council of Aranos for the financial years 30 June 2011 and 2012 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 due to the following:

- Rental income is not properly accounted for;
- Inventories are not disclosed in the financial statements;
- Depreciation is not expensed in the Income Statement;
- External loans have not been reconciled with the Ministry of Finance;

- Total expenditure to the amount of N\$ 285 443 could not be confirmed;
- Total revenue to the amount of N\$ 1 676 242 could not be confirmed;
- Unexplained difference of N\$ 377 976 in respect of salaries and wages;
- Sundry creditors to the amount of N\$ 2 268 622 and N\$ 2 115 416 could not be confirmed; and
- The Build Together beneficiary list was not provided for audit purposes.

**WINDHOEK, November 2015**

**JUNIAS ETUNA KANDJEKE  
AUDITOR- GENERAL**

## TOWN COUNCIL OF ARANOS

## BALANCE SHEETS AS AT 30 JUNE

	Notes	2012 N\$	2011 N\$	2010 N\$
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>17 475 372</b>	<b>9 792 032</b>	<b>9 681 644</b>
Property, plant and equipment	2	12 529 992	8 883 546	8 104 338
Investments	3	4 945 380	908 486	1 577 306
<b>Current assets</b>		<b>6 914 714</b>	<b>6 447 338</b>	<b>5 184 694</b>
Trade and other receivables	4	5 758 047	4 920 252	3 976 573
Build together Projects in progress		1 153 129	1 153 128	1 204 583
Cash balances	5	3 538	373 958	3 538
<b>TOTAL ASSETS</b>		<b>24 390 086</b>	<b>16 239 370</b>	<b>14 866 338</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>		<b>19 274 767</b>	<b>12 070 897</b>	<b>11 035 020</b>
Capital outlay	6	11 493 076	7 794 186	6 929 510
Funds and accounts	7	7 781 691	4 276 711	4 105 510
<b>Long-term liabilities</b>	8	<b>1 038 204</b>	<b>1 090 942</b>	<b>1 176 689</b>
<b>Current liabilities</b>		<b>4 077 115</b>	<b>3 077 531</b>	<b>2 654 629</b>
Bank overdraft		22 675	-	79 811
Trade and other payables	9	4 054 440	3 077 531	2 574 818
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24 390 086</b>	<b>16 239 370</b>	<b>14 866 338</b>

## TOWN COUNCIL OF ARANOS

## INCOME STATEMENT AS AT 30 JUNE

	Notes	2012	2011	2010
			N\$	N\$
Income	13	17 597 691	7 673 209	7 688 191
Expenditure	14	13 415 368	7 787 548	6 816 397
Net operating profit / (loss)		4 182 323	(114 339)	871 794
Investment income	15	155 681	28 613	22 083
Net profit / (loss) for the year		4 338 004	(85 726)	893 877
Adjustments through accumulated funds account	10	(709 679)	(223 853)	(2 534 905)
		3 628 352	(138 127)	(1 641 028)
<b>Accumulated funds</b>				
Beginning of the year		(2 254 502)	(2 392 629)	(751 601)
End of the year	7	<b>1 373 850</b>	<b>(2 254 502)</b>	<b>(2 392 629)</b>

**TOWN COUNCIL OF ARANOS**  
**CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE**

	<u>Notes</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
		N\$	N\$	N\$
<b>Cash flow/(outflow) from operating activities</b>				
Cash receipts from customers		17 597 691	7 673 209	7 067 251
Cash paid to suppliers		(13 550 651)	(7 440 624)	(7 033 129)
Cash generated by operations	11	4 047 040	232 585	34 122
Investment income	15	155 681	28 613	22 083
Movement in fund accounts				
Fund accounts	12	426 653	(290 971)	106 518
Housing and Build Together grant		-	400 000	1 500 000
		<u>4 629 374</u>	<u>370 227</u>	<u>1 662 723</u>
<b>Cash flow from investing activities</b>				
Net capital expenditure	11	(146 647)	(655 615)	(774 410)
Change in investments		(4 036 894)	668 820	(855 724)
		<u>(4 183 541)</u>	<u>13 205</u>	<u>(1 630 134)</u>
<b>Cash flow from financing activities</b>				
Change in long-term loans		(52 738)	(85 747)	(19 396)
<b>Net movement in cash and cash equivalents</b>		(393 095)	297 685	13 193
<b>Cash and cash equivalents</b>				
Beginning of the year		<u>373 958</u>	<u>76 273</u>	<u>(89 466)</u>
<b>Cash and cash equivalents</b>				
End of the year		<u><b>(19 137)</b></u>	<u><b>373 958</b></u>	<u><b>(76 273)</b></u>

