



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

TOWN COUNCIL OF KHORIXAS

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 Town Council of Khorixas 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, January 2013

**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 2012**

1. INTRODUCTION

The accounts of the Town Council of Khorixas 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 Mostert Landgrebe 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 Namibia Dollar. Deficits are indicated in brackets.

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 the opinion of the Auditor-General 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, 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 OBSERVATION AND COMMENTS

4.1 Internal control and accounting records

There was no sufficient system of internal control at the Town Council on which the auditors could rely upon for audit purposes.

4.2 Property, plant and equipment

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 Council has not depreciated the additions during the year.

The total additions amount is represented as inclusive of VAT, therefore an overstatement in the Council's value of its assets is possible.

4.3 Value Added Tax (VAT)

Included in trade and other receivables is an amount of N\$ 96 870 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 and Capital Reserve

No supporting documentations could be provided for the movement on these Funds. The existence, accuracy and completeness of these Funds could not be verified.

Listing for the build together loan debtors could not be relied on as Council admitted that they have not been updating the Finstel system since 2006. No records regarding the new loans, repayments of loans were made available to the auditors, as such they were unable to verify the accuracy, existence, valuation and completeness thereof.

4.5 Trade and other receivables

A suspense account relating to receipts that are not reflected on the bank statements amounting to N\$ 448 590 were not cleared as at year-end, and could not be supported by supporting proper documentation. Also included in suspense accounts is an amount of N\$ 17 559, which could not be explained by the Council.

4.6 Consumer deposits

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

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 the 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.

The Council could not provide supporting documentation for creditors amounting to N\$ 157 017 (this balance is coming from prior years) and for accrued creditors of N\$ 810 611. No authentic leave pay register could be provided by the Council. Namwater account is materially overstated by N\$ 4 422 883.

A suspense account of Direct deposits amounting to N\$ 1 289 984 was not cleared as at year end.

The Council has raised a provision for accounting fees amounting to N\$ 32 818 in the previous year, which is not cleared in the current year.

4.8 Provision for bonuses and severance pay

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

4.9 Liquidity Position

A temporary advance to revenue of N\$ 4 351 562 (2011: N\$ 2 919 089) was made during the year under review. Furthermore a negative current ratio still exists, which indicates a possible crisis position.

4.10 Water Purchases and Sales

No water purchases from Namwater for the current financial year were recorded in the financial statements.

The Council only accounts for the income on the basic charge, which they receive from Namwater as refund (as per the agreement). The rest of the water income is collected by Namwater in an effort to reduce the outstanding monies due to them. However, the 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.

4.11 Payroll

The Payroll records could not be reconciled to the general ledger due to a lack of supporting documentation.

4.12 Expenses

The auditors could not test the expenses to their satisfaction due to a lack of supporting documentation.

4.13 Income

Water sales could not be tested - Refer to paragraph 4.10.

Rates and taxes was charged less than the announced rates in the Government Gazette.

The following income was qualified due to lack of proper income listings and supporting documentation: house rental income, business rental and sale of ervens, rental of machinery and sand deliveries. Electricity surcharge income appears to be materially misstated.

4.14 Inventories

Inventories are not recorded in the general ledger of the Town Council and consequently not reflected in the financial statements.

4.15 Minutes of meetings

Minutes of meetings are not properly filed, and mostly not signed.

4.16 Other filing

Filing in general is very disorganised. Not all supporting documentation could be provided for audit purposes.

4.17 VAT and P.A.Y.E. returns

Not all VAT and P.A.Y.E. returns were submitted timeously to the Directorate: Inland Revenue. No provision for penalties and interest has been made in the financial statements.

5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Town Council of Khorixas 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				(14 802 980)
General accounts				
- Non-profitable services	1 898 949	10 075 112	(8 176 163)	
- Self-supporting services	6 383 553	3 783 572	2 599 981	
Trade accounts				
- Electricity	135 516	88 175	47 341	
- Water	2 982 436	1 632 647	1 349 789	
Deficit for the year	11 400 454	15 579 506	(4 179 052)	(4 179 052)
Adjustments and utilisations				(18 982 032) 41 922
Accumulated deficit on 30/06/2012				(18 940 110)

7. CURRENT BANK ACCOUNT

	2012	2011
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	(481 620)	(101 730)
Outstanding cheques	950 477	-
Unexplained difference	-	254 268
Balance as per bank statement	468 857	355 998

8. INVESTMENTS

The investments as at 30 June were as follows:

Institution	2012	2011
	N\$	N\$
Commercial banks	1 810 415	6 720 779
Distribution		
Revenue	766 895	2 199 368
General capital	1 043 520	4 521 411
	1 810 415	6 720 779

9. FUND ACCOUNTS

The position of the Funds and accounts at year-end was as shown in note 7 in Annexure D.

