



**REPUBLIC OF NAMIBIA**



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

# **TOWN COUNCIL OF OUTAPI**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

Published by authority

Price (Vat excluded) N\$ 27.34  
Report no II/2013

**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 Outapi 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 OUTAPI  
FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2012**

---

**1. INTRODUCTION**

The accounts of the Town Council of Outapi 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 BDO 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.

**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 on 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 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 based 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, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including on 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as overall presentation of the financial statements.

#### 4. AUDIT OBSERVATIONS AND COMMENTS

Items that were also reported in the previous financial year are indicated by way of an asterisk (\*).

##### 4.1 Stock control (\*)

A physical stock count was conducted at year-end and final stock sheets were agreed to the financial statements. However, due to the fact that the auditors did not attend the stock count and no alternative procedures could be performed, they could not satisfy themselves as to the completeness and existence of all stock items.

The auditors also observed that the Council need to prepare a proper stock reconciliation at the end of each year-end. The stock reconciliation should clearly show the value of stock purchased and consumed during the year.

##### 4.2 Accuracy and valuation of debtors

The provision for doubtful debts appears to be understated. The accuracy of debtors aging could not be verified as the Council could not provide the auditors with the detailed debtors age analysis.

	2012	2011
	N\$	N\$
Consumer accounts debt outstanding	7 529 634	6 083 801
Provision for bad debts	5 145 255	4 732 387
Percentage increase / (decrease) in outstanding debts	24%	(7.3%)
Percentage increase / (decrease) in provision for bad debts	9%	(4)%
Percentage provision vs. Debt	68%	78%

The Council should be complemented for the improved debtors days from 237 days to 197 days .The percentage of debtors in the 120 days and above category also improved from 78% in 2011 to 68% in 2012. However, the total debt outstanding 60 and 90 days represents 9% (2011: 5%) of the total debt outstanding. The recoverability of the debtors is doubtful. If amounts 60 days and older are provided for, the provision is inadequate by N\$ 666 678 (2011: N\$ 289 449).

##### 4.3 Consumer deposits (\*)

The consumer deposits balance as stated on 30 June 2012 represents only 5% (2011: 6%) of total debt which should be alarming considering outstanding debts increased by 24%. In addition, numerous debtors' accounts still reflected deposits of prior years and were not updated to the new rates.

The Council should continually assess the adequacy of the consumer deposits.

##### 4.4 Unavailability of signed Council minutes

The Council could not provide the auditors with the signed Council minutes for 5 meetings held during the year. This was apparently due to the fact that the responsible staff member passed away and was the only one who knew where the minutes were kept.

This is in contravention with the Local Authorities Act; therefore the Council should keep proper custody of all the Council documents.

#### 5. ACKNOWLEDGEMENT

The assistance and co-operation given by the staff of the Town Council during the audit is highly 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\$
<b>Accumulated surplus 01/07/2011</b>				3 726 537
<b>General accounts</b>				
Rates and general	21 534 796	12 595 985	8 938 811	
Non-profitable services	11 467 592	6 036 947	5 430 645	
Self-supporting services	4 245 461	3 044 129	1 201 332	
<b>Trade accounts</b>				
Water	3 084 129	2 757 734	326 395	
Electricity	769 167	43 980	725 187	
	41 101 145	24 478 775	16 622 370	
Surplus for the year				16 622 370
Adjustments and appropriations (Note 9, Annexure D)				(858 789)
<b>Accumulated surplus 30/06/2012</b>				<b>19 490 118</b>

## 7. CURRENT BANK ACCOUNT

The favourable bank statement balance on the current bank account amounted to N\$ 1 204 608 (2011: N\$ 439 036). Cheques not presented for payment amounted to N\$ 1 064 542 (2011: N\$ 702 720), resulting in an unfavourable cash-book balance of N\$ 158 698 (2011: (N\$ 263 683)).

