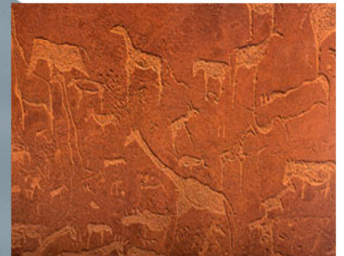




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

TOWN COUNCIL OF KHORIXAS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

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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 Khorixas for the financial year ended 30 June 2009, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, May 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
THE TOWN COUNCIL OF KHORIXAS
FOR THE FINANCIAL YEAR ENDED
30 June 2009**

1. INTRODUCTION

The accounts of the Town Council of Khorixas for the year ended 30 June 2009 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Local Authorities Act, 1992 (Act 23 of 1992).

The firm BDO Spencer Steward has been appointed in terms of Section 26(2) of the State Finance Act, 1991, to audit the accounts of the 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 Council's financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 87(1) of the Local Authorities Act, 1992, **except that they were only finalized and signed on 8 December 2009 instead of within 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 at Annexure A is a true reflection of the original. The following annexures 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

Management's responsibility for the financial statements

The Accounting Officer of the Town Council is responsible for the preparation and fair presentation of the financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm complies with ethical requirements and plans and performs the audit to obtain reasonable assurance whether the financial statements are free from material 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 judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair

presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

4. AUDIT OBSERVATIONS AND COMMENTS

(*) Also reported in the previous year.

4.1 Financial results

The Council made a deficit of N\$ 2 943 381 (2008: N\$ 1 919 505), before any transfers to Funds during the financial year. Council should determine the causes for the deficit and implement measures to return to profitability again. Also refer to paragraph 4.10

4.2 Fixed assets (*)

The items on the fixed asset register are not coded and dated as to when they were purchased. The descriptions are not adequate to enable identification of the assets. As a result the auditors could not trace selected assets to the fixed assets register.

The auditors could not verify additions to the amount of N\$ 323 807 as supporting documentation could not be provided by the Council. The total additions amount is represented as inclusive of VAT, therefore an overstatement in the Council's value of its assets is possible.

The Council has not depreciated the additions during the year, thus the value of the assets is overstated.

4.3 Value added tax (*)

Included in trade and other receivables is an amount of N\$ 824 564 for VAT receivable. No reconciliation of this amount could be provided to the auditors to verify the accuracy, existence and valuation of the amount.

The Council has also not submitted correct VAT returns as they have not been recording zero rated and exempted income and expenditure.

According to the auditors the Council has not claimed all of its allowable input VAT or alternatively it was disallowed by the Receiver of Revenue.

4.4 Funds - Build Together (*)

No supporting documentation could be provided for the movement on this Fund. The balance of the account is N\$ 2 942 069 (2008: N\$ 4 542 722).

The existence, accuracy and completeness of this Fund could not be verified.

4.5 Trade and other receivables (*)

Council provided for bad debts for all amounts outstanding longer than 120 days. The audit tests however, revealed that amounts outstanding for 120 and less days, are also not fully recoverable. A further amount of N\$ 725 791 should be provided for bad debts.

A suspense account relating to receipts that are not reflected on the bank statements amounting to N\$ 1 204 406 has not been cleared as at year-end, nor could the client explain the nature or provide supporting documentation for it.

4.6 Consumer deposits (*)

Council could not provide a listing of consumer deposits. The existence, accuracy and completeness could thus not be ascertained of this balance.

Furthermore the deposits appear to be inadequate.

4.7 Trade and other payables (*)

As reported in the previous years, Cenored made overpayments to the Town Council amounting to N\$ 680 000 during the financial years 2004/05 and 2005/06.

The Council will not receive a surcharge for a period of 5 years as Cenored will be recovering the amounts due to them.

No adjustment was made in the financial statements to reflect the Cenored liability. The resulting income has also not been recorded.

No supporting documentation could be provided for trade payables to the amount of N\$ 158 200. It was thus not possible to ascertain the existence, completeness and accuracy of these amounts.

