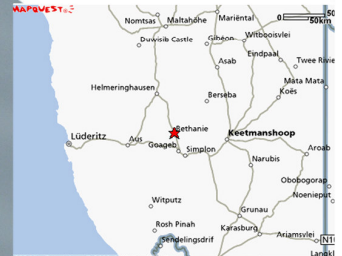




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

VILLAGE COUNCIL OF AROAB

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

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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 Aroab for the financial year ended 30 June 2010, 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, September 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE VILLAGE COUNCIL OF AROAB
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

1. INTRODUCTION

The accounts of the Village Council of Aroab for the year ended 30 June 2010 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. The audited financial statements are in agreement with the general ledger and are filed in die 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 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 the 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 judgement, 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.

There was a definite weakness related to the sales of prepaid electricity. The account was not reconciled with the receipts of the accounting software. The weakness has since been rectified. The Council, assisted by the Ministry, investigated the possibility of fraud. The result of this investigation was that the Council was defrauded by an approximate amount of N\$ 45 543. The Council informed this Office in a letter, dated 27 July 2011, that one staff member was charged with theft and fraud.

No control whatsoever exists over the livestock and game with an approximate value of N\$ 426 300 which are under control of Council.

There are also no controls over money received and the control thereof related to of the shuttle service rendered by the bus of Council between Aroab and Keetmanshoop. Certain of the receipt books could not be obtained during the time of audit.

4.2 Property, plant and equipment

Council established a fixed assets register during the year under review.

Depreciation is provided for on an annual basis but not charged to the Revenue account, thus not creating the necessary reserve by withholding income for purposes of future replacement.

Property, plant and equipment are not controlled as Council did not physically verify these assets in the past two (2) years and compared it with the fixed assets register. (See paragraph 31.1.)

4.3 Inventories

Inventories of consumables are reflected in the general ledger but it appears that 392 heads of sheep and an estimated 350 springbok are kept by Council in grazing lands under their control but that no such assets appear in the general ledger and that there is no control over the number and the revenue received from such. Sale of springbok realised N\$ 18 113 for the year under review and the sale from sheep N\$ 29 354. (See also paragraph 4.1.)

4.4 Trade and other payables

No provision has been made for severance pay on retirement.

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

4.5 External loans

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

4.6 VAT

The VAT receivable ledger balance does not agree to the balance calculated by the auditors. The auditors are of the opinion that VAT receivable is overstated by N\$ 562 976. Part of this difference can be ascribed to amounts not refunded by the Receiver but utilised to redeem outstanding interest and penalties.

Reconciliation of work done by the VAT administrators, who are external consultants, and the general ledger is non-existing.

4.7 Accounts receivable

The Council increased the provision for bad debts with N\$ 372 796 during the year under review, charging such against the appropriation income as a prior year adjustment. We agree with this practice. The provisions is probably still underestimated by at least N\$ 163 872.

5. ACKNOWLEDGEMENT

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

	Revenue	Expenditure	Surplus / (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus				
– Opening balance 1 July 2009				2 858 695
General accounts				
– Non-profitable	1 740 201	2 231 549	(491 348)	
– Self-supporting	514 957	1 150 984	(636 027)	
Trade accounts				
– Public transport	107 928	17 997	89 931	
– Water	660 584	573 560	87 024	
– Electricity	1 058 750	837 381	221 369	
	4 082 420	4 811 471	(729 051)	
Deficit for the year				(729 051)
Adjustments and utilizations (See note 10, Annexure D)				2 129 644
				(372 796)
Accumulated surplus				
– Closing balance 30 June 2010				1 756 848

7. CURRENT BANK ACCOUNTS

	2010	2009
	N\$	N\$
Negative cash book balance	(296 109)	(90 738)
Outstanding cheques	550 354	575 852
Balance per bank statement	254 245	485 114

8. INVESTMENTS

	2010	2009
	N\$	N\$
The investments as at 30 June were as follows:		
Financial institutions	4 387 494	4 843 451
The investments were allocated as follows:		
Revenue Fund	1 427 566	2 656 902
Capital Reserve Fund	1 426 498	1 337 202
Housing Fund	165 720	153 593
Build Together Fund	1 367 710	695 754
	4 387 494	4 843 451
Interest was allocated as follows to the funds:		
Revenue Fund	181 917	283 087
Capital Reserve Fund	85 095	206 544
Housing Fund	10 096	25 752
Build Together Fund	34 567	40 294
	311 675	555 677

