



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
VILLAGE COUNCIL OF GIBEON  
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2012 AND 2013**

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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 Gibeon for the financial years ended 30 June 2012 and 2013, 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.

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**WINDHOEK, September 2016**



**AUDITOR-GENERAL REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNTS OF THE GIBEON VILLAGE COUNCIL FOR THE FINANCIAL  
YEARS ENDED 30 JUNE 2012 AND 2013**

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**1. REPORT ON THE FINANCIAL STATEMENTS**

**1.1 INTRODUCTION**

This report on the accounts of the Gibeon Village Council for the financial years ended 30 June 2012 and 2013 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and provisions set out in the State Finance Act, 1991(Act 31 of 1991) read with the Local Authorities Act, 1992 (Act 23 of 1992).

Figures in the report are rounded to the nearest Namibia dollar and deficits are indicated in (brackets).

I certify that I have audited the accompanying financial statements of the Gibeon Village Council for the financial years ended 30 June 2012 and 2013. These financial statements comprised of the following:

Annexure A: Balance Sheet

Annexure B: Abridged Income Statement

Annexure C: Notes to the Financial Statements

The 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 on 16 January 2015 instead of three months after the year end as required by the Act.

The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexures (A-C).

**2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 86 of the Local Authorities Act, 1992 and relevant legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**3. AUDITOR'S RESPONSIBILITY**

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## **Powers and duties**

Section 25(1) (c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- (a) All reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) All reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- (c) The expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1) (b)(iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

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.

I believe that the audit evidence I have obtained is insufficient and inappropriate to provide a basis for the audit opinion.

## **4. ACKNOWLEDGEMENT**

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

## **5. KEY AUDIT FINDINGS**

### **5.1 PROPERTY, PLANT AND EQUIPMENT**

#### **Fixed assets register**

The Council did not have an asset register in place and there was no evidence that assets were counted on a regular basis. It was also noted that assets are not marked to identify ownership.

#### **Recommendation**

The Council is recommended to implement a fixed asset register as a matter of urgency. The fixed asset register should include the following details:

- \* Date of acquisition;
- \* Unique identification number of the asset;
- \* Purchase price;
- \* Depreciation; and
- \* Net book value of the asset.

It is further recommended that assets should be marked to identify ownership of the Council's assets and periodic reconciliations between the Fixed Asset Register and the accounts should be performed.

### **5.2 BUILD TOGETHER PROGRAMME**

The audit observed that the Build Together Programme is not adequately administered.

Build Together contracts are not signed by beneficiaries and Council's officials.

Beneficiary files lacked critical supporting documents as per stipulation in the Build Together Implementation Guidelines and Procedures.

The Council does not have a loan recovery system in place to ensure recovery of all outstanding Build Together loans.

Monthly reconciliations were not performed to confirm outstanding balances of the Build Together debtors amounting to N\$ 2 922 104 (2012) and N\$ 2 931 898 (2013).

#### **Recommendation**

The Council is recommended to ensure that all build together contracts are signed by the contracting parties.

The Council should design and implement a loan recoverability system to ensure that all outstanding loans are recovered from build together debtors.

The Council is further recommended to ensure that monthly reconciliations are performed on all build together debtors to avoid possible misstatements in the financial statements.

### **5.3 TRADE AND OTHER PAYABLES**

#### **Provisions: Nampower**

A difference of N\$ 47 636 was found between the closing balance as per account statement of Nampower and the figure disclosed in the financial statements for 2012 financial year. The balance for 2013 could not be confirmed due to lack of supporting documents.

#### **Provision: Namwater**

Differences of N\$ 201 456 (2012) and N\$ 1 863 157 (2013) were found between the balances as per account statement for Namwater and the figures disclosed in the financial statements.

#### **Recommendation**

The Council is recommended to update creditors, balances to reflect actual financial position, furthermore it is also recommended to ensure that all source documents are safeguarded and provided for audit purposes at all times.

### **5.4 CASH AND CASH EQUIVALENT**

#### **Unreconciled suspense account**

The audit revealed that suspense accounts were not reconciled at year end, resulting in un-cleared balances of N\$ 658 442 (2012) and N\$ 769 708 (2013).

#### **Recommendation**

The Council is recommended to reconcile its suspense accounts to ensure that all unallocated transactions are properly disclosed to avoid the risk of possible fraud and error.