## TOWN COUNCIL OF ARANOS

NOTES TO THE FINANCIAL STATEMENTS AS AT 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.

**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 consist 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 Aranós Town Council, accumulates in this fund. Costs incurred on the development of land are charged to this fund.

**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.

**Capital Reserve Fund**

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

**Build Together Fund**

The purpose of the Fund is to enable the poorer part of the population to acquire affordable housing. Income is derived from Government contributions, redemption payments and interest.



## TOWN COUNCIL OF ARANOS

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	N\$	N\$	N\$
<b>2. Property, plant and equipment</b>			
Property development, vehicles, plant and equipment	<b>12 529 992</b>	<b>8 883 546</b>	<b>8 104 338</b>
<b>3. Investments</b>			
Commercial banks	<b>4 945 380</b>	<b>908 486</b>	<b>1 577 306</b>
The investments were allocated as follows:			
Housing Fund	101 534	-	-
Capital Reserve Fund	67 106	-	-
Fixed Property Fund	1 009 908	460 061	1 080 516
Build Together Fund	425 167	448 425	496 790
Bank account investments	3 341 664	-	-
<b>Total</b>	<b>4 945 380</b>	<b>908 486</b>	<b>1 577 306</b>
<b>4. Trade and other receivables</b>			
Build Together Fund receivables	3 914 137	4 012 760	3 200 656
VAT claims	841 328	327 496	313 910
Services, rates and taxes - Consumers	4 650 353	3 857 723	3 027 965
Other receivables SELCo/NaTis	691 829	140 587	185 924
Provision for bad debts	(4 339 600)	(3 418 314)	(2 751 882)
	<b>5 758 047</b>	<b>4 920 252</b>	<b>3 976 573</b>
<b>5. Cash and bank</b>			
Cash on hand	3 538	3 538	3 538
Salary advance	-	1 000	-
GRN Subsidy outstanding	-	350 000	-
Bank account	-	19 420	-
	<b>3 538</b>	<b>373 958</b>	<b>3 538</b>
<b>6. Capital outlay</b>			
General capital contributions	1 540 482	1 836 974	1 183 465
Loans redeemed	577 646	525 202	439 734
Revenue contributions	9 374 947	5 432 010	5 306 311
	<b>11 493 076</b>	<b>7 794 186</b>	<b>6 929 510</b>