9. FUND ACCOUNTS

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

10. TRADE ACCOUNTS

10.1 The results of the electricity operations were as follows:

	2010	2009
	N\$	N\$
Sales and royalties	752 761	815 236
Cost of bulk electricity supply	(465 897)	(451 477)
Gross profit	286 864	363 759
Contribution from Central Government – Subsidy	300 000	200 000
	586 864	563 759
Less: Net (expenditure)/income	(365 495)	(383 611)
Net surplus/(deficit)	*221 369	180 148
Gross profit % on bulk purchases	61.57%	80.57%
Net profit % on bulk purchases	47.1%	39.90%

* The net operating result for electricity vote is not a true reflection due to the following:

- A cheque to the amount of N\$ 45 898 payable to Nampower was wrongly allocated to bulk purchases of water. Therefore the cost of bulk electricity supply is understated.
- Furthermore the Ministry paid Nampower accounts, to the amount of N\$ 240 589, directly to the supplier which are not disclosed in the electricity vote.

Taking above into account the amount related to bulk purchases of electricity should be adjusted by N\$ 286 487. This adjustment would change the result of the account from a surplus of N\$ 221 369 to a net deficit of (N\$ 65 118).

10.2 The results of the awater operations were as follows:

	2010	2009
	N\$	N\$
Sales	658 360	426 948
Cost of bulk purchases	(432 920)	(397 901)
Gross profit	225 440	29 047
Contribution from Central Government – Subsidy	-	100 000
Less: Net (expenditure)/income	(138 416)	(165 852)
Net surplus/(loss) for the year	*87 024	(36 805)
Gross profit % on bulk purchases	52.07%	7.30%
Net profit/(loss) % on bulk purchases	20.10%	(9.25)%

* The net operating result for water is also not a true reflection of the account. Include in the amount related to bulk water supply is a cheque to the amount of N\$ 45 897 which was wrongly allocated to the bulk purchases of water instead of bulk purchases of electricity. This means that bulk purchases for water should only be N\$ 387 022 and the surplus for the year should be N\$ 132 922.

10.3 The results of the transport operations were as follows:

	2010	2009
	N\$	N\$
Sales	107 928	-
Cost of sales (Fuel and oil)	(17 720)	-
Gross profit	90 208	-
Net (expenditure)/income	(277)	-
Net surplus/(deficit) for the year	89 931	-
Gross profit % on cost of sales	509%	-
Net surplus % on cost of sales	507%	-

10.4 Distribution results were as follows:

	Electricity		Water	
	2010	2009	2010	2009
	Kw/h	Kw/h	m ²	m ²
Sales	367 074	1 000 566	27 905	58 142
Purchases	982 690	1 050 340	55 715	52 470
Distribution (loss)/excess	(615 616)	(49 774)	(27 810)	5 672
Percentage excess/(loss) in units purchased	(62.6%)	(4.7%)	(49.9%)	10.8%

The distribution results are totally unacceptable. The Council is urged to seriously look into this matter. The reasons for these huge fluctuations should be investigated and remedial steps should be implemented as a matter of urgency.

11. SELF-SUPPORTING SERVICES

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

	Income	Expenses	Deficit	Surplus /(deficit)
	2010	2010	2010	2009
	N\$	N\$	N\$	N\$
Townlands	80 635	124 991	(44 356)	(15 024)
Housing	-	4 265	(4 265)	(4 264)
Cleansing services	434 322	1 021 728	(587 406)	1 733 548
	514 957	1 150 984	(636 027)	1 714 260

It is clear that self-supporting services is not self-supportive anymore. Council is urged to put measures in place to make the services self-supportive again.

12. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

No such expenditure was revealed during the audit.

13. SUSPENSE ACCOUNTS

The following suspense accounts are reflected under receivables:

	2010	2009
	N\$	N\$
Retirement Fund and Social Security	(72)	-
Debtor deposits	(69 435)	-
Capital projects	27 475	-
Third party deductions	393	-

14. IRREGULARITIES AND LOSSES

The auditors did not find any irregularities and losses for the year under review except for those reported in paragraph 4.1.

