



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

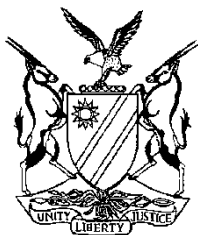
VILLAGE COUNCIL OF AROAB

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 Village Council of Aroab 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, September 2012

**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 2011**

1. INTRODUCTION

The accounts of the Village Council of Aroab 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 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 Namibia 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 original audited financial statements are not in agreement with the general ledger and are filed in the Office of the Auditor-General.** The abridged balance sheet (Annexure A) is a true reflection of the original.

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 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.

No control whatsoever exists over the livestock and game under the control of the Council.

There was little control over the receipts of the shuttle service rendered by the bus of the Council between Aroab and Keetmanshoop. Certain of the receipt books could not be obtained during the time of the audit for testing purposes.

4.2 Property, plant and equipment

The Council maintains a fixed assets register. 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.

The Council did not physically verify these assets in the past two (2) years by comparing it with the fixed assets register.

4.3 Inventories

Inventories of consumables are reflected in the general ledger but it appears that 716 heads of sheep and an estimated 400 springbok are kept by the 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\$ 2 175 for the year under review and the sale from sheep N\$ 64 174. Livestock purchases in the amount of N\$ 99 502 was incorrectly capitalised as fixed assets.

Depreciation in the amount of N\$ 53 170 was incorrectly written-off on livestock.

It appears that a similar incorrect entry has been made in the year ended 30 June 2010, reflecting purchases of N\$ 265 849.

4.4 Trade and other payables

The auditors concluded that the leave provision of Council is adequate for the year under review. Retirement age is 60 and a provision for severance pay is not required.

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. The loan position has not been reconciled with the Ministry of Finance.

4.6 VAT

The VAT receivable ledger balance does not agree to the balance calculated by the auditors, exceeding such by N\$ 496 531. Part of this difference can be ascribed to amounts not refunded by the Receiver but utilised to redeem outstanding interest and penalties.

Communication between the VAT administrators and the general ledger is non-existing.

4.7 Accounts receivable

The Council increased the provision for bad debts with N\$ 330 526 during the year under review, charging such to the appropriation account. The provisions are reasonable but a poor reflection on the quality of the accounts receivable book.

5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Aroab 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 2010 | | | | 1 756 848 |
| General accounts | | | | |
| – Non-profitable | 2 654 523 | 2 693 863 | (39 340) | |
| – Self-supporting | 1 007 293 | 1 117 754 | (110 461) | |
| Trade accounts | | | | |
| – Water | 631 553 | 625 502 | 6 051 | |
| – Electricity | 1 286 033 | 804 490 | 481 543 | |
| – Transport | 116 213 | 89 166 | 27 047 | |
| | 5 695 615 | 5 330 775 | 364 840 | |
| Surplus for the year | | | | 364 840 |
| Adjustments and utilisations (Note 10, Annexure D) | | | | 2 121 688 |
| Accumulated surplus – Closing balance 30 June 2011 | | | | (373 562) |
| | | | | 1 748 126 |

7. CURRENT BANK ACCOUNTS

| | 2011 | 2010 |
|----------------------------|----------------|----------------|
| | N\$ | N\$ |
| Cash-book balance | 204 878 | (296 109) |
| Outstanding cheques | 629 878 | 550 354 |
| Balance per bank statement | 834 756 | 254 245 |

8. INVESTMENTS

| | 2011 | 2010 |
|---|------------------|------------------|
| | N\$ | N\$ |
| The investments as at 30 June were as follows: | | |
| Financial institutions | 3 619 885 | 4 387 494 |
| The investments were allocated as follows: | | |
| Revenue Fund | 1 097 191 | 1 427 566 |
| Capital Reserve Fund | 1 433 997 | 1 426 498 |
| Housing Fund | 168 856 | 165 720 |
| Build Together Fund | 919 841 | 1 367 710 |
| | 3 619 885 | 4 387 494 |
| Interest was allocated as follows to the Funds: | | |
| Revenue Fund | 297 193 | 181 917 |
| Capital Reserve Fund | - | 85 095 |
| Housing Fund | - | 10 096 |
| Build Together Fund | 31 798 | 34 567 |
| | 328 991 | 311 675 |

Interest has been incorrectly allocated and should also have been allocated to capital reserve fund and housing fund.