## 8. INVESTMENTS AND INTEREST PROCEEDS

The investments as at 30 June 2012 were as follows:

Institution	Investments		Interest	
	2012	2011	2012	2011
	N\$	N\$	N\$	N\$
<b>Invested at:</b>				
Commercial banks	23 472 323	8 904 535	985 368	108 090
	<b>23 472 323</b>	<b>8 904 535</b>	<b>985 368</b>	<b>108 090</b>
<b>Distribution</b>				
Capital Reserve Fund	341 385	335 140	6 246	62 919
Shack Dwellers Fund	361 414	192 923	3 689	19 394
Build Together Fund	1 515 334	1 432 981	18 998	20 347
Government Contribution Fund	2 289 567	2 247 678	41 888	5 430
Revenue Fund	18,964 625	4 695 813	914 546	-
	<b>23 472 323</b>	<b>8 904 535</b>	<b>985 368</b>	<b>108 090</b>

## 9. FUND ACCOUNTS

The position of internal Funds and Reserves is shown in note 6 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:

	Water	
	2012	2011
	N\$	N\$
Sales	2 965 055	2 467 545
Cost of sales	(1 730 538)	(1 439 251)
Gross profit	1 234 517	1 028 294
Other income/ (expenses)	(908 122)	(305 899)
<b>NET PROFIT</b>	<b>326 395</b>	<b>722 395</b>
Gross profit on cost of sales	71.0%	71.5%
Net profit percentage on cost of sales	19.0%	50.2%

### 10.2 Distribution losses were as follows:

Water distribution losses, in cubic metres (m<sup>3</sup>), were as follows:

	Water	
	2012	2011
	m <sup>3</sup>	m <sup>3</sup>
Sold	224 612	200 616
Bought	212 517	199 064
Distribution gain	<b>12 095</b>	<b>1 552</b>
Gain as percentage of units bought	6%	1%

## 11. SELF-SUPPORTING EXTERNAL SERVICES

The net result of these services, compared with the previous year, is as follows:

	Income 2012	Expenses 2012	Surplus/ (Deficit) 2012	Surplus/ (Deficit) 2011
	N\$	N\$	N\$	N\$
Open Market	418 113	622 453	(204 340)	(1 163 550)
Licenses and vehicle registration	1 138 310	875 724	262 586	211 616
Waste management	1 353 191	989 095	364 096	492 707
Sewerage	1 335 848	556 857	778 991	247 154
	<b>4 245 462</b>	<b>3 044 129</b>	<b>1 201 333</b>	<b>212 073</b>

## 12. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

The Council could not provide the auditors with the Council minutes that authorised for an amount of N\$ 20 315 written off against the appropriation account.

## 13. SUSPENSE ACCOUNTS

The suspense accounts balance amounted to N\$ 208 753 for the year under review.

#### **14. IRREGULARITIES AND LOSSES**

14.1 No irregularities by employees were reported.

14.2 No losses were reported.

#### **15. CAPITAL PROJECTS**

Capital expenditure for the 2012 financial year amounted to N\$ 9 496 829 (2011: N\$ 2 858 723) and comprises the following:

	<b>Revenue Account</b>	<b>Total Expenditure 2012</b>	<b>Total Expenditure 2011</b>
	N\$	N\$	N\$
Council – General expenses	3 559	3 559	5 043
Town clerk	10 027	10 027	-
Town administration	593 438	593 438	-
Town treasurer	8 965	8 965	11 791
Town engineer	4 870 646	4 870 646	16 195
Stores and procurement	-	-	5 078
Local economic and tourism	21 291	21 291	17 762
Health	5 173	5 173	9 555
Town planning and development	3 683 730	3 683 730	724 962
Electricity services	-	-	984 601
Workshop	300 000	300 000	-
Open market	-	-	1 083 735
	<b>9 496 829</b>	<b>9 496 829</b>	<b>2 858 723</b>

#### **16. STUDY LOANS/BURSARIES**

No bursaries or loans were granted during the year.

#### **17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID**

No contributions, grants and financial aid were made during the year under review.

#### **18. COMPENSATION PAYMENTS**

Compensation payments amounting to N\$ 3 671 172 (2011: N\$ 100 000) were made during the year.

#### **19. VISITS TO FOREIGN COUNTRIES**

No expenditure was incurred on visits to other countries during the year under review.

#### **20. CLAIMS AGAINST THE LOCAL AUTHORITY**

No claims for losses were received during the year under review.

#### **21. GIFTS AND DONATIONS BY THE LOCAL AUTHORITY**

An amount of N\$ 1 000 (2011: N\$ 4 000) was paid as donations during the year under review.

