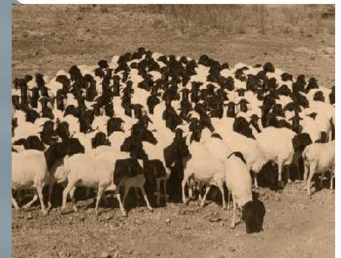




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

VILLAGE COUNCIL OF ARANOS

FOR THE FINANCIAL YEARS ENDED 30 JUNE 2007, 2008 AND 2009

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Village Council of Aranos for the financial years ended 30 June 2007, 2008 and 2009, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, November 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNT OF THE VILLAGE COUNCIL OF ARANOS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2007, 2008 AND 2009**

1. INTRODUCTION

The accounts of the Village Council of Aranos for the years ended 30 June of each 2007, 2008 and 2009 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Local Authorities Act, 1992 (Act 23 of 1992).

The firm PKF (Namibia) of Windhoek has been appointed in terms of Section 26 (2) of the State Finance Act, 1991, to audit the accounts of the Village Council on behalf of the Auditor-General and under his supervision.

Figures in the report are rounded off to the nearest Namibian Dollar.

2. FINANCIAL STATEMENTS

The Village Council's financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with section 87(1) of the Local Authorities Act, 1992 **except that they were only submitted during February 2010 and were finalised during August 2010**. The audited financial statements are in agreement with the general ledger and are filed in die Office of the Auditor-General. The abridged balance sheets at Annexure A are a true reflection of the original signed by the Accounting Officer.

The financial statements also include:

Annexure B: Abridged income statements

Annexure C: Cash flow statements

Annexure D: Notes to the financial statements

3. SCOPE OF THE AUDIT

Management's responsibility for the financial statements

The Accounting Officer of the Village 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

The system of internal control was not sufficient for the auditors to rely upon for audit purposes.

4.2 Rental income

Rental income from camps leased out by Council is not properly accounted for in the accounting records. Invoices are not issued and payments by lessees are credited to a suspense account in Accounts receivable, causing credits to be build up on this account.

4.3 Property, plant and equipment

No asset register is available at the Village Council and therefore the auditors could not conduct any verification of assets to determine existence, carrying value or completeness of property, plant and equipment. No depreciation on assets was written off.

4.4 Inventories

No inventories are reflected in the financial statements of the Village Council. The auditors were unable to calculate the estimated amount.

4.5 Trade and other payables

The financial statements of the Council include provision for leave pay. The Council did not maintain leave pay schedules. The auditors however compiled such schedules and concluded that the leave provisions were understated as follows:

Financial year	Provision as per financial statements	Provision as per auditors calculations	(Under-provision)
	N\$	N\$	N\$
2009	67 081	322 981	(255 900)
2008	52 081	271 567	(219 486)
2007	37 158	168 639	(131 481)

No provision has been made for severance pay on retirement.

4.6 External loans

External loans are as in previous years, not repaid. Arrears are reflected in the accounts. The loan position has not been reconciled with Ministry of Finance.

4.7 Consumer deposits

The consumer deposits held by the Village Council are not sufficient to cover one month's consumption by the consumers.

4.8 Payroll

The council does not maintain a payroll register. No payroll reconciliation between the ledger balance and payroll could be done. Due to absence of the payroll register, the auditors were not able to verify the accuracy of salaries recorded in the ledger.

4.9 Accounts receivable

The provision for bad debts is not sufficient and according to calculations by the auditors, the amount should at least be N\$ 2 300 000 for each year. This means that the provision for bad debts were understated by N\$ 2 079 121 for all the years under review.

Payments by certain debtors, including Government accounts, are not always matched with invoices, resulting in credits being built up on unknown accounts in accounts receivable.

4.10 Investments

The investments as disclosed in the annual financial statements of the Council differs with the actual investments as per bank statements as follows:

Financial year	Total investments as per financial statements	Investments as per bank statements	Difference Over/(under) stated
	N\$	N\$	N\$
2009	721 582	813 730	(92 148)
2008	2 044 062	2 084 210	(40 148)
2007	2 026 063	1 906 370	119 693

Council should investigate the reason for these differences and rectify the mistake during the next financial year.