9. TRADE ACCOUNTS

The results of operations were as follows:

| | 2011 | 2010 |
|--|----------------|-----------------|
| | N\$ | N\$ |
| Electricity: | | |
| Sales and royalties | 1 086 033 | 752 761 |
| Cost of bulk purchases (adjusted for reality) | (817 860) | (752 384) |
| Gross profit | 268 173 | 377 |
| GRN contribution | 200 000 | 300 000 |
| Net expenditure - normal operations | (140 096) | (117 072) |
| Net surplus before capital expenditure | 328 077 | 183 305 |
| Less: Capital expenditure | (162 092) | (248 423) |
| Net surplus/(loss) for the year | 165 985 | (65 118) |
| Gross profit % on bulk purchases | 32,8% | - |
| Net surplus before capital expenditure % on bulk purchases | 20,3% | - |

Electricity accounts are partly paid by the Ministry, being N\$ 315 468 for the year under review. These payments were not recorded in the accounting records.

| | 2011 | 2010 |
|--|--------------|----------------|
| | N\$ | N\$ |
| Water: | | |
| Sales | 631 553 | 658 360 |
| Cost of bulk purchases | (395 353) | 387 020 |
| Gross profit | 236 200 | 271 340 |
| Net expenditure - normal operations | 203 459 | 138 418 |
| Net surplus before capital expenditure | 32 741 | 132 922 |
| Less: Capital expenditure | (26 690) | - |
| Net surplus for the year | 6 051 | 132 922 |
| Gross profit % on bulk purchases | 59% | 70,1% |
| Net profit % on bulk purchases | 1% | 34,4% |

Distribution losses

The Council kept statistics of distribution losses as follows:

| | 2011 | 2010 |
|-----------------------------|------------------|----------------|
| | Kw/h | Kw/h |
| The results are as follows: | | |
| Electricity | | |
| Units purchased | 1 057 200 | 982 690 |
| Units sold | (530 644) | (367 074) |
| Distribution (loss) | (526 556) | 615 616 |
| Percentage (lost) | 49,8% | (62,6%) |

The data is unreliable as the Finstel system failed in recording sales per units correctly.

| | 2011 | 2010 |
|--------------------------|----------------|-----------------|
| | m ₃ | m ₃ |
| Water | | |
| Units purchased | 55 968 | 55 715 |
| Units sold | (50 210) | (27 905) |
| Distribution gain | 5 758 | (27 810) |
| Percentage (gained)/lost | 10% | 49,9% |

10. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

No such expenditure was revealed during the audit.

11. SELF-SUPPORTING SERVICES

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

| | Income | Expenses | Deficit | Deficit |
|--------------------|------------------|------------------|----------------|----------------|
| | 2011 | 2011 | 2011 | 2010 |
| | N\$ | N\$ | N\$ | N\$ |
| Townlands | 244 423 | 259 487 | 15 064 | 44 356 |
| Housing | - | 4 265 | 4 265 | 4 265 |
| Cleansing services | 762 870 | 854 002 | 91 132 | 587 406 |
| | 1 007 293 | 1 117 754 | 110 461 | 636 027 |

12. SUSPENSE ACCOUNTS

The following suspense accounts are reflected under receivables:

| | 2011 | 2010 |
|------------------------|-------------|-------------|
| | N\$ | N\$ |
| Capital projects | 27 475 | 27 475 |
| Third party deductions | - | 393 |
| Debtor deposits | 61 198 | - |

13. IRREGULARITIES AND LOSSES

The auditors did not find any irregularities and losses for the year under review.

14. CAPITAL PROJECTS

| | 2011 | 2010 |
|------------------------|------------------|------------------|
| | N\$ | N\$ |
| Expenditure: | | |
| Municipal buildings | 283 132 | 372 887 |
| Electricity | 277 336 | 248 423 |
| Parks | 173 198 | 125 672 |
| Cleansing services | 512 856 | 718 791 |
| General administration | 1 087 504 | 528 192 |
| Water | 26 690 | - |
| Roads and street works | 27 956 | - |
| Townlands | 99 502 | - |
| Housing | 1 265 414 | - |
| | 3 753 588 | 1 993 965 |
| Financed by: | | |
| Revenue account | 2 305 620 | 1 993 965 |
| Build Together Fund | 1 447 968 | - |
| | 3 753 588 | 1 993 965 |

