



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

TOWN COUNCIL OF LÜDERITZ

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

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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 Lüderitz for the financial year ended 30 June 2013, 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, June 2014

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
TOWN COUNCIL OF LÜDERITZ
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

1. INTRODUCTION

The accounts of the Town Council of Lüderitz for the year ended 30 June 2013 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 his opinion to the National Assembly. The said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

4. AUDIT OBSERVATION AND COMMENTS

4.1 Trade and other receivables - Provision for bad debts

The average collection period of trade receivables, before taking the provision for bad debts into account, is 216 days (2012: 184 days). The average collection period of trade receivables, after taking the provision for bad debts into account, is 184 days (2012: 150 days). The Council should attend to the arrears as a matter of urgency. The auditors are of the opinion that the provision for bad debts is understated by N\$ 27 166 280 (2012: N\$ 18 793 983).

4.2 Other payables - VAT

Due to a lack of proper accounting records the auditors were unable to verify the correctness of the VAT amount payable per balance sheet of N\$ 18 582 957 (2012: N\$ 12 227 224). No provision for interest or penalties have been made on this amount.

4.3 Inventories

The auditors did not observe the counting of the inventories on 30 June 2013. There were no alternative practical audit procedures that they could perform to confirm the existence of the inventories on hand at year-end.

4.4 Other payables - P.A.Y.E. and VAT

Not all P.A.Y.E. and VAT returns were submitted timeously to the Directorate: Inland Revenue. The provisions in the financial statements might not be sufficient to cover for arrear amounts, penalties and interest thereon.

4.5 Consumer deposits

The consumer deposits is not sufficient to cover one month's service charges.

4.6 Arrear external loans

External loans from Government are, as in previous years, not repaid but the repayments are provided for as arrear loan installments under current liabilities. The total instalments in arrears amount to N\$ 17 080 502 (2012: N\$ 16 011 437).

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

4.7 Payroll

No proper supporting documentation could be provided to verify the correctness of the payroll. The auditors were thus unable to verify the payroll to their satisfaction.

4.8 External loans

The balance sheet reflects external loans from the Government of Namibia of N\$ 5 642 769 (2012: N\$ 6 162 298). The amortisation tables available at the Town Council differ from the loans as per balance sheet. Most of the loans tested is understated in the balance sheet.

4.9 Provision for leave pay

No list for the provision for leave pay of N\$ 3 923 684 were available for audit purposes, hence the accuracy and completeness could not be determined.

4.10 Bulk supply receivables

The list supplied for bulk supply receivables is N\$ 7 868 809 less than the amount of N\$ 9 635 559 that was provided for.

5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Town Council of Lüderitz 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 01/07/2012				(30 500 443)
General accounts				
- Non-profitable	27 916 837	33 602 518	(5 685 681)	
- Self-supporting	5 542 471	15 364 838	(9 822 367)	
Trade accounts				
- Water	17 087 510	13 818 601	3 268 909	
- Electricity	55 753 361	48 555 142	7 198 219	
Surplus for the year	106 300 179	111 341 099	(5 040 920)	(5 040 920)
Adjustments and utilisations				(35 541 363)
				8 447 499
Accumulated deficit on 30/06/2013				(27 093 864)

7. CURRENT BANK ACCOUNT

	2013	2012
	N\$	N\$
Cash-book balance at 30 June	(3 378 168)	(3 730 008)
Outstanding cheques - Disclosed as trade payables	-	3 530 601
Cash-book balance at 30 June - Balance sheet	(3 378 168)	(199 407)
Outstanding cheques	3 389 158	-
Balance as per bank statement	10 990	(199 407)

8. INVESTMENTS

The investments as at 30 June were as follows:

Institution	2013	2012
	N\$	N\$
Commercial Banks	21 846 490	23 479 394
Insurance companies	-	5 056 003
	21 846 490	28 535 397

The investments were allocated as follows:

Allocation	2013	2012
	N\$	N\$
Capital Development Fund	-	7 391 612
Housing Fund	20 492 883	19 931 385
Fixed Property Fund	-	1 212 400
Revenue	1 353 607	-
	21 846 490	28 535 397