10. TRADE ACCOUNT

10.1 The results of water operations were as follows:

	Water	
	2012	2011
	N\$	N\$
Sales	234 389	596 374
Cost of sales	-	-
Gross surplus	234 389	596 374
Other expenses	1 215 400	1 870 375
Net surplus	1 449 789	2 466 749
Gross surplus percentage on sales	100.0%	100.0%
Net surplus percentage on sales	618.5%	413.6%

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.

10.2 Distribution results were as follows:

No distribution results were available.

11. SELF SUPPORTING SERVICES

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

Service	Income 2012	Expenses 2012	Surplus/ (deficit) 2012	Surplus/ (deficit) 2011
	N\$	N\$	N\$	N\$
Sewerage	1 338 450	-	1 338 450	953 206
Cleansing services	965 719	-	965 719	574 633
Public health	259 615	531 056	(271 441)	374 559
Town planning	1 792 562	3 143 333	(1 350 771)	948 019
Rates and taxes	2 027 207	109 183	1 918 024	1 750 728
	6 383 553	3 783 572	2 599 981	4 601 145

As reported in the previous year, Council must turn the loss making services into self supporting services.

12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

There were no such expenses.

13. SUSPENSE ACCOUNTS

Suspense accounts were not reconciled on a regular basis and suspense accounts amounting to N\$ 466 148 (debit balances) and N\$ 1 289 984 (credit balances) were not cleared at year-end. Both these suspense accounts are related to uncleared entries on the bank and salary accounts.

14. IRREGULARITIES AND LOSSES

There were no such expenses.

15. CAPITAL PROJECTS

The following were spend on capital projects:

Nature of projects/acquisitions	Financed by Revenue account	Total expenditure 2012	Total expenditure 2011
	N\$	N\$	N\$
Public health	310 279	310 279	261
Human resources and public relations	94 648	94 648	16 342
Water	500 559	500 559	973 610
Town clerk	25 989	25 989	3 749
Town planning	2 938 957	2 938 957	500 433
Streets	1 189 802	1 189 802	938 178
Town treasurer	26 640	26 640	1 297
	5 086 874	5 086 874	2 433 870

16. STUDY LOANS/BURSARIES

No bursaries were granted during the year.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID.

There were no contributions from Government.

18. COMPENSATION PAYMENTS

No compensation payments were claimed from the Town Council during the year under review.

19. VISITS TO FOREIGN COUNTRIES

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

20. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the local authority.

21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

No gifts and donations were allocated or paid during the year under review.

22. TRANSFER OF PROPERTY

No property was transferred to or from Government.

23. TRADE AND OTHER RECEIVABLES/TRADE AND OTHER PAYABLES**23.1 Trade and other receivables at 30 June were:**

	2012	2011
	N\$	N\$
Consumers	22 786 823	22 941 638
VAT receivable	96 870	776 661
Suspense accounts	466 148	605 468
Provision for bad debts	23 349 841 (21 756 149)	24 323 767 (21 693 206)
Total	1 593 692	2 630 561

23.2 Trade and other payables at 30 June were:

	2012	2011
	N\$	N\$
Trade payables	14 037 559	13 150 616
Consumer and other deposits	39 468	39 468
Provisions	333 609	184 815
Direct deposits	1 289 984	1 037 824
Totals	15 700 620	14 412 723

24. ASSESSMENT RATES

	2012	2011
	N\$	N\$
The net proceeds from assessment rates were	2 027 207	1 750 728
Residential		
Tariffs per N\$1 valuation per month on site value	0.0697	0.1498
Tariffs per N\$1 valuation per month on improvement value	0.0262	0.0327
Business		
Tariffs per N\$1 valuation per month on site value	0.0996	0.1498
Tariffs per N\$1 valuation per month on improvement value	0.0654	0.0327

25. LOANS**25.1 External and internal loans**

There were no external or internal loans.

25.2 Housing loans due to the Council

	2012	2011
	N\$	N\$
Interest rated between 9% and 12%	2 129 160	2 243 655

26. SALE OF ERVEN

The proceeds of erven and plots sold were N\$ 80 268 (2011: N\$ 385 134) and were allocated to the town planning vote. The Council could not provide a list of erven sold during the period.

