



**REPUBLIC OF NAMIBIA**



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

# **TOWN COUNCIL OF REHOBOTH**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

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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 Rehoboth for the financial year ended 30 June 2011, 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, October 2012**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
TOWN COUNCIL OF REHOBOTH  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

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**1. INTRODUCTION**

The accounts of the Town Council of Rehoboth for the year ended 30 June 2011 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 OBSERVATIONS AND COMMENTS**

##### **4.1 Internal control and accounting records**

There was not a sufficient system of internal control at the Town Council on which the auditors could rely upon for audit purposes.

##### **4.2 Old Housing Fund**

The Fund statement reflect an amount of N\$ 3 904 071 for an Old Housing Fund. There is movement on the Fund account, and it reflects advances from the Fund of N\$ 3 124 386. The Council informed the auditors that they have no knowledge of this Fund account or any movements thereon.

##### **4.3 Build Together Fund**

The Build Together Fund reflects an amount of N\$ 4 033 048 for advances to buyers. No supporting documentation could be provided for audit purposes.

##### **4.4 Other Funds**

The Council also reflects a Sewerage Fund to the amount of N\$ 9 917 338 and a Capital Development Fund amounting to N\$ 1 163 830 of which they have no knowledge of.

##### **4.5 Instalment sale agreements**

No supporting documentation for the instalment sale agreements amounting to N\$ 260 856 could be provided by the Council.

##### **4.6 Asset register**

No asset register could be provided for audit purposes, and no audit work could be performed on fixed assets.

##### **4.7 Investments**

Bank statements for investments provided for audit purposes reflect an amount of N\$ 2 365 406 as the amount reflected in the financial statements is only N\$ 546 149. The difference of N\$ 1 819 257 could not be explained by the Council.

##### **4.8 Inventories**

No inventories were recorded on the financial statements of the Council.

##### **4.9 Trade and other receivables**

A difference of N\$ 88 133 810 between the council debtors age analysis and annual financial statements. As a result auditors could not verify the accuracy, existence and valuation.

##### **4.10 Value Added Tax (VAT)**

Included in trade and other receivables is an amount of N\$ 7 025 917 for VAT receivable. No reconciliation of this amount could be provided to the auditors to verify the accuracy, existence and valuation of the amount.

##### **4.11 Consumer deposits**

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

Consumer deposits do not cover one months' consumption.

#### **4.12 Suspense accounts**

The Council has various suspense accounts which could not be traced to supporting documentation. The accounts are listed below:

	N\$
Debtors	2 138 214
Bank reconciliation differences	1 500 890
Service loans	(13 837 994)

#### **4.13 Provision for bad debts**

Audit tests revealed that the provision for bad debts may be understated by N\$ 60 050 620 (2010: N\$ 16 190 936).

#### **4.14 Bank and cash**

A difference of N\$ 3 113 408 of the Town Council's main bank account and the financial statements was detected. The auditors could not reconcile outstanding cheques after year-end as the Council use voucher numbers instead of cheque numbers. As a result auditors could not verify the accuracy, existence and valuation.

#### **4.15 Trade and other payables**

No supporting documents could be provided for trade and other payables amounting to N\$ 25 005 907. As a result the auditors could not verify the accuracy, existence and valuation.

#### **4.16 P.A.Y.E. returns**

P.A.Y.E. returns were not submitted to the Directorate: Inland Revenue.

#### **4.17 Sale of erven**

No supporting documents could be provided for sale of erven. As a result the auditors could not verify the accuracy, existence and valuation.

#### **4.18 Income**

Water sales as well as rates and taxes could not be confirmed due to lack of supporting documents.

#### **4.19 Expenses**

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

#### **4.20 Payroll**

The general ledger reflects an amount of N\$ 10 844 637 less than the register.

#### **4.21 Improper segregation of duties**

As reported previously, duties in the finance department are not properly segregated among the staff. Incompatible functions of initiation, recording, checking and approval are being performed by the same individuals. There are no clear-cut duties for some staff members although they have job descriptions which still need to be revised. The Town Treasurer is overwhelmed by clerical duties as oppose to only strategic issues.

Currently there is no proper departmental structure at the Town Council. The accountant responsible for creditors also performs the payroll function whilst there is a human resources officer employed.