9. FUND ACCOUNTS

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

10. TRADE ACCOUNTS

10.1 The results of trade accounts were as follows:

	Electricity		Water	
	2013	2012	2013	2012
	N\$	N\$	N\$	N\$
Sales	46 509 203	39 809 875	15 931 785	12 891 680
Cost of sales	(38 216 078)	(31 081 838)	(9 277 913)	(8 625 229)
Gross surplus	8 293 125	8 728 037	6 653 872	4 266 451
Other expenses	(1 094 906)	(1 708 784)	(3 384 963)	(3 721 989)
Net (loss)/surplus	7 198 219	7 019 253	3 268 909	544 462
Gross surplus percentages on sales	17.8%	21.9%	41.8%	33.1%
Net (loss)/surplus percentage on sales	15.5%	17.6%	20.5%	4.2%

10.2 Water distribution results, in cubic meters

No statistics were kept by the Town Council to calculate the distribution losses. The Town Council, in future, must record the cubic meters sold and purchased to calculate distribution losses.

11. SELF-SUPPORTING SERVICES

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

	Income 2013	Expenses 2013	Surplus/ (deficit) 2013	Surplus/ (deficit) 2012
	N\$	N\$	N\$	N\$
Sewerage	-	8 932 612	(8 932 612)	(3 201 525)
Cleaning services	4 053 915	5 425 673	(1 371 758)	(2 325 605)
Natis	1 488 556	1 006 554	482 002	(633 798)
	5 542 472	15 364 839	(9 822 368)	(6 160 928)

The Council should introduce measures to reduce the losses on the loss-making services.

12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

There were no such expenses.

13. SUSPENSE ACCOUNTS

Suspense accounts are cleared on a regular basis.

14. IRREGULARITIES AND LOSSES

There were no such expenses for the year under review.

15. CAPITAL PROJECTS

The following were spend on capital projects:

Nature of projects/acquisitions	Financed by		Total expenditure 2013	Total expenditure 2012
	Revenue account	Internal loans		
	N\$	N\$	N\$	N\$
Cleansing services	-	2 734 424	2 734 424	-
Economic Development	3 755	2 338 592	2 342 347	123 723
Electricity	96 882	-	96 882	-
Financial Services	146 470	-	146 470	35 520
General Administration	164 005	208 000	372 005	140 036
Human Recourses	281 172	-	281 172	7 696
Rates and Taxes	23 738	-	23 738	4 919
Roads and Streets	-	377 848	377 848	5 147 707
Sewerage	642 132	-	642 132	-
Sub-Economic Housing	-	3 587 640	3 587 640	1 265 383
Town Planning	147 920	-	147 920	9 542
Water	-	-	-	1 177 812
Workshop	-	-	-	1 293 387
	1 506 074	9 246 504	10 752 578	9 205 725

16. BURSARIES

There were no such expenses for the year under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID.

Due to poor record keeping, the grants could not be determined.

18. COMPENSATION PAYMENTS

There were no such expenses for the year under review.

19. VISITS TO FOREIGN COUNTRIES

There were no such expenses for 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

There were no such expenses for the year under review.

22. TRANSFER OF PROPERTY

There were no transfers of property to or from the Local Authority.

23. TRADE AND OTHER RECEIVABLES/TRADE AND OTHER PAYABLES

23.1 Trade and other receivables at 30 June were:

	2013	2012
	N\$	N\$
Services, rates and taxes	57 216 784	42 278 049
Build Together advances	22 817 780	18 268 683
	80 034 564	60 546 732
Consumer deposits	(884 682)	(801 176)
Provision for bad debts	(7 106 000)	(6 993 000)
Total	72 043 882	52 752 556

The average collection period of trade receivables, before taking the provision for bad debts into account, is 216 days (2012: 184 days). The average collection period of trade receivables, after taking the provision for bad debts into account, is 184 days (2012: 150 days). The Council should attend to the arrears as a matter of urgency. The auditors are of the opinion that the provision for bad debts is understated by N\$ 27 166 280 (2012: N\$ 18 793 983).