A suspense account of Direct deposits amounting to N\$ 2 327 592 was not cleared as at year end.

The Council has raised a provision for accounting fees which is not permitted by international accounting standards.

4.8 Build Together – Advance loans (*)

No listing for the Build Together Fund debtors was made available to the auditors. As such the auditors were unable to verify the accuracy, existence, valuation and completeness thereof.

4.9 Provision for bonuses (*)

No provision for bonuses has been raised. The effect of this non-provision could be material.

4.10 Liquidity position (*)

A temporary advance to revenue of N\$ 991 913 was made during the year under review. Furthermore a negative current ratio still exists, which indicates a liquidity problem.

4.11 Water purchases(*) and sales

The water purchases as per the Namwater statements for the current financial year and the water expense in the financial statements differ. The water expense and the net deficit for the year are understated by N\$ 443 471.

The Council has also not recorded the interest payable on the Namwater account amounting to N\$ 781 250 for the year.

Council only accounts for the income on the basic charge, which they receive. The rest of the water income is collected by Namwater in an effort to reduce the outstanding monies due to them. However Council should be accounting for water sales in full, and not just account for the basic charge as the income belongs to the Council.

This treatment by the Council of the water sales has resulted in the understatement of income.

4.12 Payroll (*)

The Payroll records could not be reconciled to the general ledger. A material difference of N\$ 78 327 was found.

The auditors could thus not ascertain the completeness and existence of this expense.

4.13 Legal expenses

No valid supporting documentation could be provided for the refund of legal expenses amounting to N\$ 87 174. The existence and accuracy of this expense could not be ascertained.

5. ACKNOWLEDGEMENT

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

6. FINANCIAL RESULTS

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

	Revenue	Expenditure	Surplus/ (Deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit 01/07/2008				(8 842 236)
General services				
Non-profitable	1 971 187	5 275 695	(3 304 508)	
Self-sustaining	3 103 365	490 168	2 613 197	
Trade accounts				
Electricity	82 911	80 283	2 628	
Water	944 076	3 198 774	(2 254 698)	
	6 101 539	9 044 920	(2 943 381)	
Deficit for the year				(2 943 381)
Adjustments and appropriations (Note 9, Annexure D)				(1 718 653)
Accumulated deficit 30/06/2009				(13 504 270)

The net deficit of the Council remained extremely high. Council should rectify this issue as a matter of urgency.

7. CURRENT BANK ACCOUNT

The favourable bank statement balance of the current bank account amounted to N\$ 368 743 (2008: N\$ 231 910) and the favourable cash-book balance was N\$ 93 754 (2008: N\$ 225 602). Outstanding cheques at 30 June 2009 amounted to N\$ 287 410 (2008: N\$ 15 188).

8. INVESTMENTS AND INTEREST PROCEEDS

The investments as at 30 June 2009 were as follows:

Institution	2009	2008
	Investment	Investment
	N\$	N\$
Invested at:		
Commercial banks	13 166 383	14 121 846
	13 166 383	14 121 846
Distribution		
Fixed Property Fund	12 684 549	10 433 721
Build Together Fund	481 834	2 311 007
Revenue	-	1 377 118
	13 166 383	14 121 846

The total balance of investments as per balance sheet amounts to N\$ 13 166 383 (2008: N\$ 14 121 846). Interest amounting to N\$ 1 513 404 has been allocated to the two Fund accounts mentioned above.

9. FUND ACCOUNTS

The position of internal Funds and Reserves is shown in note 7 at annexure D.