### **5.5 EMPLOYEES COSTS**

#### **5.5.1 Difference between remuneration ledger and final earnings reports**

Differences amounting to N\$ 691 982 (2012) and N\$ 743 183 (2013) were found between the remuneration ledger and the monthly final earnings reports.

#### **5.5.2 Differences between approved budget and final earnings reports**

A difference of N\$ 742 183 (2012) was also found between the approved budget and the final earnings report.

#### **Recommendation**

The Council is recommended to ensure that regular management checks and reconciliations are performed to avoid possible misstatements.



## **5.6 NON-SUBMISSION OF DOCUMENTS**

### **5.6.1 Bank reconciliation statements and Cash-Books**

The bank reconciliation statements and the cash-books were not provided for audit purposes.

### **5.6.2 Capital Projects**

The auditors were unable to confirm payments relating to Capital Projects to the value of N\$ 159 500 (2012) and N\$ 373 520 (2013) due to non-submission of supporting documents.

### **5.6.3 Investments**

The Bank statements for the investment accounts were not provided and the auditors were unable to verify the correctness of investment account amounting to N\$ 237 573 (2013) and N\$ 21 918 (2012).

### **5.6.4 Consultancy fees**

The auditors were unable to conclude on the consultancy fees expense totalling N\$ 97 123 (2012) and N\$ 759 534 (2013) due to lack of supporting documents.

### **5.6.5 Prepaid Electricity**

Transactions amounting to N\$ 112 432 (2012) and N\$ 9 395 (2013) had no supporting receipts and no supporting documents were available for audit purposes.

### **5.6.6 Private Electricity**

The auditors were unable to ensure from the sample selected that electricity revenue was fairly stated with regard to the completeness, accuracy and existence, due to the lack of approved tariffs.

### **5.6.7 VAT**

VAT returns and transaction reports for June and December 2011 as well as January to March 2012 were not provided for audit purposes, therefore the auditors could not verify the accuracy of the amount of N\$ 201 941(2012) and N\$ 309 396 (2013) presented in the financial statements.

## **Recommendation**

The Council is recommended to ensure that all source documents are safeguarded and provided for audit purposes at all times.

## **5.7 EXPENDITURE**

### **5.7.1 Bulk Purchases (Water and Electricity)**

#### **Misstatement of Bulk water purchases**

It was found that during 2012, the bulk water account was not properly disclosed, as only the payments to Namwater was processed and not the invoices which were issued monthly by Namwater. This resulted in an understatement of N\$ 1 057 832.

During 2013, the auditors also found that payments to Namwater were wrongly recorded as an expense, instead of setting off the creditor (Namwater) account. This resulted in an overstatement of N\$ 604 178.

#### **Bulk Electricity**

The auditors found that the Council did not recognize expenses as incurred, but only when the payment was made. This resulted in bulk electricity purchases being understated with N\$ 267 452 (2012) and N\$ 192 065 (2013).

#### **Recommendation**

The Council is recommended to comply with accrual concept which is to recognize the expenses or transactions as they occur, not when payment is done. The Council should also process all the invoices or expenses as they occur.

### **5.7.2 Repairs and Maintainance**

The auditors found that the Council issued cash cheques with no invoices attached. The cash cheques amounting to N\$ 315 006 (2013) were meant to pay for the Build-Together Project builders, but there is a lack of supporting documentation.

#### **Recommendation**

The Council is recommended to adhere to its internal controls of obtaining three quotations as well as invoices for work done. The Council should also avoid issuing cash cheques especially with large amount of money.

## **5.8. LEAVE PROVISION**

The auditors detected that the Council's leave provision for the financial years 2012 and 2013 remained unadjusted from 2011 with a balance of N\$ 383 731. The auditors reconciled the provision for leave as per financial statement to the expected provision and found that it was overstated with N\$ 100 974 (2012) and N\$ 76 119 (2013) respectively.

#### **Recommendation**

The Council is recommended to adjust its leave provision each year accordingly.

## **5.9 GRANTS, SUBSIDIES AND CONTRIBUTIONS**

A difference amounting to N\$ 332 616 was observed between the financial statements and bank statements in 2013, the financial statements amount was (N\$ 2 390 228) while the bank statement amount was (N\$ 2 272 160).

In 2012 the auditors were unable to trace the contribution in the financial statements to the bank statements due to non- submission of bank statement.

### **Recommendation**

The Council is recommended to explain the difference in 2013 and provide the bank statement in which the contribution was deposited.