5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Aranós Village 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:

	Balance	Expenditure	Surplus / (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit as at 01/07/2008				(156 370)
General accounts				
– Non-profitable	1 176 005	3 532 686	(2 356 681)	
– Self-supporting	1 230 573	468 969	761 604	
– Rates and taxes	444 082	54 180	389 902	
Trade accounts				
– Water	1 600 210	1 137 419	462 791	
– Electricity	1 237 963	861 884	376 079	
	5 688 833	6 055 138	(366 305)	
Deficit for the year				(366 305)
Adjustments and utilizations (See note 10, Annexure D)				(522 675)
				(228 926)
Accumulated deficit as at 30/06/2009				(751 601)

	Revenue	Expenditure	Surplus / (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus as at 1/7/2007				269 773
General accounts				
– Non-profitable	1 384 585	3 009 530	(1 624 945)	
– Self-supporting	918 724	469 226	449 498	
– Rates and taxes	446 779	12 309	434 470	
Trade accounts				
– Water	1 500 388	993 317	507 071	
– Electricity	1 238 890	1 290 571	(51 681)	
	5 489 366	5 774 953	(285 587)	
Deficit for the year				(285 587)
Adjustments and utilizations (See note 10, Annexure D)				(15 814)
				(140 556)
Accumulated deficit as at 30 June 2008				(156 370)

	Revenue	Expenditure	Surplus / (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit as at 1/7/2006				(221 274)
General accounts				
– Non-profitable	2 432 164	2 672 143	(239 979)	
– Self-supporting	731 108	574 652	156 456	
– Rates and taxes	373 210	11 496	361 714	
Trade accounts				
– Water	1 344 545	1 106 265	238 280	
– Electricity	1 197 222	1 245 717	(48 495)	
	6 078 249	5 610 273	467 976	
Surplus for the year				467 976
Accumulated deficit				246 702
Adjustments and utilizations (See note 10, Annexure D)				23 071
Accumulated deficit as at 30 June 2007				269 773

7. CURRENT BANK ACCOUNTS

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
Positive cash-book balance	(93 006)	171 384	29 030	251 639
Outstanding cheques	51 883	47 346	51 867	74 005
Adjustments	718	360	499	15 113
Balance per bank statement	(40 405)	219 090	81 396	340 757

8. INVESTMENTS

The investments as at 30 June were as follows:

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
Commercial banks	813 730	2 084 210	1 906 370	670 261
Unexplained differences	(92 148)	(40 148)	119 693	155 309
	721 582	2 044 062	2 026 063	825 570

The investments were allocated as follows:

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
Capital Reserve Fund	-	66 028	63 841	-
Fixed Property Fund	-	577 657	549 183	-
Housing fund	87 172	86 099	83 570	75 798
Build Together Fund	634 410	1 314 278	362 791	318 841
Capital	-	-	109 782	109 783
Revenue	-	-	856 896	321 148
	721 582	2 044 062	2 026 063	825 570

9. TRADE ACCOUNTS

The results of operations were as follows:

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
Electricity:				
Sales and Royalties	1 229 647	1 175 178	1 142 847	1 257 510
Cost of bulk purchases	(659 148)	(573 358)	(550 386)	(554 066)
Gross profit	570 499	601 820	592 461	703 444
Nett (expenditure)/income - Normal operations	(88 482)	(31 565)	(47 070)	(95 963)
Nett surplus/(loss) before capital expenditure	482 017	570 255	545 391	607 481
Less: Capital expenditure	(105 938)	(621 936)	(593 886)	(30 408)
Nett surplus/(loss) for the year	376 079	(51 681)	(48 495)	577 073
Gross profit % on bulk purchases	86,55%	104,96%	107,64%	126,96%
Nett surplus before capital expenditure % on bulk purchases	73,13%	99,46%	99,09%	109,64%
Nett surplus/(loss) before capital expenditure % on bulk purchases	57,06%	(9,01%)	(8,81%)	104,15%

(continued)

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
Water:				
Sales	1 263 755	1 160 682	1 044 294	941 571
Cost of bulk purchases	(982 798)	(910 697)	(984 972)	(773 808)
Gross profit	280 957	249 985	59 322	167 763
Nett (expenditure)/income	181 834	257 086	178 958	189 497
Nett profit/(loss)	462 791	507 071	238 280	357 260
Gross profit % on bulk purchases	28,59%	27,45%	6,02%	21,68%
Net profit % on bulk purchases	47,09%	55,68%	24,19%	46,17%

From the above tables it is clear that water is operating on a sound basis. Electricity is also operating on a sound basis even after taking capital expenditure into consideration.

9.2 Distribution losses

The Council does not keep statistics to reflect the distribution losses and the auditors could not comment on such for the years under review.

10. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

The auditors could not trace any expenditure which meets the above definition for the years under review.

11. SUSPENSE ACCOUNTS

No suspense accounts are carried in the accounts. It however appears that payment, mainly by Government Ministries, which cannot be matched with specific invoices or which are duplicated, are left on an account named "Unknown deposits" in the account receivable register.

12. SELF-SUPPORTING SERVICES

12.1 The results for the years under review are as follows:

	Income	Expenses	Surplus	
	2009	2009	2009	2008
	N\$	N\$	N\$	N\$
Street, roads and storm water	299 895	282 715	17 180	7 620
Town lands and pound	11 474	8 766	2 708	(45 052)
Housing	50 230	-	50 230	(3 292)
Natis	219 108	91 959	127 149	116 310
Cleansing services	339 895	71 157	268 738	112 667
Sewerage	309 971	14 372	295 599	261 245
	1 230 573	468 969	761 604	449 498

	Income 2008	Expenses 2008	Surplus 2008	2007
	N\$	N\$	N\$	N\$
Street, roads and storm water	46 589	38 969	7 620	(23 133)
Town lands and pound	19 549	64 601	(45 052)	21 104
Housing	13 898	17 190	(3 292)	13 733
Natis	207 473	91 163	116 310	6 166
Cleansing services	332 394	219 727	112 667	288 757
Sewerage	298 821	37 576	261 245	(150 171)
	918 724	469 226	449 498	156 456

	Income 2007	Expenses 2007	Surplus 2007	2006
	N\$	N\$	N\$	N\$
Street, roads and storm water	-	23 133	(23 133)	(44 376)
Town lands and pound	21 183	79	21 104	17 624
Housing	14 301	568	13 733	29 925
Natis	101 204	95 038	6 166	(41 782)
Cleansing services	323 641	34 884	288 757	264 038
Sewerage	270 779	420 950	(150 171)	109 226
	731 108	574 652	156 456	334 655

13. IRREGULARITIES AND LOSSES

After 30 June 2009 the Aranos Village Council acknowledged fraudulent activities of licensing officer at Natis and agreed to pay N\$ 29 233 as a result of such activities. The auditors did not find any other irregularities and losses for the years under review.

14. CAPITAL PROJECTS

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
Expenditure:				
Workshop	-	-	25 058	-
Electricity	105 938	731 718	593 886	-
Parks	251 929	162 813	-	-
Townlands	-	64 601	-	-
Sewerage	-	126 087	332 261	-
Townlands	-	-	-	34 512
Motor vehicle	-	-	-	185 287
Streets and roads	260 779	-	-	83 181
Office equipment	37 583	13 256	198 929	57 678
	656 229	1 098 475	1 150 134	360 658
Financed by:				
Investments	-	109 782	(38 438)	-
General capital	-	-	-	165 104
Loan capital	970	2 143	236 367	-
Revenue account	655 259	986 550	952 205	195 554
	656 229	1 098 475	1 150 134	360 658

Council did not keep an asset register.

15. BURSARIES

No bursaries were allocated or paid during the years under review.

16. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

No contributions, grants and financial aid were paid during the years under review.

17. COMPENSATION PAYMENTS

No compensation payments were allocated or paid during the years under review.

18. VISITS TO FOREIGN COUNTRIES

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

19. CLAIMS AGAINST THE LOCAL AUTHORITY

The auditors could not trace any claims against the Local Authority.

20. GIFTS AND DONATIONS BY THE LOCAL AUTHORITY

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

21. TRANSFER OF PROPERTY

There were no transfers of property to or from the Local Authority for the years under review.

22. TRADE AND OTHER RECEIVABLES

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
Build together fund receivables	3 249 062	2 061 617	1 819 632	1 235 000
Services, rates and taxes	2 452 091	2 131 247	1 771 658	1 531 757
Other receivables	90 818	207 349	99 728	-
Provision for bad debts	(220 880)	(220 880)	(220 880)	(220 880)
	5 571 091	4 179 333	3 470 138	2 545 877

Provision for bad debts has remained the same at N\$ 220 880 since 2001 despite the increase in trade receivables. The provision for bad debts is materially understated by N\$ 2 079 121 in the financial statements for all the years under review.