23.2 Trade and other payables at 30 June were:

	2013	2012
	N\$	N\$
Trade payables	6 797 835	5 973 508
Loan instalments in arrear	17 080 502	16 011 437
VAT	18 582 957	12 227 224
Suspense accounts	367 705	188 634
Provisions	4 036 498	4 665 910
Outstanding cheques	-	3 530 601
Totals	46 865 497	42 597 314

Not all P.A.Y.E. and VAT returns were submitted timeously to the Directorate: Inland Revenue. The provisions in the financial statements might not be sufficient to cover for arrear amounts, penalties and interest thereon.

24. ASSESSMENT RATES

	2013	2012
	N\$	N\$
The proceeds from assessment rates were	7 451 040	7 379 260
Luderitz Town area		
Tariffs per N\$1 valuation per annum - Site valuation	0.047300	0.047300
Tariffs per N\$1 valuation per annum - Improvements	0.010212	0.010212
Nautilus town area		
Tariffs per N\$1 valuation per annum - Site valuation	0.047300	0.047300
Tariffs per N\$1 valuation per annum - Improvements	0.009460	0.009460
Benguela town area		
Tariffs per N\$1 valuation per annum - Site valuation	0.016130	0.016130
Tariffs per N\$1 valuation per annum - Improvements	0.004730	0.004730

25. LOANS

25.1 External loans

	2013	2012
	N\$	N\$
The Government of Namibia	5 642 769	6 162 298
Commercial banks	405 668	722 398
	6 048 437	6 884 696

External loans from Government are, as in previous years, not repaid but the repayments are provided for as arrear loan installments under current liabilities. The total installments in arrears amount to N\$ 17 080 502 (2012: N\$ 16 011 437).

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

25.2 Due to the Town Council

	2013	2012
	N\$	N\$
Build together advances - Included in trade and other receivables	22 817 780	18 268 683

25.3 Loans written off

No loans were written off by the Council.

26. SALE OF ERVEN

No list for the sale of erven could be provided to the auditors.

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

No properties were sold for the year under review.

28. TARIFF ADJUSTMENTS

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

29. APPROVALS

29.1 Excess on approved budget

All budget excesses were duly approved.

29.2 Internal loans

There were no new internal loans.

29.3 Revenue written off

No revenue was written off for the year under review.

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
Balance - 01/07/2012	6	N\$ 916 239	22	N\$ 1 799 023	14	N\$ 2 461 788
Additions	-	-	6	733 263	2	2 734 424
Disposals/write-off	(1)	(140 012)	(6)	(15 364)	(6)	(26 302)
Sub-total	5	776 227	22	2 516 922	10	5 169 910
Depreciation	-	(159 030)	-	(812 080)	-	(773 675)
Balance - 30/06/2013	5	617 197	22	1 704 842	10	4 396 235

30.2 Inventory

Inventories amounted to N\$ 676 858 (2012: N\$ 545 522).

31. SPECIAL INVESTIGATIONS

None

32. GENERAL

There is an insufficient 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 vigilantly guard against.

33. FORMAL AND INFORMAL QUERIES

Formal queries are embodied in this report. Informal queries were raised with the Chief Executive Officer. Audit differences and other comments are addressed in paragraph 4 of this report.

34. QUALIFIED AUDIT OPINION

The accounts of the Town Council of Lüderitz for the financial year ended 30 June 2013, summarised in Annexures A to D, were audited by me in terms of Section 85 of the Local Authorities Act, 1992, read with Section 25(1)(b) of the State Finance Act, 1991.

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

- The auditors are of the opinion that the provision for bad debts is understated by N\$ 27 166 280.
- Not all P.A.Y.E. and VAT returns were submitted timeously to the Directorate: Inland Revenue. The provisions in the financial statements might not be sufficient to cover for arrear amounts, penalties and interest thereon.
- The balance sheet reflects external loans from the Government of Namibia of N\$ 5 642 769 (2012: N\$ 6 162 298). The amortisation tables available at the Town Council differ from the loans as per balance sheet. Most of the loans tested is understated in the balance sheet.
- External loans from Government are, as in previous years, not repaid but the repayments are provided for as arrear loan installments under current liabilities. The total installments in arrears amount to N\$ 17 080 502 (2012: N\$ 16 011 437).
No interest on overdue amounts due to Government has been provided for.
- No proper supporting documentation could be provided to verify the correctness of the payroll. The auditors were thus unable to verify the payroll to their satisfaction.