10. TRADE ACCOUNTS

10.1 Operating results

The results for the financial year under review and the previous year were as follows:

	Electricity		Water	
	2009	2008	2009	2008
	N\$	N\$	N\$	N\$
Sales	-	-	888 961	4 799 788
Cost of bulk purchases	(76 623)	(58 120)	(2 586 743)	(5 388 103)
Gross profit/(loss)	(76 623)	(58 120)	(1 697 782)	(588 315)
Other income/ (expenses)	79 251	83 531	(556 916)	(479 464)
Net (loss)/surplus	2 628	(25 411)	(2 254 698)	(1 067 779)
Gross (loss)/ profit on bulk purchases	NA	NA	(43.9%)	(10.9%)
Net (loss)/surplus percentage on bulk purchases	NA	NA	(87.16%)	(19.8%)

The Council has not been recording all water sales income as a result of the arrangement they have with Namwater. This has resulted in an understatement of the water sales figure in current year. Please see paragraph 4.11

10.2 Distribution losses

As reported in prior years, no statistics were kept by the Council to calculate the distribution losses. Council is advised to record the cubic meters sold and purchased to calculate distribution losses.

11. SELF-SUPPORTING SERVICES

The net results of these services, compared with the previous year, are as follows:

	Revenue	Expenditure	Surplus/ (Deficit)	Surplus/ (Deficit)
	2009	2009	2008	2008
	N\$	N\$	N\$	N\$
Cleansing services	492 174	-	492 174	326 541
Public health	194 820	359 155	(164 335)	(168 874)
Sewerage	1 036 871	-	1 036 871	985 529
Town planning	1 379 500	131 013	1 248 487	1 091 901
	3 103 365	490 168	2 613 197	2 235 097

Council has successfully maintained the town planning, cleansing and sewerage services profitable.

12. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

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

13. SUSPENSE ACCOUNTS

The suspense accounts are not reconciled on a regular basis.

14. IRREGULARITIES AND LOSSES

No irregularities or losses were identified during the period.

15. CAPITAL PROJECTS

Capital expenditure for the 2009 financial year amounted to N\$ 9 034 052 (2008: N\$ 150 941) and comprises the following:

	Financed by		Total 2009	Total 2008
	General capital 2009	Revenue		
	N\$	N\$	N\$	N\$
Public Health	-	37 856	37 856	-
Water	5 355 446	14 000	5 369 446	-
Town Clerk	-	22 504	22 504	80 599
Town Planning	3 031 422	-	3 031 422	-
Streets	323 807	-	323 807	-
Council General Expenses	-	-	-	6 650
Town Treasurer	-	-	-	32 721
Work Shop	-	-	-	30 971
Sewerage	249 017	-	249 017	-
	8 959 692	74 360	9 034 052	150 941

16. BURSARIES

No bursaries were granted during the year.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

No contributions or grants were made and no financial assistance was given during the year.

18. COMPENSATION PAYMENTS

No compensation payments were made during the year.

19. VISITS TO FOREIGN COUNTRIES

Staff members of the Council undertook a visit to Kimberly, South Africa, to participate in sporting events for Local Authorities.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

No claims for losses were received during the year.

21. GIFTS AND DONATIONS BY (TO) THE LOCAL AUTHORITY

21.1 No donations were received by the Council in the year under review.

21.2 The Council made the following gifts/donations:

Nature of gifts/donation	Value	Beneficiary/Donor
Donation	N\$	Cornelius Goreseb Secondary School
	4 900	
	4 900	

22. TRANSFER OF PROPERTY TO/FROM THE GOVERNMENT

No property was transferred to/or from the Government.

23. DEBTORS/CREDITORS

23.1 Debtors on 30 June 2009 comprise the following:

	2009	2008
	N\$	N\$
Receiver of Revenue	824 564	-
Services	20 561 075	20 466 111
Suspense	1 229 951	-
	22 615 590	20 466 111
Less: Provision for bad debts	(19 391 159)	(17 948 925)
	3 224 431	2 517 186

A closer investigation revealed the following:

The average collection period of trade receivables is 1 294 days (2008: 827 days). The net days outstanding decreased from 45 days to 21 days due to the provision for bad debts made during this year.

Council provided for all amounts outstanding for longer than 120 days. However, the audit tests have revealed that a further provision of N\$ 725 791 is needed for unprovided amounts outstanding 120 days and less.