15. CAPITAL PROJECTS

	2010	2009
	N\$	N\$
Expenditure:		
Municipal buildings	372 887	422 323
Electricity	248 423	335 365
Parks	125 672	-
Cleansing services	718 791	2 252 973
General administration	528 192	269 530
Water	-	43 031
	1 993 965	3 323 222
Financed by:		
Revenue account	1 993 965	3 323 222

16. BURSARIES

The audit did not reveal that any bursaries were allocated or paid during the year under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

	2010	2009
	N\$	N\$
Contributions to capital budget	1 000 000	-
Contributions for development of erven	221 600	-
Contributions to build together fund	1 303 000	-
Contributions to operating budget	200 000	4 884 239

18. COMPENSATION PAYMENTS

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

19. VISITS TO FOREIGN COUNTRIES

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

20. CLAIMS AGAINST THE LOCAL AUTHORITY

The auditors could not trace any claims against the local authority.

21. GIFTS AND DONATIONS BY THE LOCAL AUTHORITY

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

22. TRANSFER OF PROPERTY

There were no transfers of property to or from the local authority for the year under review.

23. TRADE AND OTHER RECEIVABLES

	2010	2009
	N\$	N\$
Build together and housing fund receivables	1 756 374	1 724 470
Services, rates and taxes	2 062 502	1 704 515
VAT refundables	877 898	539 286
Suspense account: Capital projects	27 475	-
Other receivables	8 090	26 532
Provision for bad debts	(1 771 850)	(1 399 054)
	2 960 489	2 595 749

	2010	2009
	N\$	N\$
Analysis of services and general debtors		
Service debtors	2 062 502	1 704 515
Average credit terms in days before provision for bad debts	454	419
Consumer deposits	11 344	11 344

24. TRADE AND OTHER PAYABLES

	2010	2009
	N\$	N\$
Loan instalments and interest in arrears – Government loans	393 554	354 964
Trade payables	46 380	105 194
Consumer deposits	11 515	11 344
Sundry creditors	73	-
Provision for leave	53 550	49 049
Deposits: debtors	69 435	22 130
Payments in advance	56 722	56 722
Departmental accounts	2 039	29 359
	633 268	628 762

25. ASSESSMENT RATES

		2010	2009
		N\$	N\$
Proceeds from assessment rates were		218 902	93 448
Tariffs per N\$1 valuation per annum			
Land	Residential	0.0250	0.142
	Business	0.0357	0.0208
Improvements	Residential	0.0250	0.0339
	Business	0.0357	0.0479

26. LOANS

26.1 External loans

		2010	2009
		N\$	N\$
Balance on loans:			
–	Capital section	320 747	332 095
Installments and interest in arrears		393 554	354 964
Total outstanding		714 301	687 059

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

26.2 Due to the Village Council

No loans were due to the Village Council. Advances in terms of the housing fund and Build together fund are reflected as debtors.

26.3 Loans written off

The audit did not reveal that any loans were written off during the year under review.

27. SALE OF ERVEN

Due to unavailability of sale of erven register, this information was not available.

28. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

Properties to the amount of N\$ 86 981 were sold on credit in terms of the Build Together Scheme for the year under review.

29. TARIFF ADJUSTMENTS

Tariff adjustments tend to follow the Government Gazette.

30. APPROVALS

30.1 Internal loans

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

30.2 Revenue written off

The audit did not reveal that any revenue was written off during the year under review.

31. INVENTORY AND EQUIPMENT

31.1 Motor vehicles

	Sedan vehicles		LDV and kombi's		Heavy vehicles (Lorries and busses)	
	Number	Value	Number	Value	Number	Value
On hand: 01/07/2009	1	N\$ -	2	N\$ 248 013	*7	N\$ 121 592
Plus: Additions	-	-	1	243 364	-	-
Corrections	-	-	1	17 909	-	-
Sub-total	1	-	4	509 286	7	121 592
Depreciation	-	-	-	(127 181)	-	-
On hand: 30/06/2010	1	-	4	382 105	7	121 592

The table above was compiled from information available in the newly compiled fixed asset register. Property, plant and equipment are not controlled due to a lack of physical verification of assets. (See paragraph 4.2)

* The number of value of heavy vehicles is incomparable with the fixed asset register provided to the auditors. It is recommended that Council conduct physical verification of all types of assets and reconcile the physical counted assets with the fixed asset register at year-end.