15. BURSARIES

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

16. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

| | 2011 | 2010 |
|--|-------------|-------------|
| Contributions to capital budget | 795 000 | 1 000 000 |
| Contributions for development of erven | - | 221 600 |
| Contributions to build together fund | 156 000 | 1 303 000 |
| Contributions to operating budget | 1 274 092 | 200 000 |

17. COMPENSATION PAYMENTS

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

18. VISITS TO FOREIGN COUNTRIES

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

21. TRANSFER OF PROPERTY

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

22. TRADE AND OTHER RECEIVABLES

| | 2011 | 2010 |
|---|------------------|------------------|
| | N\$ | N\$ |
| Build Together and Housing Fund receivables | 1 980 965 | 1 756 374 |
| Services, rates and taxes | 2 353 952 | 2 062 502 |
| Provision for bad debts | (2 102 377) | (1 771 850) |
| VAT claims | 648 695 | 877 898 |
| Suspense account | 88 673 | 27 475 |
| Other receivables | 11 453 | 8 090 |
| | 2 981 361 | 2 960 489 |

23. TRADE AND OTHER PAYABLES

| | 2011 | 2010 |
|-----------------------------|----------------|----------------|
| | N\$ | N\$ |
| Loan instalments in arrears | 432 144 | 393 554 |
| Trade payables | 44 412 | 46 380 |
| Consumer deposits | 11 663 | 11 515 |
| Sundry creditors | - | 73 |
| Provision for leave | 62 298 | 53 550 |
| Deposits: Debtors | - | 69 435 |
| Payments in advance | 56 722 | 56 722 |
| Departmental accounts | 2 039 | 2 039 |
| | 609 278 | 633 268 |

24. ASSESSMENT RATES

| | 2011 | 2010 |
|--------------------------------------|----------------|----------------|
| | N\$ | N\$ |
| Proceeds from assessment rates were | 128 896 | 218 902 |
| Tariffs per N\$1 valuation per annum | | |
| Land: Residential | 0.0257 | 0.025 |
| Business | 0.0368 | 0.0357 |
| Improvements: Residential | 0.0257 | 0.025 |
| Business | 0.0368 | 0.0357 |

25. LOANS

25.1 External loans

| | 2011 | 2010 |
|--------------------------------------|----------------|----------------|
| | N\$ | N\$ |
| Balance on loans | | |
| - Capital section | 308 681 | 320 747 |
| Installments and interest in arrears | 432 144 | 393 554 |
| Total outstanding | 740 825 | 714 301 |

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. Advances in terms of the Housing Fund and Build Together Fund are reflected as debtors.

25.3 Loans written off

No loans were written off during the year under review.

26. SALE OF ERVEN

Due to unavailability of sale of erven register, 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 year under review.

28. TARIFF ADJUSTMENTS

Tariff adjustments tend to follow the Government Gazette.

29. APPROVALS

29.1 Internal loans

No further internal loans were granted during the year 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

| | 2011 | 2010 |
|------------------------------|-------------|-------------|
| | N\$ | N\$ |
| At the beginning of the year | 9 | 10 |
| Purchased during the year | 2 | 1 |
| At end of the year | 11 | 11 |

30.2 Inventory

Inventory comprised consumable stock, at cost and amounted to N\$ 54 154 (2010: N\$ 50 455). Livestock and game have not been recorded in the general ledger of Council.

31. 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 the Council during September 2010 and charges were prepared. The report indicates that an amount of N\$ 45 543 may have been misappropriated.

32. 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 the Council should guard against.

33. FORMAL AND INFORMAL QUERIES

The formal queries are embodied in this report.

The following informal queries have been addressed to the Chief Executive Officer:

- Income
- Expenditure
- VAT
- Petty cash
- Accounts receivable
- Trade payables
- Livestock
- Property, plant and equipment
- External loans
- Fund accounts
- Financial statements

34. DISCLAIMED AUDIT OPINION

The accounts of the Village Council of Aroab for the financial year 30 June 2011 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 2011 due to the following reasons:

- Small stock and game with a considerable value have not been recorded in the general ledger and annual financial statements of Council;
- VAT receivable is probably overstated by at least N\$ 562 975;
- The fixed assets register is not up to standard and the auditors could not verify the existence of fixed assets to their satisfaction; and
- The internal control is not sufficient.