## **5.10 ACCUMULATED DEFICIT (2012)**

An adjusting journal was processed twice under Vote 013 (Road and Streets) which resulted in the deficit being understated with N\$110 827.

### **Recommendation**

The Council is recommended to provide an explanation for the above-mentioned adjusting journal.

## **5.11 INVENTORY**

The Council did not disclose inventory in its annual financial statements. It was also noted that the store room is not properly administered. There is no stock control register, nor receipts or issue vouchers in place. The Council did not invite the auditors to attend their stocktaking and there is no proof that annual stock taking has been performed.

### **Recommendation**

The Council is recommended to ensure that inventory is disclosed in the financial statements.

A stock control register should be implemented to record movement of inventory and periodic reconciliations should be performed between the register and physical stock.

## **5.12 RATES AND TAXES**

Based on the sample selected, land is not valued and no improvements were done on all properties except for government properties.

According to the valuation roll, all properties are registered in the name of the Council except the government properties.

The Council is not charging levies except for government properties.

## **Recommendation**

The Council should transfer ownership of properties to the rightful owners. Rates and taxes should be charged in accordance with the gazetted rates.

### **5.13 Risk Identification and Governance Arrangement Checklist**

The Council did not perform risk assessment procedures and regular management checks to evaluate the effectiveness of internal controls.

#### **IT Internal Control**

There were no formally approved IT security policy or any other critical policy and procedures to govern and direct IT functionality and to ensure data confidentiality, integrity and availability exist.

Insufficient environmental controls exist to protect IT infrastructure.

User account privileges and activity are not regularly reviewed.

#### **Recommendation**

Council should perform risk assessment procedures and should ensure that related IT policies are in place.

## **6. BASIS FOR AUDIT OPINION**

### **Basis for Disclaimer of Opinion**


- Capital Projects to the value of N\$ 367 310 had no supporting documents and were not submitted for audit purposes;
- Suspense accounts to the value of N\$ 658 442(2012) and N\$ 769 708(2013) were not cleared at year-end;
- The Bank reconciliations and Cash-books were not provided for audit purposes;
- There is no fixed assets register in place to confirm the existence, occurrence and accuracy of Property, Plant and Equipment;
- Lack of supporting documents for Build Together Programme beneficiaries;
- Bank statements for the investment accounts were not provided to verify the correctness of investment account amounting to N\$ 21 918(2012) and N\$ 237 573(2013);
- Misstatement on bulk purchases (water) amounting to N\$ 1 057 832(2012) and (N\$ 604 178) (2013);
- Lack of supporting documents on consultancy fees to the value of N\$ 97 123 (2012) and N\$ 759 534 (2013);
- Non-submission of approved tariffs used on private electricity;
- Non- submission of final provisional earning reports;
- Some VAT returns not submitted for audit purposes thus verification on accuracy to the amount of N\$ 201 941(2012) and N\$ 309 394 (2013) presented on financial statements could not be granted;
- Unknown adjustments were passed on the accumulated funds amounting to (N\$ 341 133) (2012) and N\$ 204 327 (2013) was processed twice which resulted in the deficit being understated with the same amount.

**7. DISCLAIMER OF AUDIT OPINION**

The accounts of the Gibeon Village Council for the financial years ended 30 June 2012 and 30 June 2013, summarized in Annexures A-C, were audited by me in terms of provisions of Section 85 of the Local Authorities Act, 1992 read with Section 25(1) of the State Finance Act, 1991.

Because of the significance of the matters described in the Basis for Disclaimer of Audit Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

**WINDHOEK, September 2016**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## 8. GENERAL INFORMATION

The Council did not submit the information requested as per D3/2013.

## 9. FINANCIAL RESULTS

The results of the various operations and transactions on Revenue account for the years are as follows:

2013	Revenue	Expenditure	Surplus/(Deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated (deficit) as at 01/07/2012				(3 717 008)
<b>General Accounts</b>				
Rates and General	2 601 448	2 796 405	(194 957)	
Self-supporting	337 909	221 173	116 736	
<b>Trade Accounts</b>				
Electricity supply	1 216 279	1 654 363	(438 084)	
Water supply	1 372 036	3 194 178	(1 822 142)	
Total	5 527 672	7 866 119	(2 338 447)	(2 338 447)
				(6 055 455)
Adjustment (See note 8 Annexure C)				(341 133)
Accumulated (deficit) 30/06/2013				(6 396 588)