#### **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 2012 comprise the following:

	2012	2011
	N\$	N\$
Consumers	7 529 634	6 083 800
Build Together debtors	1 072 663	1 173 583
Other	193 769	-
Shack Dwellers	931 958	1 210 026
Value added taxation	288 432	136 965
	10 016 456	8 604 374
Less: Provision for bad debts	(5 145 255)	(4 732 387)
	<b>4 871 201</b>	<b>3 871 987</b>

The average collection period of trade receivables, before taking the provision for bad debts into account, is 196 days (2011: 236 days). The Council should attend to the arrears as a matter of urgency.

23.2 Creditors on 30 June 2012 comprise the following:

	2012	2011
	N\$	N\$
Trade creditors and other accruals	583 793	471 635
Provision for leave pay	1 045 230	686 135
Consumer deposits	401 600	358 546
Sundry receivables	7 439	75 734
Suspense account	208 753	505 949
	<b>2 246 815</b>	<b>2 097 999</b>

## 24. ASSESSMENT RATES

Proceeds from assessment rates amounted to N\$ 3 412 225 (2011: N\$ 2 922 517), of which an amount of N\$ 164 595 (2011: N\$ 146 126) was paid to the Regional Council.

The gazetted tariffs were as follows:

N\$ 0.0585 (2011: N\$ 0.0484) per dollar on site values per year and N\$ 0.00705 (2011: N\$ 0.00601) per dollar on improvements per year for businesses and N\$ 0.0484 (2011: N\$ 0.0484) per dollar on site value per year and N\$ 0.00601 (2011: N\$ 0.00601) per dollar on improvements per year for residential.

## 25. LOANS

### 25.1 External loan

External loan balances due totalled N\$ nil at 30 June 2012 (2011: N\$ 258 756). Loan monies were used for the purpose for which they were obtained. Redemption payments are up to date. Loan assets amounting to N\$ 492 478 were transferred to capitalised assets upon settlement of the loan balances and no loan assets have been disposed off or depreciated before the loan was redeemed.

### 25.2 Internal loans

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



### 25.3 Housing loans

Housing loans advanced to buyers under the Build Together and the Shack Dwellers Housing Schemes are disclosed as N\$ 1 072 663 (2011: N\$ 1 173 583) and N\$ 931 958 (2011: N\$ 1 210 026) respectively in the financial statements.

### 26. SALE OF ERVEN

During the current financial year, cash proceeds to the value of N\$ 3 022 739 (2011: N\$ 3 870 852) were received for erven sold and allocated to the revenue account.

### 27. PROPERTY SOLD ON AN INSTALMENT BASIS

During the current financial year, proceeds to the value of N\$ 3 801 048 (2011: N\$ 1 255 994 ) were received for erven sold on an instalment basis and allocated to the revenue account.

### 28. TARIFF ADJUSTMENTS

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

### 29. APPROVALS

Approvals for all over expenditure were obtained.

### 30. STOCK AND EQUIPMENT

#### 30.1 Motor vehicles

	Sedan vehicles		LDV and kombi's		Heavy vehicles (Lorries and busses)	
	Number	Value	Number	Value	Number	Value
On hand 01/07/2011	2	N\$ 295 183	3	N\$ 329 368	1	N\$ -
Acquisitions	-	-	-	-	1	1 350 000
Depreciation		(31 755)		(51 528)		(135 000)
On hand 30/06/2012	<b>2</b>	<b>263 428</b>	<b>3</b>	<b>277 840</b>	<b>2</b>	<b>1 215 000</b>

Log books were reviewed and were found to be completed accurately and on time.

#### 30.2 Inventory

As per final stock sheets provided by the Council, stock comprising stationery and consumables amounted to N\$ 370 433 (2011: N\$ 348 011). The auditors did not attend the stock count and thus could not obtain sufficient audit evidence with regard to the completeness and existence thereof.

### 31. SPECIAL INVESTIGATIONS

No special investigations were carried out during the year.

## **32. GENERAL**

### **32.1 Internal controls**

The accounting and internal controls applied by the Council are satisfactory, except where indicated in this report. Proper segregation of duties is feasible but hindered by the small number of staff employed.

### **32.2 Temporary advances**

There were temporary advances from the Funds to revenue amounting to N\$ 624 903 (2011: N\$ 552 038) for the year under review.