23.2 Creditors on 30 June 2009 comprise the following:

	2009	2008
	N\$	N\$
Trade creditors	158 336	158 270
Consumer deposits	39 768	39 768
VAT control account	-	638 861
Suspense account	2 327 592	478 740
Provision for Regional Council	176 807	95 417
Provision for accrued creditors	225 784	128 450
Provision for accounting fees	81 520	40 000
Provision for leave	62 282	447 969
Provision for Namwater	12 758 453	10 934 667
	15 830 542	12 962 142

No supporting documentation could be obtained for the trade creditors of N\$ 158 200.

Included in the suspense account is also a direct deposit amount which is not cleared timeously to consumer debtors accounts.

Consumer deposits seem to be inadequate.

24. ASSESSMENT RATES

Proceeds from assessment rates amounted to N\$ 1 769 011 (2008: N\$ 1 501 728), of which an amount of N\$ 88 473 (2008: N\$ 75 125) was paid to the Regional Council. Tariffs determined during the year were N\$ 0.1303 (2008: N\$ 0.1241) per dollar per year on site valuations, N\$ 0.0284 (2008: N\$ 0.0270) per dollar per year on the valuation of improvements.

25. LOANS

25.1 External loan balances, excluding the Housing Fund, due by the Council totalled N\$ 104 802 at 30 June 2009 (2008: N\$ 229 469). The balances agree with actuarial tables. Loan assets have been capitalised and no loan assets were disposed of before the loan was redeemed. Loan monies were used for the purpose they were obtained for.

25.2 Internal loans as at 30 June 2009 were non-existent.

25.3 Build Together Fund loans due to the Council were as follows:

	2009	2008
	N\$	N\$
Interest rates from 9% to 12%.	2 460 234	2 231 715

Council could not provide the auditors with a list of these advances.

26. SALE OF ERVEN

The proceeds of erven and plots sold were N\$ 241 765 (2008: N\$ 49 012).

27. PROPERTY SOLD ON AN INSTALMENT BASIS

No properties were sold on an instalment basis during the year.

28. TARIFF ADJUSTMENTS

Tariff adjustments were applied in accordance with the relevant Official Government Notices.

29. APPROVALS

No bad debts were written off during the current year (2008: N\$ 7 083).

30. INVENTORY AND EQUIPMENT

30.1 Motor vehicles

	Sedan		LDV's		Heavy vehicles	
	Number	Value	Number	Value	Number	Value
		N\$		N\$		N\$
Balance - 01/07/2008	3	253 579	10	542 417	14	862 800
Plus: Additions	-	-	-	-	-	-
Sub-total	3	253 579	10	542 417	14	862 800
Less: Depreciation		(50 716)		(108 484)		(172 560)
Balance - 30/06/2009	3	202 863	10	433 933	14	690 240

30.2 Motor vehicle accidents

No vehicle accidents were reported during the year.

30.3 Inventory

No stock count was performed at year end and consequently no stock balance is reflected in the balance sheet.

31. SPECIAL INVESTIGATIONS

No special investigations were commissioned by the Council.

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 reduce risk, it causes the risk that management and Council override existing controls, a potentially dangerous practice, which Council should vigilantly guard against.

33. FORMAL AND INFORMAL QUERIES

33.1 Formal queries are embodied in this report.

33.2 Informal queries reported to the Accounting Officer and Town Clerk consisted of:

- VAT
- Debtors
- Provision for bonus
- Fixed assets
- Consumer deposits
- Direct deposits

34. QUALIFIED AUDIT OPINION

The accounts of the Town Council of Khorixas for the financial year ended 30 June 2009 summarised in Annexure A to D were audited in terms of the provisions of Section 85 of the Local Authorities Act, 1992, read with Section 25(1) (b) of the State Finance Act, 1991.