2012	Revenue	Expenditure	Surplus/(Deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated (deficit) as at 01/07/2011				(1 894 083)
<b>General Accounts</b>				
Rates and General	927 656	2 406 715	(1 479 059)	
Self-supporting	311 654	327 731	(16 077)	
<b>Trade Accounts</b>				
Electricity supply	1 119 562	1 734 445	(614 883)	
Water supply	893 670	810 903	82 767	
				-
Total	3 252 542	5 279 794	(2 027 252)	(2 027 252)
				(3 921 335)
Adjustment (See note 8 Annexure C)				204 327
Accumulated (deficit) 30/06/2012				(3 717 008)

<b>2011</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus(Deficit)</b>	<b>Balance</b>
	N\$	N\$	N\$	N\$
Accumulated (deficit) as at 01/07/2010				(1 998 748)
<b>General Accounts</b>				
Rates and General	1 714 677	3 684 394	(1 969 717)	
Self-supporting	400 828	209 506	191 322	
<b>Trade Accounts</b>				
Electricity supply	1 571 109	1 220 623	350 486	
Water supply	619 680	1 852 035	(1 232 355)	
Total	4 306 294	6 966 558	(2 660 264)	(2 660 264)
Adjustment (See note 8 Annexure C)				(4 659 012)
Accumulated (deficit)30/06/2011				2 764 930
				(1 894 082)

#### 10. INVESTMENTS AND INTEREST PROCEEDS

On 30 June 2013 and 2012 there were investments invested at commercial Banks as follows:

	<b>2013</b>	<b>2012</b>	<b>2011</b>
	N\$	N\$	N\$
Housing Fund	309 084	920 593	59 613
Capital	237 573	237 573	237 573
Revenue	612 067	21 918	529 449
	<b>1 158 724</b>	<b>1 180 084</b>	<b>826 635</b>

#### 11. FUND ACCOUNTS

The position of the Funds accounts at the end of each year are shown in Note 2 of Annexure C.

## 12. TRADE ACCOUNTS

12.1 The results of electricity were as follows:

	2013	2012	2011
	N\$	N\$	N\$
Sales	1 203 814	886 689	1 148 267
Less: Cost of Sales	(1 361 745)	(1 350 153)	(968 408)
<b>Gross profit/(loss)</b>	<b>(157 931)</b>	<b>(463 464)</b>	<b>179 859</b>
(Less :) Expenses	(280 153)	(377 310)	(22230)
<b>Net surplus/(deficit)</b>	<b>(438 084)</b>	<b>(840 774)</b>	<b>157 360</b>
Gross loss % on sales	(13.11) %	(52.26)%	16.66 %
Net loss % of sales	(36.39) %	(94.82) %	13.70 %

12.2 The operational results for water were as follow:

	2013	2012	2011
Sales	1 345 908	1 101 438	254 767
Less: Cost of sales	(2 464 388)	(398 981)	(1 555 223)
<b>Gross profit/(loss)</b>	<b>(1 118 480)</b>	<b>702 457</b>	<b>(1 300 456)</b>
(Less :) Expenses	(703 661)	(393 797)	(257 233)
<b>Net surplus/(Deficit)</b>	<b>(1 822 141)</b>	<b>308 660</b>	<b>(1 557 689)</b>
Gross (loss) profit on sales	(82.10)%	63.77%	(510.44)%
Net (loss) profit on sales	(135.38)%	28.02%	(611.41)%

## 13. SELF-SUPPORTING SERVICES

The net results of self-supporting services were as follows:

	2013	2012	2011
	N\$	N\$	N\$
Public health	-	-	1 581
Cleansing services	(12 004)	(82 810)	209 506
Cemetery	(13 619)	(19 729)	24 121
Townlands	(26 906)	(6 943)	18 553
Roads and Street	(142 079)	149 496	-
Sewerage	128 739	66 733	-
	<b>(65 869)</b>	<b>106 747</b>	<b>253 761</b>

Note: Council should put measures in place to make all services to become self supporting.