- Due to a lack of proper accounting records the auditors were unable to verify the correctness of the VAT amount payable per balance sheet of N\$ 18 582 957 (2021: N\$ 12 227 224). No provision for interest or penalties have been made on this amount.
- No list for the provision for leave pay of N\$ 3 923 684 were available for audit purposes.
- The list supplied for bulk supply receivables is N\$ 7 868 809 less than the amount provided for.

Due to the significance of the matters referred to above, I am unable to form an opinion as to whether these financial statements fairly present the financial position of the Town Council on 30 June 2013, the results of its operations, cash flow for the year then ended in the manner required by the Local Authorities Act, 1992, and the State Finance Act, 1991.

WINDHOEK, June 2014

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

TOWN COUNCIL OF LÜDERITZ

BALANCE SHEET AT 30 JUNE

	Notes	2013 N\$	2012 N\$
ASSETS			
Non-current assets			
		183 305 248	181 336 177
Property, plant and equipment	2	161 458 758	152 800 780
Investments	3	21 846 490	28 535 397
Current assets			
		72 720 740	53 299 278
Trade and other receivables	4	72 043 882	52 752 556
Inventories	5	676 858	545 522
Bank and cash	6	-	1 200
TOTAL ASSETS		256 025 988	234 635 455
FUNDS AND LIABILITIES			
Funds and reserves			
		199 733 886	184 954 038
Capital outlay	7	128 238 666	126 042 510
Funds and accounts	8	71 495 220	58 911 528
Non-current liabilities			
Long-term liabilities	9	6 048 437	6 884 696
Current liabilities			
		50 243 665	42 796 721
Trade and other payables	10	46 865 497	42 597 314
Bank overdraft	6	3 378 168	199 407
TOTAL FUNDS AND LIABILITIES		256 025 988	234 635 455

TOWN COUNCIL OF LÜDERITZ

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2013</u>	<u>2012</u>
		N\$	N\$
INCOME		106 281 628	85 854 894
EXPENDITURE		<u>(111 341 099)</u>	<u>(92 553 262)</u>
NET OPERATING DEFICIT		(5 059 471)	(6 698 368)
INTEREST ON INVESTMENTS		<u>18 551</u>	<u>3 364 337</u>
NET DEFICIT AFTER INTEREST		(5 040 920)	(3 334 031)
APPROPRIATION ACCOUNT	11	<u>8 447 499</u>	<u>(8 735 940)</u>
		3 406 579	(12 069 971)
REVENUE ACCOUNT - Beginning of year		<u>(30 500 443)</u>	<u>(18 430 472)</u>
REVENUE ACCOUNT - End of year		<u>(27 093 864)</u>	<u>(30 500 443)</u>

TOWN COUNCIL OF LÜDERITZ

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
		N\$	N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		106 281 628	85 854 894
Cash paid to suppliers		<u>(118 048 079)</u>	<u>(97 722 619)</u>
Cash utilised by operations	12	(11 766 451)	(11 867 725)
Interest received		18 551	3 364 337
Increase in Fund accounts		9 177 113	13 564 129
Increase in Capital outlay		<u>2 196 156</u>	<u>896 136</u>
Net cash flow from operating activities		<u>(374 631)</u>	<u>5 956 877</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net capital expenditure		(8 657 978)	(6 698 639)
Decrease/(increase) in investments		<u>6 688 907</u>	<u>(456 159)</u>
		<u>(1 969 071)</u>	<u>(7 154 798)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease in long-term loans		<u>(836 259)</u>	<u>(678 730)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3 179 961)	(1 876 651)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		<u>(198 207)</u>	<u>1 678 444</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	6	<u>(3 378 168)</u>	<u>(198 207)</u>

TOWN COUNCIL OF LÜDERITZ**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 D 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. Assets are depreciated over their estimated useful lives.

1.3 Internal Funds

The following Funds were created by the Town Council:

1.3.1 New Development Fund

The purpose of this Fund is to make provision for future capital development projects of the Council. Income is obtained from the Revenue Account as well as a cash donation from Government.

1.3.2 Housing Fund

The purpose of this Fund is to provide for housing loans. Income for this Fund is derived from interest earned on secured housing loans and investments as well as profits made on the resale of housing scheme houses. Interest paid on external housing loans is charged to the Fund.