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

No properties were sold on instalment basis during the year under review.

28. TARIFF ADJUSTMENTS

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

29. APPROVALS

All overspending were approved by the Council.

30. INVENTORY AND EQUIPMENT

30.1 Motor vehicles and values thereof:

	Sedan		LDV's, 4x4's and Combi's		Other	
	Number	Value	Number	Value	Number	Value
		N\$		N\$		N\$
Balance - 01/07/2011	4	285 392	10	334 688	15	1 182 957
Prior year adjustment	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Sub-total	4	285 392	10	334 688	15	1 182 957
Depreciation	-	(57 079)	-	(66 937)	-	(194 098)
Balance - 30/06/2012	4	228 313	10	267 751	15	988 859

30.2 Inventory

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

31. SPECIAL INVESTIGATIONS

There were no special investigations during the year under review.

32. GENERAL

The accounting and internal controls are not 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 does reduce risks, the risk arises that management and the Council override existing controls, a potentially dangerous practice which the Town Council should vigilantly guard against. The integrity of staff in appropriate positions should however be reviewed to ensure that qualified personnel are employed in respective positions.

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 Khorixas Town Council for the financial year ended 30 June 2012, summarised in Annexures A to D, were audited by me in terms of Section 85 of the Local Authority 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 reasons:

Internal control and accounting records

There was no sufficient system of internal control at the Town Council on which the auditors could rely upon for audit purposes.

Property, plant and equipment

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 Council has not depreciated the additions during the year.

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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.

Funds - Build together and Capital Reserve

No supporting documentations could be provided for the movement on these Funds. The existence, accuracy and completeness of these Funds could not be verified.

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Trade and other receivables

A suspense account relating to receipts that are not reflected on the bank statements amounting to N\$ 448 590 were not cleared as at year-end, and could not be supported by supporting proper documentation. Also included in suspense accounts is an amount of N\$ 17 559, which could not be explained by the Council.

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Water Purchases and Sales

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Council only accounts for the income on the basic charge, which they receive from Namwater as refund (as per the agreement). The rest of the water income is collected by Namwater in an effort to reduce the outstanding monies due to them. However the 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.

Expenses

The auditors could not test the expenses to their satisfaction due to a lack of supporting documentation.

Income

Water sales could not be tested.

Rates and taxes was charge less than the announced rates in the Government Gazette.

The following income was qualified due to lack of proper income listings and supporting documentation: house rental income, business rental and sale of ervens, rental of machinery and sand deliveries. Electricity surcharge income appears to be materially misstated.

Other filing

Filing in general is disorganised. Not all supporting documentation have been provided for audit purposes.

VAT and P.A.Y.E. returns

Not all VAT and P.A.Y.E. returns were submit timeously to the Directorate: Inland Revenue. No provision for penalties and interest has been made in the financial statements.

WINDHOEK, January 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR- GENERAL**

TOWN COUNCIL OF KHORIXAS

BALANCE SHEET AT 30 JUNE

	Notes	2012 N\$	2011 N\$
ASSETS			
Non-current assets			
		30 740 949	32 895 966
Property, plant and equipment	2	26 801 374	23 931 532
Advances to buyers		2 129 160	2 243 655
Investments	3	1 810 415	6 720 779
Current assets			
Trade and other receivables	4	1 593 692	2 630 561
TOTAL ASSETS		32 334 641	35 526 527
FUNDS AND LIABILITIES			
Funds and reserves			
		16 152 401	21 012 074
Capital outlay	6	26 801 374	23 931 532
Funds and accounts	7	(10 648 973)	(2 919 458)
Current liabilities			
		16 182 240	14 514 453
Trade and other payables	8	15 700 620	14 412 723
Bank overdraft	5	481 620	101 730
TOTAL FUNDS AND LIABILITIES		32 334 641	35 526 527

TOWN COUNCIL OF KHORIXAS

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2012</u>	<u>2011</u>
		N\$	N\$
INCOME		11 300 194	12 936 962
EXPENDITURE		<u>15 579 506</u>	<u>12 998 174</u>
NET OPERATING DEFICIT		(4 279 312)	(61 212)
INTEREST ON INVESTMENTS		<u>100 260</u>	<u>215 735</u>
NET OPERATING DEFICIT AFTER INTEREST		(4 179 052)	154 523
APPROPRIATION ACCOUNT	9	<u>41 922</u>	<u>134 892</u>
NET (DEFICIT)/SURPLUS AFTER APPROPRIATIONS		(4 137 130)	289 415
REVENUE ACCOUNT - Beginning of year		<u>(14 802 980)</u>	<u>(15 092 395)</u>
REVENUE ACCOUNT - End of year		<u>(18 940 110)</u>	<u>(14 802 980)</u>