## 14. TRADE AND OTHER RECEIVABLES/PAYABLES

### 14.1 Trade Receivables at 30 June 2013 and 2012

	<b>2013</b>	<b>2012</b>	<b>2011</b>
	N\$	N\$	N\$
Housing fund receivables	4 739 103	4 068 329	3 884 805
Advance to buyers	1 608 996	1 001 364	1 001 364
Consumer Debtors	1 177 874	689 825	680 226
VAT	-	201 941	408 835
Less: Provision for Bad debts	(4 160 781)	(3 586 524)	(3 342 312)
	<b>3 365 192</b>	<b>2 374 935</b>	<b>2 632 918</b>

### 14.2 Trade Payables at 30 June 2013 and 2012

	<b>2013</b>	<b>2012</b>	<b>2011</b>
	N\$	N\$	N\$
Trade creditors and Provisions	6 820 192	3 909 602	3 904 833
Consumer deposits	2 760	2 760	2 760
VAT control	309 396	-	-
Bank overdraft	618 683	199 987	-
	<b>7 751 031</b>	<b>4 112 349</b>	<b>3 907 593</b>

## 15. STOCK AND EQUIPMENT

As reported in prior year, no stock was accounted for nor disclosed in the financial statements of the Council.

## ANNEXURE A

## VILLAGE COUNCIL OF GIBEON

## BALANCE SHEET AT 30 JUNE

	Notes	2013 N\$	2012 N\$	2011 N\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment	3	14 003 508	14 723 948	14 968 342
Investments	4	1 158 724	1 180 084	826 635
<b>Current Assets</b>				
Trade and other receivables	5	3 365 192	2 374 935	2 632 918
Cash and Cash equivalent	6	-	-	471 596
<b>TOTAL ASSETS</b>		<b>18 527 424</b>	<b>18 278 967</b>	<b>18 899 491</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Funds and Reserves</b>				
Funds and accounts	2	17 172 981	17 883 596	16 885 980
Accumulated Difficlt		(6 396 588)	(3 717 008)	(1 894 082)
<b>Current liabilities</b>				
Trade and other payables	7	7 132 348	3 912 362	3 907 593
Bank overdraft	6	618 683	199 987	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18 527 424</b>	<b>18 278 967</b>	<b>18 899 491</b>

## VILLAGE COUNCIL OF GIBEON

## INCOME STATEMENT FOR THE YEARS ENDED 30 JUNE 2013 AND 2012

	Notes	2013 N\$	2012 N\$	2011 N\$
Income	<b>9</b>	5 496 796	3 238 917	4 202 183
Expenditure	<b>11</b>	(7 866 119)	(5 279 795)	(6 966 558)
Net operating (loss)		<b>(2 369 323)</b>	<b>(2 040 878)</b>	<b>(2 764 375)</b>
Interest from investment	<b>10</b>	30 876	13 625	104 111
Net profit/(loss) for the year		<b>(2 338 447)</b>	<b>(2 027 253)</b>	<b>(2 660 264)</b>
Adjustments	<b>8</b>	(341 133)	204 327	2 764 930
Net profit/(loss) for the year		<b>(2 679 580)</b>	<b>(1 822 926)</b>	<b>104 666</b>
Appropriation Account:				
Beginning of the year		(3 717 008)	(1 894 082)	(1 998 748)
End of the year		<b>(6 396 588)</b>	<b>(3 717 008)</b>	<b>(1 894 082)</b>

## VILLAGE COUNCIL OF GIBEON

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 AND 2012

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**1. ACCOUNTING POLICIES****1.1 Basis of presentation**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties where appropriate.

**1.2 Property, plant and equipment and depreciation**

All plant and equipment are initially recorded at cost. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use. All other plant and equipment are stated at historical cost or valuation where applicable.

No depreciation is calculated on property, plant and equipment.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

**1.3 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current liabilities.

**1.4 Internal Funds**

The following Funds were created by the Village Council:

**1.4.1 Fixed Property Fund**

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

**1.4.2 Build Together Fund**

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

**1.4.3 Capital Reserve Fund**

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

## VILLAGE COUNCIL OF GIBEON

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2013  
AND 2012 (continued)