23. TRADE AND OTHER PAYABLES

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
Trade payables	305 957	265 348	354 747	210 456
Consumer deposits	17 668	17 358	17 005	16 250
Suspense accounts	-	-	-	8 401
Provisions	67 081	52 081	37 158	1 280 848
VAT	-	-	-	10 921
	390 706	334 787	408 910	1 526 876

24. ASSESSMENT RATES

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
Proceeds from assessment rates	261 454	274 662	246 180	229 913

Rates were levied wrongly from approved rates during 2008.

25. LOANS

25.1 External loans

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
Balance on loans				
– Capital section	1 081 900	1 145 190	1 204 724	1 278 985
– Housing fund	2 141	2 414	2 680	2 940
Namibia Housing Enterprises	112 044	121 559	129 622	80 829
	1 196 085	1 269 163	1 337 026	1 362 754
Installments and interest in arrears	1 670 339	1 511 456	1 352 573	-
Total outstanding	2 866 424	2 780 619	2 689 599	1 362 754

No repayments were done on the loans from Government, but are provided for under current liabilities as instalments and interest in arrears.

25.2 Due to the Village Council

No loans were due to the Village Council for the years under review. Advances in terms of the housing fund are reflected as debtors.

25.3 Loans written off

No loans were written off during the years under review.

26. SALE OF ERVEN

Due to unavailability of sale of erven register for the years under review, this information was not available.

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

Properties were sold on credit in terms of the Build Together Scheme for the years under review.

28. TARIFF ADJUSTMENTS

Tariff adjustments tend to follow the Government Gazette, except as explained in paragraph 24 above.

29. APPROVALS

29.1 Internal loans

No further internal loans were granted during the years under review.

29.2 Revenue written off

No revenue was written off during the year under review.

30. INVENTORY AND EQUIPMENT

30.1 Motor vehicles

No asset register was available for the years under review and the auditors cannot comment on the inventory of the motor vehicles and the values thereof.

30.2 Inventory

No inventory records were available for the years under review.

31. SPECIAL INVESTIGATIONS

No special investigations were conducted into the Councils activities during the year under review.

32. GENERAL

There is not a sufficient system of internal control at the Village 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, potentially dangerous practice, which Council should vigilantly guard against.

33. FORMAL AND INFORMAL QUERIES

The formal queries are embodied in this report.

The following issues have been addressed to the chief executive officer by way of a management letter:

- Negative cash flow
- Corporate Governance
- Income
- Expenses
- Payroll
- VAT
- Accounts receivable
- Fixed assets. No fixed asset register
- Investments
- External loans.

34. DISCLAIMED AUDIT OPINION

The accounts of the Village Council of Aranos for the financial years 30 June 2007 and 2008 and 2009 summarised in annexure A, 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 on the financial statements, results of operations and the cash flow of the Council for the year ended 30 June 2009 due to the following reasons:

- Rental income is not properly accounted for.
- No asset register could be made available for audit purposes.
- Inventories were not disclosed in the financial statements.
- Trade and other payables is understated by N\$ 255 900 for 2009, N\$ 219 486 for 2008 and N\$ 161 481 for 2007.
- External loans have not been reconciled with the Ministry of Finance.
- The Council does not maintain a payroll register and therefore no payroll reconciliations were carried out. Due to afore-mentioned the auditors could not verify the accuracy of salaries recorded in the ledger.
- Provision for bad debts are understated by N\$ 2 079 121 for all the years under review.

- Investments as per general ledger differs from the bank statements provided as follows:

2009: Financial statement understated by N\$ 92 148.

2008: Financial statement understated by N\$ 40 148.

2007: Financial statement overstated by N\$ 119 693.

WINDHOEK, November 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

VILLAGE COUNCIL OF ARANOS
BALANCE SHEETS AS AT 30 JUNE

	Notes	2009 N\$	2008 N\$	2007 N\$	2006 N\$
ASSETS					
Non-current assets					
Property, plant and equipment	2	7 189 669	7 855 922	6 739 447	4 388 820
Investments	3	6 468 087	5 811 860	4 713 384	3 563 250
		721 582	2 044 062	2 026 063	825 570
Current assets					
Trade and other receivables	4	5 574 629	4 354 254	3 502 706	2 821 943
Cash and bank balances	5	5 571 091	4 179 333	3 470 138	2 545 877
		3 538	174 921	32 568	276 066
Total assets		12 764 298	12 210 176	10 242 153	7 210 763
EQUITY AND LIABILITIES					
Capital and reserves					
Capital outlay	6	9 414 164	9 094 770	7 143 644	4 321 133
Funds and accounts	7	5 274 145	4 545 111	3 488 821	2 313 219
		4 140 019	4 549 659	3 654 823	2 007 914
Long-term liabilities	8	1 196 085	1 269 163	1 337 026	1 362 754
Current liabilities					
Bank overdraft		2 154 049	1 846 243	1 761 483	1 526 876
Trade and other payables	9	93 004	-	-	-
		2 061 045	1 846 243	1 761 483	1 526 876
Total funds and liabilities		12 764 298	12 210 176	10 242 153	7 210 763