1.3.3 Capital Reserve Fund

The purpose of this Fund is to build up a general capital reserve to ensure a stable financial position. Income for this fund is derived from general revenue contributions and interest earned on internal loans and investments.

1.3.4 Betterment Fund

The purpose of this Fund is to provide for future improvements of municipal assets. Part of the proceeds of the sale of land as well as interest earned on internal loans and investments are allocated to this fund.

1.3.5 Renewal Fund

Its purpose is to provide for replacement of assets and for additional depreciation on assets which abnormally decreased in value. Income for this account is derived from general revenue contributions as well as interest earned on investments.

1.3.6 Capital Redemption Fund

Capital redemptions on external and internal loans are charged against income. A similar amount is credited to the Loan Redemption Fund for the duration of the loan. As and when the loan is fully redeemed the Loan Redemption Fund is transferred to the Revenue Contribution.

TOWN COUNCIL OF LÜDERITZ

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

	<u>2013</u>	<u>2012</u>
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
Total	<u>161 458 758</u>	<u>152 800 780</u>
3. INVESTMENTS		
INVESTMENTS		
Commercial Banks	21 846 490	23 479 394
Insurance companies	-	5 056 003
	<u>21 846 490</u>	<u>28 535 397</u>
4. TRADE AND OTHER RECEIVABLES		
Services, rates and taxes	57 216 784	42 278 049
Build Together advances	22 817 780	18 268 683
	80 034 564	60 546 732
Consumer deposits	(884 682)	(801 176)
Provision for bad debts	(7 106 000)	(6 993 000)
	<u>72 043 882</u>	<u>52 752 556</u>
5. INVENTORIES		
Materials	<u>676 858</u>	<u>545 522</u>
6. CASH AND BANK BALANCES		
Current account	(3 378 168)	(199 407)
Petty cash	-	1 200
	<u>(3 378 168)</u>	<u>(198 207)</u>
7. CAPITAL OUTLAY		
Loans redeemed	16 151 792	15 273 983
Revenue contributions	93 263 186	91 909 943
General Capital contributions	18 823 688	18 858 584
	<u>128 238 666</u>	<u>126 042 510</u>

TOWN COUNCIL OF LÜDERITZ

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

	2013	2012
	N\$	N\$
8. FUNDS AND ACCOUNTS		
Internal loans overstated in Fund accounts	(767 143)	(902 006)
Capital Development Fund	14 410 697	13 739 378
Housing Fund	43 482 159	38 380 604
Fixed Property Fund	28 632 681	26 506 646
Renewal Fund	12 830 690	11 687 349
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(27 093 864)	(30 500 443)
	71 495 220	58 911 528
9. LONG-TERM LIABILITIES		
The Government of Namibia	5 642 769	6 162 298
Commercial banks	405 668	722 398
	6 048 437	6 884 696
10. TRADE AND OTHER PAYABLES		
Trade payables	6 797 835	5 973 508
Loan instalments in arrear	17 080 502	16 011 437
VAT	18 582 957	12 227 224
Suspense accounts	367 705	188 634
Provisions	4 036 498	4 665 910
Outstanding cheques	-	3 530 601
	46 865 497	42 597 314
11. ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Prior year adjustments	8 447 499	(8 735 940)
	8 447 499	(8 735 940)

TOWN COUNCIL OF LÜDERITZ

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

	<u>2013</u>	<u>2012</u>
	N\$	N\$
12. CASH UTILISED BY OPERATIONS		
Net operating deficit before transfers	(5 059 471)	(6 698 368)
Adjustments for:		
- Adjustments to appropriation account	<u>8 447 499</u>	<u>(8 735 940)</u>
OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL	<u>3 388 028</u>	<u>(15 434 308)</u>
CHANGES IN WORKING CAPITAL		
(Increase)/decrease in trade and other receivables	(19 291 326)	4 626 464
Increase in inventories	(131 336)	(126 866)
Increase/(decrease) in trade and other payables	<u>4 268 183</u>	<u>(933 015)</u>
	<u>(15 154 479)</u>	<u>3 566 583</u>
CASH UTILISED BY OPERATIONS	<u>(11 766 451)</u>	<u>(11 867 725)</u>