## TOWN COUNCIL OF ARANOS

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE

	2012	2011	2010
	N\$	N\$	N\$
<b>7. Funds and accounts</b>			
Build Together Fund	6 157 646	6 027 117	5 052 004
Capital Reserve Fund	67 106	67 106	67 106
Fixed Property Fund	1 009 908	1 009 908	1 294 052
Housing Fund	100 247	84 923	84 977
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	446 784	(2 912 344)	(2 392 629)
	<b>7 781 691</b>	<b>4 276 711</b>	<b>4 105 510</b>
<b>8. Long-term liabilities</b>			
Namibia Housing Enterprises The Government of Namibia	74 319	89 588	112 044
Capital section	962 598	999 773	1 062 784
Housing Fund	1 287	1 581	1 861
Finance agreements	-	-	-
	<b>1 038 204</b>	<b>1 090 942</b>	<b>1 176 689</b>
<b>9. Trade and other payables</b>			
Loan instalments in arrears	2 146 988	1 988 105	1 829 222
Trade payables	1 330 514	419 525	239 037
Consumer deposits	20 535	17 503	17 088
Sundry creditors	100 500	109 809	102 942
Provisions for leave	444 119	386 529	386 529
Provisions ext. electricity	-	156 060	-
Regional Council	11 784	-	-
	<b>4 054 440</b>	<b>3 077 531</b>	<b>2 574 818</b>
<b>10. Adjustments through accumulated funds account</b>			
Prior year adjustment (2010 - net)	-	-	(2 534 905)
Adjustments	(709 679)	(223 853)	-
VAT control account	<b>(709 679)</b>	<b>223 853)</b>	<b>(2 534 905)</b>
<b>11. Cash generated by operations</b>			
Net surplus / (deficit) before adjustments	4 182 323	(114 339)	871 794
Adjustments to appropriation account	-	239 037	315 546
Additions to fixed assets expensed	146 647	655 615	774 410
Hire purchase redemption expensed	52 443	85 468	19 115
Operating cash flow before changes in working capital	4 381 413	865 781	1 980 865
Changes in working capital			
Trade and other receivables	(837 795)	(943 679)	(936 485)
Build together projects in progress: spending to	(1)	51 455	(1 204 583)

date			
Trade and other payables	976 909	502 713	194 325
Cash generated by operations	<b>4 520 527</b>	<b>476 269</b>	<b>34 122</b>

**ANNEXURE D**

**TOWN COUNCIL OF ARANOS**

**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	N\$	N\$	N\$
<b>12. Funds accounts</b>			
Build Together & fixed property grants from GRN	147 151	551 000	622 000
Sundry income	118 830	262 798	181 559
Sundry expenses	(1 508)	(5 135)	(13 686)
Interest received	162 180	166 451	118 307
Servicing of properties	-	(684 143)	(801 662)
	<b>426 653</b>	<b>290 971</b>	<b>106 518</b>
<b>13. Income</b>			
General administration	336 599	271 159	322 711
Council's general expenses	285 468	115 413	31 417
Workshop	40 000	45 000	-
Cemeteries	34 912	13 395	5 595
Fire Brigade	138 575	-	-
Licenses	2 783	35 000	-
Sport grounds & parks	-	-	110 174
Streets, roads & stormwater	339 660	391 720	504 460
Public buildings	310 957	700 000	103 227
Townlands and found	8 979	23 770	177 368
Housing	792 261	136 530	86 185
NATIS	318 423	255 705	412 210
Assessment rates	936 836	976 460	683 200
Cleansing services	614 780	390 228	571 942
Sewerage	703 882	415 410	1 188 391
Electricity	2 346 025	1 808 960	1 596 195
Water	10 387 552	2 094 459	1 895 115
<b>Total Income</b>	<b>17 597 691</b>	<b>7 673 209</b>	<b>7 688 190</b>

## TOWN COUNCIL OF ARANOS

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	N\$	N\$	N\$
<b>14. Expenditure</b>			
General administration	1 993 161	2 850 120	2 775 019
Council's general expenses	723 108	338 957	134 293
Workshop	801 993	339 850	298 292
Cemeteries	17 997	-	5 500
Fire Brigade	108 976	65 852	-
Licenses	69 957	93 103	79 539
Sewerage farm	61 873	1 871	700
Sport grounds & parks	91 548	3 940	2 907
Streets roads and storm water	250 987	303 040	270 102
Public buildings	336 498	3 686	16 831
Town lands and pound	7 143	-	6 842
Housing	703 566	23 104	247
NATIS	143 224	128 680	138 838
Assessment rates	305 959	258 443	13 073
Cleansing services	482 413	43 282	75 036
Sewerage	404 637	59 999	736 393
Electricity	1 166 078	1 883 883	960 052
Water	5 746 250	1 389 738	1 302 734
<b>Total Expenditure</b>	<b>13 415 368</b>	<b>7 787 548</b>	<b>6 816 397</b>
<b>15. Investment income</b>			
Interest on Investments	<b>155 681</b>	<b>28 613</b>	<b>22 083</b>