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

- The fixed asset register is not coded and dated as to when purchases were made. Therefore the auditors could not trace assets to the fixed asset register. Fixed asset additions to the value of N\$ 323 807 were paid without supporting documentation. Council did not depreciate additions for the year on a pro rata basis.
- The VAT suspense account is not reconciled therefore the auditors could not verify the accuracy, existence and valuation of the account.
- No supporting documentation could be submitted to substantiate the movement in the Build Together Fund account.
- Provision for bad debts is understated by N\$ 725 791. A suspense account with a debit balance of N\$ 1 204 406 which relates to receipts that are not reflected on the bank statements of the Council could not be backed by supporting documents.
- Council could not provide a detailed list of consumer deposits, therefore the auditors could not verify the correctness of this account.
- No supporting documents could be provided related to trade creditors to the amount of N\$ 158 200.
- Council raised a provision for accounting fees which is not permitted.
- No listing of Build Together debtors was available.
- No provision for bonuses has been raised.
- Water expenses is understated by N\$ 443 471. Interest payable to Namwater to the amount of N\$ 781 250 is not accounted for.
- Council only accounted the basic charge on water as income for the Council. The water usage is collected by Namwater and is not accounted for by the Council, therefore water sales are materially understated.

- Payroll records could not be reconciled to the general ledger. A material difference of N\$ 78 327 was detected.

Except for the above-mentioned remarks, in my opinion the financial statements fairly present the financial position of the Town Council at 30 June 2009 and the results of its operations and cash flow for the year then ended.

WINDHOEK, May 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

BALANCE SHEET AS AT 30 JUNE 2009

ASSETS	Notes	2009	2008
		N\$	N\$
Non-current assets		33 905 359	26 551 800
Property, plant and equipment	1	18 278 742	10 198 239
Advances	2	2 460 234	2 231 715
Investments	3	13 166 383	14 121 846
Current assets		3 318 185	2 742 788
Trade and other receivables	4	1 994 480	2 517 186
Cash and cash equivalents		93 754	225 602
Suspense accounts	5	1 229 951	-
TOTAL ASSETS		37 223 544	29 294 588
EQUITY AND LIABILITIES			
Equity		21 288 200	16 102 977
Capital outlay	6.1	18 173 940	9 968 770
Fund accounts and reserves	6.2	3 114 260	6 134 207
Non-current liabilities		104 802	229 469
Long term liabilities	7	104 802	229 469
Current liabilities		15 830 542	12 962 142
Trade and other payables	8.1	13 502 950	12 483 402
Suspense account	8.2	2 327 592	478 740
TOTAL EQUITY AND LIABILITIES		37 223 544	29 294 588

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 N\$	2008 N\$
INCOME		6 101 539	9 449 456
EXPENDITURE		(9 044 920)	(11 555 118)
OPERATING LOSS FOR THE YEAR		(2 943 381)	(2 105 662)
INVESTMENT INTEREST EARNED FOR FUND ACCOUNTS*		-	186 157
NET LOSS FOR THE YEAR		(2 943 381)	(1 919 505)
Add: Adjustment of opening balance		-	38 305
Appropriation and adjustments	9	(1 718 653)	(13 432 647)
RETAINED SURPLUS/(LOSS) FOR THE YEAR		(4 662 034)	(15 313 847)
30 June 2008		(8 842 236)	6 471 611
30 June 2009		(13 504 270)	842 236

* Interest amounting to N\$ 1 513 404 has been directly allocated to the Fund accounts.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		N\$	N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		6 101 539	9 449 456
Cash paid to suppliers		(8 602 418)	(5 894 064)
Cash generated from customers		(2 500 879)	3 555 392
Investment income		-	186 157
<i>Net cash (utilised)/generated by operating activities</i>	10	(2 500 879)	3 741 549
CASH GENERATED BY INVESTING ACTIVITIES			
		(7 353 559)	(9 095 318)
Purchase of property, plant and equipment		(8 080 503)	(1 061 334)
Increase in advances		(228 519)	692 082
Decrease in investments		955 463	(10 848 734)
CASH UTILIZED BY FINANCING ACTIVITIES			
		9 722 590	5 744 152
(Decrease)/increase in revenue Funds		9 847 257	5 905 435
Decrease in long term liabilities		(124 667)	(161 283)
Net (decrease)/increase in cash and cash equivalents		(131 848)	390 383
Cash and cash equivalents at the beginning of the year		225 602	(164 781)
Cash and cash equivalents at the end of the year		93 754	225 602

NOTES TO THE 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

All property, plant and equipment are initially recorded at cost. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use. All other plant and equipment are stated at historical cost or valuation where applicable.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

1.3 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and investments in money market instruments, net of bank against overdrafts.