VILLAGE COUNCIL OF AROAB
BALANCE SHEET AS AT 30 JUNE

| | Notes | 2011 | 2010 |
|------------------------------------|--------------|-------------------|-------------------|
| | | N\$ | N\$ |
| ASSETS | | | |
| Non-current assets | | 14 065 299 | 11 983 296 |
| Property, plant and equipment | 2 | 10 445 414 | 7 595 802 |
| Investments | 3 | 3 619 885 | 4 387 494 |
| Current assets | | 3 244 482 | 3 015 033 |
| Trade and other receivables | 4 | 2 981 361 | 2 960 489 |
| Inventory | | 54 154 | 50 455 |
| Cash at bank | | 204 878 | - |
| Petty cash | 5 | 4 089 | 4 089 |
| Total assets | | 17 309 781 | 14 998 329 |
| FUNDS AND LIABILITIES | | | |
| Capital and reserves | | 16 391 822 | 13 748 205 |
| Capital outlay | 6 | 10 136 733 | 7 275 055 |
| Funds and accounts | 7 | 6 255 089 | 6 473 150 |
| Long-term liabilities | 8 | 308 681 | 320 747 |
| Current liabilities | | 609 278 | 929 377 |
| Bank overdraft | | - | 296 109 |
| Trade and other payables | 9 | 609 278 | 633 268 |
| Total funds and liabilities | | 17 309 781 | 14 998 329 |

VILLAGE COUNCIL OF AROAB

INCOME STATEMENT AS AT 30 JUNE

| | Notes | 2011 | 2010 |
|---|--------------|-------------------------|-------------------------|
| | | N\$ | N\$ |
| Income | | 5 398 422 | 3 790 213 |
| Expenditure | | <u>(5 330 775)</u> | <u>(4 811 471)</u> |
| Net operating profit/(loss) | | 67 647 | (1 021 258) |
| Investment income | | <u>297 193</u> | <u>292 208</u> |
| Net profit/(loss) for the year | | 364 840 | (729 050) |
| Adjustments through appropriation account | 10 | <u>(373 562)</u> | <u>(372 796)</u> |
| | | (8 722) | (1 101 846) |
| Accumulated funds | | | |
| Beginning of the year | | <u>1 756 848</u> | <u>2 858 694</u> |
| End of the year | 7 | <u>1 748 126</u> | <u>1 756 848</u> |

VILLAGE COUNCIL OF AROAB

CASH FLOW STATEMENT AS AT 30 JUNE

| | Notes | 2011 | 2010 |
|--|--------------|-----------------------|-------------------------|
| | | N\$ | N\$ |
| Operating activities | | | |
| Cash receipts from customers | | 5 377 550 | 3 052 677 |
| Cash paid to suppliers | | (3 426 406) | (2 817 531) |
| Cash generated by operations | 11 | 1 951 144 | 235 146 |
| Investment income | | 297 193 | 292 208 |
| Movement in fund accounts | | | |
| Fund accounts | 12 | (209 339) | 805 283 |
| Capital outlay | | - | - |
| | | <u>2 038 998</u> | <u>1 332 637</u> |
| Investing activities | | | |
| Net capital expenditure | | (3 753 588) | (1 993 965) |
| Change in investments | | 767 609 | 455 957 |
| | | <u>(2 985 979)</u> | <u>(1 538 008)</u> |
| Financing activities | | | |
| Build Together Fund, for social housing | | 1 447 968 | - |
| Net movement in cash and cash equivalents | | 500 987 | (205 371) |
| Cash and cash equivalents - beginning of the year | | (292 020) | (86 649) |
| Cash and cash equivalents - end of the year | | <u><u>208 967</u></u> | <u><u>(292 020)</u></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 not prepared in terms of a framework.