It seems that the Council did not act since the previous report and they are now seriously urged to ensure proper segregation of duties within the various departments. The Town Treasurer, for example, should be relieved of clerical duties and the payroll function should be handled by the human resources section. There is still a need for a clear organizational structure with well delineated lines of reporting and responsibilities.



#### 4.22 Going concern

The ability of the Town Council to continue as a going concern is dependant on a number of factors. The most significant of these are the continuation of profitable operations and the recovery of long outstanding debtors and the maintenance of existing levels of finance by major creditors.

#### 5. ACKNOWLEDGEMENT

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

#### 6. FINANCIAL RESULTS

The results of the operations of, and transactions on the Revenue account for the year were as follows:

	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit on 01/07/2010				(5 649 289)
General accounts				
- Rates and general	11 080 669	8 553 245	2 527 424	
- Non-profitable services	4 682 551	4 068 102	614 449	
- Self-supporting services	2 734 282	939 789	1 794 493	
Trade accounts				
- Electricity	28 513 585	26 172 846	2 340 739	
- Water	12 431 898	8 711 703	3 720 195	
Deficit for the year	59 442 985	48 445 685	10 997 300	10 997 300
Adjustments and utilisations				5 348 011
				6 751 743
Accumulated deficit on 30/06/2011				<b>12 099 754</b>

#### 7. CURRENT BANK ACCOUNT

	2011	2010
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	(14 480 577)	(15 635 037)
Unexplained difference	(3 113 409)	17 065 082
Balance as per bank statement	<b>(17 593 986)</b>	<b>1 430 045</b>

#### 8. INVESTMENTS

The investments as at 30 June were as follows:

Institution	2011	2010
	N\$	N\$
Commercial banks	<b>564 149</b>	<b>(351 455)</b>
<b>Distribution</b>		
Old Housing Fund	(2 905 558)	(2 905 558)
Build Together Fund	4 455 743	4 455 743
Capital Development Fund	(41 320)	-
Revenue	(944 716)	(1 901 640)
	<b>564 149</b>	<b>(351 455)</b>

## 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	
	2011	2010	2011	2010
	N\$	N\$	N\$	N\$
Sales	27 892 570	22 675 309	8 028 278	9 473 878
Cost of sales	19 672 672	18 295 199	8 214 693	12 153 623
Gross surplus/(loss)	8 219 898	4 380 110	(186 415)	(2 679 745)
Other income	(5 879 159)	(4 496 708)	3 906 610	(1 992 735)
<b>Net surplus</b>	<b>2 340 739</b>	<b>116 598</b>	<b>3 720 195</b>	<b>(687 010)</b>
Gross surplus percentage on sales	29.5%	24%	(2.3%)	22%
Net surplus percentage on sales	8.4%	(0.64)%	46.3%	6%

### 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	Expenses	Surplus/ (deficit)	Surplus/ (deficit)
	2011	2011	2011	2010
	N\$	N\$	N\$	N\$
Sanitation	48 675	8 476	40 199	117 643
Sewerage	1 793 696	414 828	1 378 868	1 078 821
Commonage and Pound	489 295	22 881	466 414	343 966
Properties	402 616	493 604	*(90 988)	322 414
	<b>2 734 282</b>	<b>939 789</b>	<b>1 794 493</b>	<b>1 862 844</b>

\* The Council should put measures in place to ensure that properties services are self-supporting.

## 12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

No such expenses were revealed.

## 13. SUSPENSE ACCOUNTS

### 13.1 Receivable

	2011	2010
	N\$	N\$
Debtors	2 138 215	2 996 396
Amnesty	-	17 315 361
Bank reconciliation differences	1 500 890	1 443 528
<b>Totals</b>	<b>3 639 105</b>	<b>21 755 285</b>



## 13.2 Payable

	2011	2010
	N\$	N\$
Creditors	-	1 641 299
Social housing project	-	123 969
Bank reconciliation differences	-	147 816
Rehoboth Town Council	-	1 196 655
Other	59 882	109 442
Totals	<b>59 882</b>	<b>3 219 181</b>

## 14. Irregularities and losses

No such expenses were reported.

## 15. CAPITAL PROJECTS

No detail could be obtained from the Council with regards to additions for the year under review.

## 16. STUDY LOANS/BURSARIES

No study loans were granted for the year under review.