31.2 Inventory

Inventory comprised consumable stocks, at cost and amounted to N\$ 50 455 (2009: N\$ 45 924). Livestock and game have not been recorded in the general ledger of Council. (See paragraph 4.1 and 4.3.)

32. SPECIAL INVESTIGATIONS

An investigation was conducted by the Ministry of Regional and Local Government, Housing and Rural Development on request of Aroab Village Council into alleged irregularities within the finance section. A report was presented to Council during September 2010 and charges were prepared. The report indicates that an amount of N\$ 45 543 may have been misappropriated. (See paragraph 4.1.)

33. GENERAL

There is not a sufficient system of internal control at the Village Council. Proper segregation of duties, however 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 a dangerous practice, which Council should guard against.

34. FORMAL AND INFORMAL QUERIES

The formal queries are embodied in this report.

The following informal queries have been addressed to the Chief Executive Officer by way of a management letter dated 10 May 2010:

- Income;
- Expenditure;
- VAT;
- Petty cash;
- Accounts receivable;
- Trade payables;
- Livestock;
- Property, plant and equipment;
- External loans and

- Financial status.

35. DISCLAIMED AUDIT OPINION

The accounts of the Village Council of Aroab for the financial year 30 June 2010 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 due to the following reasons:

- Small stock and game with an approximate value of N\$ 426 300 have not been recorded in the general ledger and annual financial statements of Council.
- The provision for bad debts is underestimated by at least N\$ 163 872.
- VAT receivable is probably overstated by at least N\$ 562 976.
- No provision for severance pay at retirement has been raised during the year.
- Audit procedures could not be conducted on several accounts due to a lack of supporting documentation.
- The fixed assets register is not up to standard and the auditors could not verify the existence of fixed assets to their satisfaction.

WINDHOEK, September 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

VILLAGE COUNCIL OF AROAB

BALANCE SHEET AS AT 30 JUNE

	Note	2010 N\$	2009 N\$
ASSETS			
Non-current assets			
Property, plant and equipment	2	7 595 802	6 221 957
Investments	3	4 387 494	4 843 451
Current assets			
Trade and other receivables	4	2 960 489	2 595 749
Inventory		50 455	45 924
Cash balances	5	4 089	4 089
Total assets		14 998 329	13 711 170
EQUITY AND LIABILITIES			
Capital and reserves			
Capital outlay	6	7 275 055	5 889 861
Funds and accounts	7	6 473 150	6 769 714
Long-term liabilities	8	320 747	332 095
Current liabilities			
Bank overdraft		296 109	90 738
Trade and other payables	9	633 268	628 762
Total funds and liabilities		14 998 329	13 711 170

VILLAGE COUNCIL OF AROAB

INCOME STATEMENT AS AT 30 JUNE

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		N\$	N\$
Income		3 790 212	6 673 634
Expenditure		<u>(4 811 471)</u>	<u>(5 732 692)</u>
Net operating profit / (loss)		(1 021 259)	940 942
Investment income		<u>292 208</u>	<u>555 677</u>
Net profit/(loss) for the year		(729 051)	1 496 619
Adjustments through accumulated funds account	10	<u>(372 796)</u>	<u>(168 981)</u>
		(1 101 847)	1 327 638
Accumulated Funds			
- Beginning of the year		<u>2 858 695</u>	<u>1 531 057</u>
- End of the year	7	<u>1 756 848</u>	<u>2 858 695</u>

VILLAGE COUNCIL OF AROAB

CASH FLOW STATEMENT AS AT 30 JUNE

	Notes	2010	2009
		N\$	N\$
CASH FLOW/(OUTFLOW) FROM OPERATING ACTIVITIES			
Cash receipts from customers		3 052 676	6 673 634
Cash paid to suppliers		<u>(2 817 531)</u>	<u>(2 826 755)</u>
Cash generated by operations	11	235 145	3 846 879
Investment income		292 208	555 677
Movement in fund accounts			
Fund accounts	12	805 284	396 908
Capital outlay		<u>-</u>	<u>10 685</u>
		<u>1 332 637</u>	<u>4 810 149</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net capital expenditure		(1 993 965)	(3 323 222)
Change in investments		<u>455 957</u>	<u>(1 105 363)</u>
		<u>(1 538 008)</u>	<u>(4 428 585)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Change in long-term loans		<u>-</u>	<u>(340 894)</u>
Net movement in cash and cash equivalents		(205 371)	40 670
CASH AND CASH EQUIVALENTS			
- Beginning of the year		<u>(86 649)</u>	<u>(127 319)</u>
- End of the year	5	<u>(292 020)</u>	<u>(86 649)</u>

VILLAGE COUNCIL OF AROAB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 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.