TOWN COUNCIL OF KHORIXAS

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2012</u> N\$	<u>2011</u> N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		11 300 194	12 936 962
Cash paid to suppliers		<u>(13 212 818)</u>	<u>(12 737 965)</u>
Cash (utilised)/generated by operations	10	(1 912 624)	198 997
Investment income		100 260	215 735
(Decrease)/increase in Fund accounts		(3 592 385)	86 475
Increase in Capital outlay		<u>2 869 842</u>	<u>189 781</u>
Net cash flow from operating activities		<u>(2 534 907)</u>	<u>690 988</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net capital expenditure		(2 869 842)	(189 781)
Decrease/(increase) in investments		4 910 364	(208 042)
Decrease in advances		<u>114 495</u>	<u>121 567</u>
		<u>2 155 017</u>	<u>(276 256)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(379 890)	414 732
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		<u>(101 730)</u>	<u>(516 462)</u>
CASH AND CASH EQUIVALENTS - END OF YEAR		<u>(481 620)</u>	<u>(101 730)</u>

TOWN COUNCIL OF KHORIXAS**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. No provision for depreciation is made.

1.3 Investments

Investments are reflected at face value.

1.4 Trade receivables

Accounts receivable are recorded at originated cost less an allowance for bad debts.

1.5 Cash and cash equivalents

It consists of cash on hand and the current account with banks, all of which are available for immediate use by Council.

1.6 Trade and other payables

All financial liabilities are recorded at cost.

1.7 Internal Funds

Internal Funds were created as follows by the Council:

1.7.1 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.

1.7.2 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.

TOWN COUNCIL OF KHORIXAS

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

	2012	2011
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
Revenue	12 826 320	8 669 875
General capital	13 975 054	15 261 657
Total	26 801 374	23 931 532
3. INVESTMENTS		
INVESTMENTS		
Commercial banks	1 810 415	6 720 779
ALLOCATED AS FOLLOWS		
Capital Development Fund	766 895	2 199 368
Build Together Fund	1 043 520	4 521 411
	1 810 415	6 720 779
4. TRADE AND OTHER RECEIVABLES		
Consumers	22 786 823	22 941 638
VAT receivable	96 870	776 661
Suspense accounts	466 148	605 468
	23 349 841	24 323 767
Provision for bad debts	(21 756 149)	(21 693 206)
	1 593 692	2 630 561
5. BANK AND CASH		
Current account	(481 620)	(101 730)
	(481 620)	(101 730)
6. CAPITAL OUTLAY		
Revenue contributions	12 826 320	8 669 875
General capital contributions	13 975 054	15 261 657
	26 801 374	23 931 532

TOWN COUNCIL OF KHORIXAS

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

	2012	2011
	N\$	N\$
7. FUNDS, ACCOUNTS AND RESERVES		
Capital Development Fund	5 118 457	5 118 457
Build Together Fund	3 172 680	6 765 065
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(18 940 110)	(14 802 980)
	(10 648 973)	(2 919 458)
8. TRADE AND OTHER PAYABLES		
Trade payables	14 037 559	13 150 616
Consumer and other deposits	39 468	39 468
Provisions	333 609	184 815
Direct deposits	1 289 984	1 037 824
	15 700 620	14 412 723
9. ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Appropriations	-	50 650
Opening balance difference	811 874	-
Other adjustments	(569 275)	(405 558)
Prior year expenses	650 592	554 591
Provision for bad debts	(996 972)	(784 082)
Stale cheques reversed	145 703	719 291
	41 922	134 892
10. CASH (UTILISED)/GENERATED BY OPERATIONS		
Net operating surplus before interest and transfers	(4 279 312)	(61 212)
Adjustments for:		
- Adjustments to appropriation account	41 922	134 892
OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL	(4 237 390)	73 680
CHANGES IN WORKING CAPITAL	2 324 766	125 317
Decrease in trade and other receivables	1 036 869	411 679
Increase/(decrease) in trade and other payables	1 287 897	(286 362)
CASH (UTILISED)/GENERATED BY OPERATIONS	(1 912 624)	198 997