	2013	2012	2011
	N\$	N\$	N\$
<b>2. OWN FUNDS</b>			
2.1 Financing of capital:			
Revenue contribution	14 241 081	14 961 522	15 205 915
General capital contribution	1 917 101	1 951 565	1 509 981
	12 323 980	13 009 957	13 695 934
2.2 Funds:	(3 464 687)	(794 902)	(214 017)
Build Together Fund	2 931 898	2 922 104	1 680 066
Accumulated deficit	(6 396 586)	(3 717 006)	(1 894 083)
	<b>10 776 394</b>	<b>14 166 620</b>	<b>14 991 898</b>
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>			
Property, plant and equipment at cost	<b>14 003 508</b>	<b>14 723 948</b>	<b>14 968 342</b>
<b>4. INVESTMENTS</b>			
Commercial banks	<b>1 158 724</b>	<b>1 180 084</b>	<b>826 635</b>
<b>The investments are allocated as follow between the Funds:</b>			
Build Together Fund	309 084	920 593	59 613
Fixed Property Fund	237 573	237 573	237 573
Revenue	612 067	21 918	529 449
	<b>1 158 724</b>	<b>1 180 084</b>	<b>826 635</b>
<b>5. TRADE AND OTHER RECEIVABLES</b>			
Housing receivables	4 739 103	4 068 329	3 884 805
Advance to buyers	1 608 996	1 001 364	1 001 364
Consumer Debtors	1 177 874	689 825	680 226
VAT	-	201 941	408 835
Provision for bad debts	(4 160 781)	(3 586 524)	(3 342 312)
	<b>3 365 192</b>	<b>2 374 935</b>	<b>2 632 918</b>

## ANNEXURE C

**VILLAGE COUNCIL OF GIBEION**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**2013 AND 2012 (Continued)**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
	N\$	N\$	N\$
<b>6. CASH AND CASH EQUIVALENTS</b>			
Bank overdraft figures	-	-	<b>471 596</b>
<b>7. TRADE AND OTHER PAYABLES</b>			
Trade creditors	407 926	31 383	26 615
Consumer deposits	2 760	2 760	2 760
VAT control	309 396	-	-
Audit/Accounting	151 000	151 000	151 000
Bank overdraft	618 683	199 987	-
Nampower	756 987	211 242	211 242
Namwater	5 120 548	3 132 246	3 132 246
Leave provision	383 731	383 731	383 730
	<b>7 751 031</b>	<b>4 112 349</b>	<b>3 907 593</b>
<b>8. ADJUSTMENTS TO APPROPRIATION ACCOUNT</b>			
Unknown adjustment	<b>(341 133)</b>	<b>204 327</b>	<b>2 764 930</b>

## VILLAGE COUNCIL OF GIBEON

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2012 AND 2013 (continued)

	2013	2012	2011
	N\$	N\$	N\$
<b>9. INCOME</b>			
<b>Non-profitable services</b>			
General Administration	2 481 688	528 520	1 203 065
Rates and Taxes	38 716	111 858	118 822
Cemetery	4 586	4 177	4 283
Roads and Street	45 583	269 476	284 396
<b>Total non-profitable services</b>	<b>2 570 573</b>	<b>914 031</b>	<b>1 610 566</b>
<b>Self maintaining services</b>			
Cleaning	209 169	190 924	254 964
Sewerage	128 739	120 730	145 864
<b>Total self-maintaining services</b>	<b>337 908</b>	<b>311 654</b>	<b>400 828</b>
<b>Trading Services</b>			
Water	1 372 036	1 119 562	619 680
Electricity	1 216 279	893 670	1 571 109
<b>Total Trading services</b>	<b>2 588 315</b>	<b>2 013 232</b>	<b>2 190 789</b>
<b>TOTAL INCOME</b>	<b>5 496 796</b>	<b>3 238 917</b>	<b>4 202 183</b>
<b>10. INVESTMENT INCOME</b>			
Interest on investments	30 876	13 625	104 111

## ANNEXURE C

## VILLAGE COUNCIL OF GIBEON

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2013 AND  
2012 (continued)

	2013	2012	2011
	N\$	N\$	N\$
<b>11. EXPENDITURE</b>			
<b>Non-profitable services</b>			
General Administration	2 563 633	1 845 686	3 269 669
Cemetery	18 205	23 907	24 121
Health services	-	-	1 581
Roads and Streets	187 661	418 972	370 470
Townlands	26 906	6 943	18 553
Council general expenses	-	111 207	-
<b>Total non-profitable services</b>	<b>2 796 405</b>	<b>2 406 715</b>	<b>3 684 394</b>
<b>Self maintaining services</b>			
Cleaning	221 173	273 734	209 506
Sewerage	-	53 997	-
<b>Total self maintaining services</b>	<b>221 173</b>	<b>327 731</b>	<b>209 506</b>
<b>Trading services</b>			
Water department	3 194 178	810 903	1 852 035
Electricity	1 654 363	1 734 445	1 220 623
<b>Total Trading services</b>	<b>4 848 541</b>	<b>2 545 348</b>	<b>3 072 658</b>
<b>TOTAL EXPENDITURE</b>	<b>7 866 119</b>	<b>5 279 795</b>	<b>6 966 558</b>