## **33. FORMAL AND INFORMAL QUERIES**

**33.1 Formal queries** are embodied in this report.

**33.2 Informal queries** addressed to the Chief Executive Officer consist of:

- No proper stock reconciliation
- Accuracy and valuation of debtors
- Inadequate Consumer deposits
- Weaknesses in internal controls

## **34. AUDIT OPINION**

The accounts of the Town Council of Outapi for the financial year ended 30 June 2012, summarized in Annexure A to D, were audited by me 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.

In my opinion, the financial statements fairly present the financial position of the Town Council as at 30 June 2012, and the results of its operations and cash flow for the year then ended and in the manner required by the Local Authorities Act, 1992, and the State Finance Act, 1991.

**WINDHOEK, January 2013**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**BALANCE SHEET AS AT 30 JUNE 2012**

	<b>Notes</b>	<b>2012</b>	<b>2011</b>
		N\$	N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	46 036 626	24 008 286
Investments	3	22 564 303	15 103 751
		23 472 323	8 904 535
<b>Current assets</b>			
Accounts receivable	4	5 401 832	4 221 498
Inventories	5	4 871 201	3 871 987
Cash and cash equivalents		370 433	348 011
		160 198	1 500
<b>TOTAL ASSETS</b>		<b>51 438 458</b>	<b>28 229 784</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Funds and accounts	6.1	49 191 644	25 609 346
Accumulated funds	6.2	22 564 303	14 738 443
Internal funds	6.3	19 490 118	3 726 537
		7 137 223	7 144 366
<b>Non-current liabilities</b>			
Long-term loan	7	-	258 756
<b>Current liabilities</b>			
Accounts payable	8	2 246 815	2 361 682
Bank overdraft		2 246 815	2 097 999
		-	263 683
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>51 438 459</b>	<b>28 229 784</b>

**INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2012**

	<u>Note</u>	<u>2012</u>	<u>2011</u>
		N\$	N\$
INCOME		40 186 600	19 314 665
EXPENDITURE		<u>(24 478 776)</u>	<u>(14 797 756)</u>
<b>OPERATING PROFIT FOR THE YEAR</b>		15 707 824	4 516 909
Interest earned		914 546	47 844
<b>NET PROFIT FOR THE YEAR</b>		<u>16 622 370</u>	<u>4 564 754</u>
Add : Appropriation and adjustments	9	<u>(858 789)</u>	<u>(263 659)</u>
RETAINED PROFIT/(LOSS) FOR THE YEAR		15 763 581	4 301 095
30 June 2011		<u>3 726 537</u>	<u>(574 558)</u>
<b>30 June 2012</b>		<b><u>19 490 118</u></b>	<b><u>3 726 537</u></b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012**

	<b>Note</b>	<b>2012</b>	<b>2011</b>
		N\$	N\$
<b>Cash flow from operating activities</b>			
Cash receipts from customers		40 186 600	19 314 666
Cash paid to suppliers		(26 210 385)	(15 199 315)
<b>Cash generated from operations</b>	10	<b>13 976 215</b>	<b>4 115 351</b>
Investment income		914 546	47 844
<b>Net cash flow from operating activities</b>		<b>14 890 761</b>	<b>4 163 195</b>
<b>Cash flow from investing activities</b>			
Decrease/(Increase) in property, plant and equipment		(7 460 552)	(1 612 786)
(Increase)/Decrease in investment		(14 567 788)	(4 449 309)
<b>Net cash flow from investing activities</b>		<b>(22 028 340)</b>	<b>(6 062 095)</b>
<b>Cash flow from financing activities</b>			
Increase in funds		7 818 717	1 827 106
Increase/(decrease) in long-term liabilities		(258 756)	(106 883)
<b>Net cash flow from financing activities</b>		<b>7 559 961</b>	<b>1 720 223</b>
Net increase/(decrease) in cash and cash equivalents		<b>422 381</b>	<b>(178 677)</b>
Cash and cash equivalents at the beginning of the year		<b>(262 183)</b>	<b>(83 506)</b>
Cash and cash equivalents at the end of the year		<b>160 198</b>	<b>(262 183)</b>

## TOWN COUNCIL OF OUTAPI

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**1. ACCOUNTING POLICIES**

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

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

**1.1 Property, plant and equipment**

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

**1.2 Inventories**

Inventories are measured at lower of cost and net realizable value. The cost of inventories should comprise all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