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 consist of cash on hand and 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:

Fixed Property Fund

Proceeds from the sale of land that has been developed by the Aroab 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 AROAB

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

| | 2011 | 2010 |
|--|-------------------|------------------|
| | N\$ | N\$ |
| 2. PROPERTY, PLANT AND EQUIPMENT, AT COST LESS DEPRECIATION | | |
| Loan assets | 491 801 | 491 801 |
| Income assets | 8 492 777 | 6 986 897 |
| General capital assets | 1 460 836 | 117 104 |
| | 10 445 414 | 7 595 802 |
| 3. INVESTMENTS | | |
| Commercial banks | 3 619 885 | 4 387 494 |
| The investments were allocated as follows: | | |
| Revenue Fund | 1 097 191 | 1 427 566 |
| Build Together Fund | 919 841 | 1 367 710 |
| Capital Reserve Fund | 1 433 997 | 1 426 498 |
| Housing Fund | 168 856 | 165 720 |
| Total | 3 619 885 | 4 387 494 |
| 4. TRADE AND OTHER RECEIVABLES | | |
| Build Together Fund receivables | 1 980 965 | 1 756 374 |
| Suspense accounts | 88 673 | 27 475 |
| VAT claims | 648 695 | 877 898 |
| Services, rates and taxes | 2 353 952 | 2 062 502 |
| Provision for bad debts | (2 102 377) | (1 771 850) |
| Other receivables | 11 453 | 8 090 |
| | 2 981 361 | 2 960 489 |
| 5. CASH BALANCES | | |
| Petty cash | 4 089 | 4 089 |
| 6. CAPITAL OUTLAY | | |
| General capital contributions | 1 460 836 | 117 104 |
| Loans redeemed | 183 121 | 171 054 |
| Revenue contributions | 8 492 776 | 6 986 897 |
| | 10 136 733 | 7 275 055 |

VILLAGE COUNCIL OF AROAB

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

| | 2011 | 2010 |
|---|------------------|------------------|
| | N\$ | N\$ |
| 7. FUNDS AND ACCOUNTS | | |
| Build Together Fund | 2 900 806 | 3 119 331 |
| Capital Reserve Fund | 1 433 997 | 1 426 497 |
| Housing Fund | 172 160 | 170 474 |
| Sub-total | 4 506 963 | 4 716 302 |
| Revenue account kept in compliance with section 86(1) of the Local Authorities Act, 1992. | 1 748 126 | 1 756 848 |
| | 6 255 089 | 6 473 150 |
| 8. LONG-TERM LIABILITIES | | |
| The Government of the Republic of Namibia | 308 681 | 320 747 |
| 9. TRADE AND OTHER PAYABLES | | |
| Loan instalments in arrears | 432 144 | 393 554 |
| Trade payables | 44 412 | 46 380 |
| Consumer deposits | 11 663 | 11 515 |
| Sundry creditors | - | 73 |
| Provision for leave | 62 298 | 53 550 |
| Deposits: debtors | - | 69 435 |
| Payments in advance | 56 722 | 56 722 |
| Departmental accounts | 2 039 | 2 039 |
| | 609 278 | 633 268 |
| 10. ADJUSTMENTS THROUGH APPROPRIATION ACCOUNT | | |
| Suspense adjustment | (43 950) | - |
| Extra provision for bad debts | (330 527) | (372 796) |
| Prior year adjustment | 915 | - |
| | (373 562) | (372 796) |

VILLAGE COUNCIL OF AROAB

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

| | 2011 | 2010 |
|---|------------------|----------------|
| | N\$ | N\$ |
| 11. CASH GENERATED BY OPERATIONS | | |
| Net surplus /(deficit) before adjustments | 67 647 | (1 021 258) |
| Adjustments through appropriation account (note 10) | (373 562) | - |
| Internal non-cash flow transactions on funds: | | |
| Additions to fixed assets expensed | 2 305 620 | 1 993 965 |
| Operating cash flow before changes in working capital | 1 999 705 | 972 707 |
| Changes in working capital | | |
| Trade and other receivables | (20 872) | (737 536) |
| Inventories | (3 699) | (4 531) |
| Trade and other payables | (23 990) | 4 506 |
| Cash generated by operations | 1 951 144 | 235 146 |
| 12. FUND ACCOUNTS | | |
| Build Together grants from GRN | 156 000 | 1 303 000 |
| Bank charges (Build Together) | (9 855) | (11 627) |
| Net insurance premiums (Build Together) | 7 205 | (10 839) |
| Property sold | 7 500 | 4 200 |
| Interest received | 78 283 | 177 492 |
| Property expenses - social housing | (608 472) | (656 943) |
| Suspense adjustment | 160 000 | - |
| | (209 339) | 805 283 |