## 17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

There were no contributions or grants.

## 18. COMPENSATION PAYMENTS

There were no compensation payments.

## 19. VISITS TO FOREIGN COUNTRIES

No information could be provided by the Council.

## 20. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the Local Authority.

## 21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

There were no donations for the year under review.

## 22. TRANSFER OF PROPERTY

No properties were transferred to or from Government.

## 23. TRADE AND OTHER RECEIVABLES/PAYABLES

### 23.1 Trade and other receivables at 30 June were:

	2011	2010
	N\$	N\$
Consumers	138 864 708	40 777 716
Service loans	(13 837 994)	(13 935 313)
Suspense accounts	3 639 105	21 755 285
VAT	7 025 917	4 592 609
Provision for bad debts	135 691 736 (69 338 645)	53 190 297 (20 028 566)
Total	<b>66 353 091</b>	<b>33 161 731</b>

**23.2 Trade and other payables at 30 June were:**

	<b>2011</b>	<b>2010</b>
	N\$	N\$
Trade payables	27 371 013	13 106 252
P.A.Y.E.	1 940 438	2 443 714
Provisions	1 929 694	1 993 812
Suspense accounts	59 882	3 219 181
<b>Totals</b>	<b>31 301 027</b>	<b>20 762 959</b>

**24. ASSESSMENT RATES**

	<b>2011</b>	<b>2010</b>
	N\$	N\$
The net proceeds from assessment rates were	5 183 623	4 515 476
Tariffs per N\$1 valuation per month on site value		0.0340
Tariffs per N\$1 valuation per month on improvement value		0.0036

No Government Gazette was available to check the rates.

**25. LOANS**

**25.1 External and internal loans**

	<b>2011</b>	<b>2010</b>
	N\$	N\$
External loans - Wesbank	260 856	551 077

**25.2 Internal loans**

There were no internal loans.

**25.3 Housing loans due to the Council**

	<b>2011</b>	<b>2010</b>
	N\$	N\$
Old Housing Fund	3 124 386	1 188 965
Build Together advances to buyers	4 033 048	2 601 765
Sewerage Fund advances	-	9 917 338
	<b>7 157 434</b>	<b>13 708 068</b>

**26. SALE OF ERVEN**

The proceeds of erven and plots sold were N\$ 259 546 (2010: N\$ 1 421 155) and were allocated to the Revenue account.

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

No information regarding this was available.

**28. TARIFF ADJUSTMENTS**

No Government Gazette could be provided for audit purposes.

## **29. APPROVALS**

All overspending were approved by the Council.

## **30. INVENTORY AND EQUIPMENT**

### **30.1 Motor vehicles and values thereof:**

No asset register was available to determine this information.

### **30.2 Inventory**

No inventory control was maintained during the year.

## **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 Town Council of Rehoboth for the financial year ended 30 June 2011, 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.

I am unable to express an opinion due to the following reasons:

### **Internal control and accounting records**

There was not a sufficient system of internal control at the Town Council on which the auditors could rely upon for audit purposes.

### **Old Housing Fund**

The Fund statement reflects an amount of N\$ 3 904 071 for an Old Housing Fund. There is movement on the Fund account, and it reflects advances from the Fund of N\$ 3 124 386. The Council informed the auditors that they have no knowledge of this Fund account or any movements thereon.

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### **Asset register**

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### **Investments**

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### **Inventories**

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### **Trade and other receivables**

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### **Value Added Tax (VAT)**

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### **P.A.Y.E. returns**

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**Sale of erven**

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**Income**

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**Expenses**

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

**Payroll**

The general ledger reflects an amount of N\$ 10 844 637 less than the register.

**Improper segregation of duties**

Duties in the finance department are not properly segregated among the staff.

**Going concern**

The ability of the Town Council to continue as a going concern is dependant on a number of factors. The most significant of these are the continuation of profitable operations and the recovery of long outstanding debtors and the maintenance of existing levels of finance by major creditors.