VILLAGE COUNCIL OF ARANOS

INCOME STATEMENTS AS AT 30 JUNE

	Notes	2009	2008	2007	2006
		N\$	N\$	N\$	N\$
Income		5 688 833	5 456 246	6 078 249	4 546 600
Expenditure		(6 055 138)	(5 774 953)	(5 610 273)	(4 384 983)
Net operating profit / (loss)		(366 305)	(318 707)	467 976	161 617
Investment income earned for revenue account		-	33 120	-	3 477
Net profit /(loss) for the year		(366 305)	(285 587)	467 976	165 094
Appropriation account	10	(228 926)	(140 556)	23 071	(21 778)
		(595 231)	(426 143)	491 047	143 316
Accumulated funds					
- Beginning of the year		(156 370)	269 773	(221 274)	(364 590)
- End of the year	7	(751 601)	(156 370)	269 773	(221 274)

VILLAGE COUNCIL OF ARANOS

CASH FLOW STATEMENTS FOR THE YEARS ENDED 30 JUNE

	Notes	2009	2008	2007	2006
		N\$	N\$	N\$	N\$
Cash flow /(outflow) from operating activities					
Cash receipts from customers		4 297 075	4 747 051	5 153 988	4 546 600
Cash paid to suppliers		(5 375 586)	(4 809 620)	(4 326 839)	(5 672 001)
Cash generated by operations	11	(1 078 511)	(62 569)	827 149	(1 125 401)
Investment income		-	33 120	-	3 477
Movement in Fund accounts					
Fund accounts	12	185 591	1 320 979	1 155 862	1 100 943
Capital outlay		-	-	-	144 771
Net cash flow from operating activities		(892 920)	1 291 530	1 983 011	123 790
Cash flow from investing activities					
Net capital expenditure		(656 227)	(1 098 476)	(1 150 134)	(144 135)
Change in investments		1 322 480	(17 999)	(1 200 493)	(250 718)
		666 253	(1 116 475)	(2 350 627)	(394 853)
Cash flow from financing activities					
Change in long-term loans		(37 720)	(32 702)	124 118	(890)
Net movement in cash and cash equivalents		(264 387)	142 353	(243 498)	(271 953)
Cash and cash equivalents - Beginning of the year		174 921	32 568	276 066	548 019
Cash and cash equivalents - End of the year	5	(89 466)	174 921	32 568	276 066

VILLAGE COUNCIL OF ARANOS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE

1. ACCOUNTING POLICIES

The annual financial statements have been prepared on the historical cost basis and incorporate the following accounting policies which are consistent with those applied in the previous year.

The financial statements are prepared on a going-concern basis.

1.1 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.

1.2 Investments

Investments are reflected at face value.

1.3 Trade receivables

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

1.4 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.

1.5 Trade and other payables

All financial liabilities are recorded at cost.

1.6 Internal funds

The following internal funds were created by the Council:

Fixed Property Fund

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

Housing Fund

The purpose of this Fund is to provide for housing loans. Income to this Fund is transferred from the general income account, external loans from Government and interest on investments and loans.

Capital Reserve Fund

This Fund was created to make provision for unforeseen expenditures as approved by the Council.

VILLAGE COUNCIL OF ARANOS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
(continued)**1.6 Internal funds (continued)****Build Together Fund**

The purpose of the Fund is to enable the poorer part of the population to acquire affordable housing. Income is derived from Government contributions, redemption payments and interest.