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

Internal Funds were created as follows by Council:

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.

Build Together Fund

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

VILLAGE COUNCIL OF AROAB

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

	2010	2009
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT, AT COST		
Loan assets	491 801	491 801
Income assets	6 986 897	5 587 406
General capital assets	117 104	142 750
	7 595 802	6 221 957
3. INVESTMENTS		
Commercial banks	4 387 494	4 843 451
The investments were allocated as follows:		
Revenue Fund	1 427 566	2 656 902
Build Together Fund	1 367 710	695 754
Capital Reserve Fund	1 426 498	1 337 202
Housing Fund	165 720	153 593
Total	4 387 494	4 843 451
4. TRADE AND OTHER RECEIVABLES		
Build Together and Housing Fund receivables	1 756 374	1 724 470
Suspense accounts: Capital projects	27 475	-
VAT refundables	877 898	539 286
Services, rates and taxes	2 062 502	1 704 515
Other receivables	8 090	26 532
Provision for bad debts	(1 771 850)	(1 399 054)
	2 960 489	2 595 749
5. CASH AND BANK BALANCES		
Petty cash	4 089	4 089
6. CAPITAL OUTLAY		
General capital contributions	117 104	142 749
Loans redeemed	171 054	159 707
Revenue contributions	6 986 897	5 587 405
	7 275 055	5 889 861

VILLAGE COUNCIL OF AROAB

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

	2010	2009
	N\$	N\$
7. FUNDS AND ACCOUNTS		
Build Together Fund	3 119 331	2 415 155
Capital Reserve Fund	1 426 497	1 337 202
Fixed Property Fund		
Housing Fund	170 474	158 662
Sub-total	4 716 302	3 911 019
Revenue account kept in compliance with section 86(1) of the Local Authorities Act, 1992.	1 756 848	2 858 695
	6 473 150	6 769 714
8. LONG-TERM LIABILITIES		
The Government of Namibia – Capital section	320 747	332 095
9. TRADE AND OTHER PAYABLES		
Loan installments and interest in arrears – Government loans	393 554	354 964
Trade payables	46 380	105 194
Consumer deposits	11 515	11 344
Sundry creditors	73	-
Provision for leave	53 550	49 049
Deposits: debtors	69 435	22 130
Payments in advance	56 722	56 722
Departmental accounts	2 039	29 359
	633 268	628 762
10. ADJUSTMENTS THROUGH ACCUMULATED FUNDS ACCOUNT		
Provision for bad debts	(372 796)	(285 387)
Prior year adjustment	-	116 406
	(372 796)	(168 981)

VILLAGE COUNCIL OF AROAB

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

	2010	2009
	N\$	N\$
11. CASH GENERATED BY OPERATIONS		
Net surplus/(deficit) before adjustments	(1 021 259)	940 942
Adjustments to appropriation account	-	(168 981)
Internal non-cash flow transactions on funds:		
Additions to fixed assets expensed	1 993 965	3 323 222
External loan redemption and interest expensed	38 590	-
	<hr/>	<hr/>
Operating cash flow before changes in working capital	1 011 296	4 095 183
Changes in working capital		
(Increase) in trade and other receivables	(737 536)	(275 211)
(Increase)/decrease in inventories	(4 531)	10 551
Increase in trade and other payables	(34 084)	16 356
Cash generated by operations	<hr/> 235 145 <hr/>	<hr/> 3 846 879 <hr/>
12. FUND ACCOUNTS		
Build Together grants from Government	1 303 000	-
Bank charges (Build Together)	(11 627)	-
Net insurance premiums (Build Together)	(10 839)	-
Property sold	4 200	-
Interest received	177 492	-
Property expenses - Social housing	(656 942)	-
	<hr/> 805 284 <hr/>	<hr/> - <hr/>