**WINDHOEK, October 2012**

**JUNIAS ETUNA KANDJEKE  
AUDITOR- GENERAL**

## TOWN COUNCIL FOR REHOBOTH

## BALANCE SHEET AT 30 JUNE

	Notes	2011 N\$	2010 N\$
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	2	86 625 454	60 088 006
Investments	3	78 903 871	46 731 393
Long-term loans receivable	4	564 149	(351 455)
		7 157 434	13 708 068
<b>Current assets</b>			
Trade and other receivables	5	86 068 121	42 942 869
Suspense account		66 353 091	33 161 731
		19 715 030	9 781 138
<b>TOTAL ASSETS</b>		<b>172 693 575</b>	<b>103 030 875</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>			
Capital outlay	7	120 312 694	65 570 418
Funds and accounts	8	78 643 015	46 180 316
		41 669 679	19 390 102
<b>Non-current liabilities</b>			
Long-term loans	9	1 264 515	1 062 461
<b>Current liabilities</b>			
Trade and other payables	10	51 116 366	36 397 996
Bank overdraft	6	31 301 027	20 762 959
		19 815 339	15 635 037
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>172 693 575</b>	<b>103 030 875</b>

## TOWN COUNCIL FOR REHOBOTH

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2011</u>	<u>2010</u>
		N\$	N\$
INCOME		59 442 985	50 560 569
EXPENDITURE		48 445 685	58 516 018
NET OPERATING SURPLUS/(DEFICIT)		10 997 300	(7 955 449)
INTEREST ON INVESTMENTS		-	-
NET OPERATING SURPLUS AFTER INTEREST/(DEFICIT)		10 997 300	(7 955 449)
APPROPRIATION ACCOUNT	11	6 751 743	(19 916 474)
NET SURPLUS/(DEFICIT) AFTER APPROPRIATIONS		17 749 043	(27 871 923)
REVENUE ACCOUNT			
- Beginning of the year		(5 649 289)	22 222 634
REVENUE ACCOUNT			
- End of the year		<b>12 099 754</b>	<b>(5 649 289)</b>

## TOWN COUNCIL FOR REHOBOTH

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2011 N\$	2010 N\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		59 442 985	50 560 569
Cash paid to suppliers		(74 281 126)	(83 831 952)
Cash generated/(utilised) by operations	12	(14 838 141)	(33 271 383)
Increase in Fund accounts		4 530 534	(2 331 183)
Increase in Capital outlay		32 462 699	649 119
Net cash flow from operating activities		22 155 092	(34 953 447)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net capital expenditure		(32 172 478)	(18 600)
Increase in investments		(915 604)	19 842 727
Increase in advances		6 550 634	-
		(26 537 448)	19 824 127
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Decrease in long-term liabilities		202 054	(606 653)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		(4 180 302)	(15 735 973)
<b>CASH AND CASH EQUIVALENTS</b>			
- BEGINNING OF THE YEAR		(15 635 037)	100 936
<b>CASH AND CASH EQUIVALENTS</b>			
- END OF THE YEAR		<b>(19 815 339)</b>	<b>(15 635 037)</b>



**TOWN COUNCIL FOR REHOBOTH****NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

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**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, less depreciation, or valuation, less depreciation, where assets have been acquired by grant or by donation.

**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 the 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 Old Housing Fund**

The purpose of this Fund is to provide housing loans to the low income group of inhabitants. Income for this Fund is derived from interest earned on secured housing loans and investments.

**1.7.3 Sewerage Reserve Fund**

The purpose of this Fund is to generate funds for the upgrading of existing sewerage works. Income is generated from annual contributions from the operational budget as well as interest on investments.

## TOWN COUNCIL FOR REHOBOTH

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE (continued)

	<b>2011</b>	<b>2010</b>
	N\$	N\$
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
External loan assets	260 856	551 077
Loans redeemed	-	4 158 907
Revenue assets	78 643 015	42 021 409
<b>Total</b>	<b>78 903 871</b>	<b>46 731 393</b>
<b>3. INVESTMENTS</b>		
INVESTMENTS		
Commercial banks	<b>564 149</b>	<b>(351 455)</b>
ALLOCATED AS FOLLOWS		
Old Housing Fund	(2 905 558)	(2 905 558)
Build Together Fund	4 455 743	4 455 743
Capital Development Fund	(41 320)	-
Revenue	(944 716)	(1 901 640)
	<b>564 149</b>	<b>(351 455)</b>
<b>4. LONG-TERM LOANS RECEIVABLE</b>		
Old Housing Fund	3 124 386	1 188 965
Build Together advances to buyers	4 033 048	2 601 765
Sewerage Fund advances	-	9 917 338
	<b>7 157 434</b>	<b>13 708 068</b>
<b>5. TRADE AND OTHER RECEIVABLES</b>		
Consumers	138 864 708	40 777 716
Service loans	(13 837 994)	(13 935 313)
Suspense accounts	3 639 105	21 755 285
VAT	7 025 917	4 592 609
	135 691 736	53 190 297
Provision for bad debts	(69 338 645)	(20 028 566)
	<b>66 353 091</b>	<b>33 161 731</b>