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT AT COST				
Property, vehicles, plant and equipment	6 468 087	5 811 860	4 713 384	3 563 250

3. INVESTMENTS

Commercial banks and building societies

	721 852	2 044 062	2 026 063	825 570
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The investments were allocated as follows:

Build Together Fund	634 410	1 314 278	362 791	318 841
Capital	-	-	109 782	109 783
Capital Reserve Fund	-	66 028	63 841	-
Fixed Property Fund	-	577 657	549 183	-
Housing Fund	87 172	86 099	83 570	75 798
Revenue	-	-	856 896	321 148
Total	721 582	2 044 062	2 026 063	825 570

4. TRADE AND OTHER RECEIVABLES

Build Together Fund receivables	3 249 062	2 061 617	1 819 632	1 235 000
VAT claims	90 818	204 999	99 728	-
Services, rates and taxes	2 452 091	2 131 247	1 771 658	1 531 757
Other receivables	-	2 350	-	-
Provision for bad debts	(220 880)	(220 880)	(220 880)	(220 880)
	5 571 091	4 179 333	3 470 138	2 545 877

VILLAGE COUNCIL OF ARANOS

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

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
5. CASH AND BANK BALANCES				
Build Together Fund				
- Current account	-	-	-	17 638
Current bank account	-	171 383	29 030	251 638
Petty cash	3 538	3 538	3 538	6 790
	3 538	174 921	32 568	276 066
6. CAPITAL OUTLAY				
General capital contributions	1 384 956	1 384 956	1 384 956	1 342 565
Loans redeemed	563 999	490 224	420 484	239 478
Revenue contributions	3 325 190	2 669 931	1 683 381	731 176
	5 274 145	4 545 111	3 488 821	2 313 219
7. FUNDS AND ACCOUNTS				
Build Together Fund	4 198 040	3 978 659	2 691 137	1 640 404
Capital Reserve Fund	67 106	66 028	63 841	95 969
Fixed Property Fund	541 443	577 657	549 183	419 957
Housing Fund	85 031	83 685	80 889	72 858
Revenue account kept in compliance with section 86(1) of the Local Authorities Act, 1992.	(751 601)	(156 370)	269 773	(221 274)
	4 140 019	4 549 659	3 654 823	2 007 914
8. LONG-TERM LIABILITIES				
Namibia Housing Enterprises	112 044	121 559	129 622	136 456
The Government of Namibia				
- Capital section	1 062 785	1 091 687	1 118 203	1 142 529
- Housing Fund	2 141	2 414	2 680	2 940
Finance agreements	19 115	53 503	86 521	80 829
	1 196 085	1 269 163	1 337 026	1 362 754

VILLAGE COUNCIL OF ARANOS

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

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
9. TRADE AND OTHER PAYABLES				
Loan installments in arrears	1 670 339	1 511 456	1 352 573	1 193 690
Trade payables	305 957	265 348	354 747	210 456
Consumer deposits	17 668	17 358	17 005	16 250
Suspense account	-	-	-	8 401
Provisions	67 081	52 081	37 158	87 158
VAT	-	-	-	10 921
	2 061 045	1 846 243	1 761 483	1 526 876
10. ADJUSTMENTS AND APPROPRIATION				
Prior year adjustments	8 022	-	-	(21 778)
Items written off	-	-	7 786	-
Overprovision – Vehicle written off	-	-	15 285	-
Investment – Written off	-	(140 556)	-	-
VAT control account	(236 948)	-	-	-
	(228 926)	(140 556)	23 071	(21 778)
11 CASH GENERATED BY OPERATIONS				
Net surplus/(deficit) before adjustments	(366 305)	(285 587)	467 976	165 094
Adjustments to appropriation account	(228 926)	(140 556)	23 071	(21 778)
Internal non-cash flow transactions on funds	38 417	34 579	31 160	-
Additions to fixed assets expensed	655 259	986 550	994 596	-
Investment income	-	(33 120)	-	(3 477)
Operating cash flow before changes in working capital	98 445	561 866	1 516 803	139 839
Changes in working capital:				
Trade and other receivables	(1 391 758)	(709 195)	(924 261)	(1 308 879)
Trade and other payables	214 802	84 760	234 607	43 639
Cash generated by operations	(1 078 511)	(62 569)	827 149	(1 125 401)

VILLAGE COUNCIL OF ARANOS

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

	2009	2008	2007	2006
	N\$	N\$	N\$	N\$
12. MOVEMENT FUND ACCOUNTS				
Build Together grants from GRN	60 000	1 183 000	924 000	-
Income on Build Together Fund	20 593	13 679	6 960	-
Build Together expenses	(9 555)	(9 178)	(12 734)	-
Interest received	160 200	123 821	195 708	-
Sale of erven	-	69 020	96 728	-
Servicing of erven	(45 647)	(59 363)	(12 409)	-
Florida - House expenses	-	-	(42 391)	-
	185 591	1 320 979	1 155 862	-