	<u>2012</u>	<u>2011</u>
	N\$	N\$
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Consists of :</b>		
Infrastructure, land and buildings, motor vehicles, office equipment, furniture and fittings and computer equipment	<u>22 564 303</u>	<u>15 103 751</u>
<b>Financed by :</b>		
General capital	328 333	106 552
External loans	-	258 756
Loans redeemed	-	233 722
Revenue account	22 235 970	14 504 721
	<u>22 564 303</u>	<u>15 103 751</u>
<b>3. INVESTMENTS</b>		
Fixed deposits and money on call	<u>23 472 323</u>	<u>8 904 535</u>
<b><u>Allocated as follows:</u></b>		
Build Together Housing Fund	1 515 334	1 432 981
Shack Dwellers Fund	361 414	192 923
Capital Development Fund	341 385	335 140
Government Contribution Fund	2 289 567	2 247 678
Revenue Fund	18 964 625	4 695 813
	<u>23 472 323</u>	<u>8 904 535</u>

## TOWN COUNCIL OF OUTAPI

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	<b>2012</b>	<b>2011</b>
	N\$	N\$
<b>4. TRADE AND OTHER RECEIVABLES</b>		
Consumers	7 529 634	6 083 800
Nored	193 769	-
Value added tax	288 432	136 965
Build Together Fund - DEBTORS	1 072 663	1 173 583
Shack Dwellers Fund - DEBTORS	931 958	1 210 026
	<b>10 016 456</b>	<b>8 604 374</b>
<i>Less :</i>		
Provision for doubtful debts	(5 145 255)	(4 732 387)
	<b>4 871 201</b>	<b>3 871 987</b>
<b>5. INVENTORIES</b>		
Consumable stores	370 433	348 011
	<b>370 433</b>	<b>348 011</b>
<b>6. FUNDS AND ACCOUNTS</b>		
<b>6.1 Financing of capital</b>		
Contribution - General capital	328 333	-
Loans redeemed from revenue	-	233 722
Revenue contributions	22 235 970	14 504 721
	<b>22 564 303</b>	<b>14 738 443</b>
<b>6.2 Accumulated Funds</b>	<b>19 490 118</b>	<b>3 726 537</b>
<b>6.3 Internal Funds</b>		
Capital Development Fund	341 385	335 139
Government Contributions Fund	2 289 567	2 247 678
Build Together Fund	3 206 183	3 148 616
Shack Dwellers Fund	1 300 089	1 412 933
	<b>7 137 223</b>	<b>7 144 366</b>
	<b>49 191 644</b>	<b>25 609 346</b>
<b>7. LONG TERM LIABILITIES</b>		
External loans: Wesbank	-	258 756
	-	<b>258 756</b>

## TOWN COUNCIL OF OUTAPI

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	<b>2012</b>	<b>2011</b>
	N\$	N\$
<b>8. TRADE AND OTHER PAYABLES</b>		
Suspense account	208 752	505 949
Trade creditors	583 794	471 635
Consumer deposits	401 600	358 546
Provision for leave	1 045 230	686 135
Other	7 439	75 734
	<b>2 246 815</b>	<b>2 097 999</b>
<b>9. ADJUSTMENTS AND APPROPRIATIONS</b>		
Adjustment of provision for bad debts	(412 869)	202 253
Council approved write-offs	(20 315)	(240 286)
Adjustment: provision for personnel benefits	(513 112)	(126 112)
Contribution Regional Council	(6 016)	-
Unclaimed balances	85	-
Shack dwellers	26 384	-
Professional fees	-	(80 000)
Appropriations	(140 037)	(27 817)
Adjustment: Electricity department	-	(62 112)
Stale cheques	15 267	1 745
Income	191 824	68 669
	<b>(858 789)</b>	<b>(263 659)</b>
<b>10. CASH UTILISED IN OPERATIONS</b>		
Net operating profit	15 707 824	4 516 910
Adjustments (appropriations)	(858 789)	(263 659)
<b>10.1 Operating income before changes in working capital</b>	<b>14 849 035</b>	<b>4 253 251</b>
<b>Changes in working capital</b>		
Increase in trade and other payables	148 816	524 072
Decrease/(increase) in inventories	(22 422)	32 184
Increase in trade and other receivables	(999 214)	(694 156)
	<b>(872 820)</b>	<b>(137 900)</b>
	<b>13 976 215</b>	<b>4 115 351</b>