## TOWN COUNCIL FOR REHOBOTH

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE (continued)

	<b>2011</b>	<b>2010</b>
	N\$	N\$
<b>6. BANK AND CASH</b>		
Current account	<b>(19 815 339)</b>	<b>(15 635 037)</b>
<b>7. CAPITAL OUTLAY</b>		
Loans redeemed	-	4 158 907
Revenue contributions	78 643 015	42 021 409
	<b>78 643 015</b>	<b>46 180 316</b>
<b>8. FUNDS, ACCOUNTS AND RESERVES</b>		
Old Housing Fund	3 904 071	1 968 650
Sewerage Fund	9 917 338	9 917 338
Capital Development Fund	1 163 830	-
Build Together Fund	14 584 686	13 153 403
Revenue account kept in compliance with Section 86(1) of the Local Authority Act, 1992.	12 099 754	(5 649 289)
	<b>41 669 679</b>	<b>19 390 102</b>
<b>9. LONG-TERM LIABILITIES</b>		
External loans - Wesbank	260 856	551 077
Consumer deposits	1 003 659	511 384
	<b>1 264 515</b>	<b>1 062 461</b>
<b>10. TRADE AND OTHER PAYABLES</b>		
Trade payables	27 371 013	13 106 252
P.A.Y.E.	1 940 438	2 443 714
Provisions	1 929 694	1 993 812
Suspense accounts	59 882	3 219 181
	<b>31 301 027</b>	<b>20 762 959</b>

## TOWN COUNCIL FOR REHOBOTH

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE (continued)

	<b>2011</b>	<b>2010</b>
	N\$	N\$
<b>11. ADJUSTMENTS TO APPROPRIATION ACCOUNT</b>		
Adjustment to Fund Accounts	53 279 792	2 874 705
Adjustment to prior year accounts	(2 096 577)	(2 466 615)
Adjustment to departmental accounts	(1 456 536)	-
Audit fee provision reversed	95 000	-
Balances written back	54 273 260	-
Bank reconciliation	148 316	-
Clear rounding differences	13	12
Consulting fees provision reversed	25 540	-
Creditors adjustment	(25 005 907)	(13 105 212)
Current year accrual	(2 365 104)	-
Debtors adjustments	(496 498)	-
Deficit received	(79 938)	(79 938)
Deposits	(452 227)	(416 938)
Deposits refunded	17 000	17 000
Direct deposit	(9 020)	-
Opening balance adjustment		(9 020)
Opening balance adjustment	930 575	14 735 163
Prior year expenses	(2 287)	-
Provision for bad debts	(69 025 710)	(19 715 631)
Provision for leave	(1 620 545)	(1 500 000)
Provision for regional council levies	(259 181)	(250 000)
Redundent inventories written off	(36 201)	(65 655)
Stores	109 442	65 655
VAT adjustment	778 536	-
	<u>6 751 743</u>	<u>(19 916 474)</u>
<b>12. CASH GENERATED/(UTILISED) BY OPERATIONS</b>		
Net operating surplus/(deficit) before interest and transfers	10 997 300	(7 955 449)
Adjustments for:		
- Adjustments to appropriation account	6 751 743	(19 916 474)
- Suspense	(9 933 892)	(9 781 138)
	<u>7 815 151</u>	<u>(37 653 061)</u>
OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL		
CHANGES IN WORKING CAPITAL		
Increase in trade and other receivables	(33 191 360)	(1 834 457)
(Decrease)/increase in trade and other payables	10 538 068	6 216 135
	<u>(22 653 292)</u>	<u>4 381 678</u>
<b>CASH GENERATED/(UTILISED) BY OPERATIONS</b>	<b><u>(14 838 141)</u></b>	<b><u>(33 271 383)</u></b>