1.4 Internal Funds

The following Funds were created by the Town Council:

1.4.1 Build Together Fund

The purpose of this Fund is to provide for housing loan assistance to low income earners in the society. The low income earners are expected to provide their house plans and are vetted for qualification before the funds are disbursed. This is a revolving Fund, the low income earners are expected to repay these loans on a monthly basis for a period of up to twenty years, at an interest rate of five percent per annum. Income for the Fund is derived from interest earned on secured housing loans and investments.

1.4.2 Fixed Property Fund

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

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

	2009	2008
	N\$	N\$
1. PROPERTY, PLANT AND EQUIPMENT		
Consists of :		
Property, plant and equipment	18 278 742	10 198 239
Financed by :		
Revenue account	6 460 054	7 134 476
General capital	11 260 646	2 505 721
Loan assets	558 042	558 042
	18 278 742	10 198 239
2. ADVANCES		
Advances to buyers	2 460 234	2 231 715
	2 460 234	2 231 715
3. INVESTMENTS		
Allocated to:		
Fixed Property Fund	12 684 549	10 433 721
Revenue	-	1 377 118
Build Together	481 834	2 311 007
	13 166 383	14 121 846
4. ACCOUNTS RECEIVABLE		
Trade debtors	20 561 075	20 466 111
Value added taxation	824 564	-
	21 385 639	20 466 111
Less :		
Provision for doubtful debts	(19 391 159)	(17 948 925)
	1 994 480	2 517 186

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

	2009	2008
	N\$	N\$
5. SUSPENSE ACCOUNTS	1 229 951	-
R/D Cheques	25 545	-
Receipts not on bank statement	1 204 406	-
6. FUNDS AND ACCOUNTS		
6.1 Capital outlay	18 173 940	9 968 770
Contribution ex Revenue	6 460 054	7 134 476
Contribution ex General Capital	11 260 646	2 505 721
Long term loans redeemed	453 240	328 573
6.2 Funds, accounts and reserves	3 114 260	6 134 207
Built Together Fund	2 942 069	4 542 722
Fund : Fixed Property	13 676 461	10 433 721
Revenue Account kept in compliance with Section 86 (1) of the Local Authorities Act, 1992	(13 504 270)	(8 842 236)
7. EXTERNAL LOANS	104 802	229 469
External loans	104 802	229 469
8.1 Accounts payable		
Trade payables	158 336	158 270
Provision for leave pay	62 282	447 969
Provision for accounting fees	81 520	40 000
VAT suspense account	-	638 861
NAMWATER	12 758 453	10 934 667
Regional Council	176 807	95 417
Accrued creditors	225 784	128 450
Consumer deposits	39 768	39 768
	13 502 950	12 483 402

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

	2009	2008
	N\$	N\$
8.1 Suspense accounts		
Third Party payments	-	215 845
Direct deposits	2 327 592	262 895
	2 327 592	478 740
9. ADJUSTMENTS AND APPROPRIATIONS		
Other adjustments	(287 197)	-
Debtors adjustments	(1 442 234)	(16 948 925)
Prior year expenses	(6 103)	3 511 108
Stale cheques	16 881	5 170
	(1 718 653)	(13 432 647)
10. CASH UTILISED IN OPERATIONS		
Net operating deficit	(2 943 381)	(1 919 505)
Adjustments (appropriations)	(1 718 653)	(13 394 342)
Investment Income	-	(186 157)
OPERATIONAL INCOME BEFORE CHANGE IN WORKING CAPITAL	(4 662 034)	(15 500 004)
GENERATION OF WORKING CAPITAL		
(Increase)/decrease in accounts receivable	522 706	17 131 735
(Increase)/decrease in suspense	(1 229 951)	-
Increase/(decrease) in accounts payable	2 868 400	1 923 661
	(2 500 879)	3 555 392