



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

VILLAGE COUNCIL OF OTAVI

FOR THE FINANCIAL YEARS ENDED 30 JUNE 2007 AND 2008

Published by authority

Price (Vat excluded) N\$ 30.12
Report no 1089

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 Otavi for the financial years ended 30 June 2007 and 2008, 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, May 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
THE VILLAGE COUNCIL OF OTAVI
FOR THE FINANCIAL YEARS ENDED
30 JUNE 2007 AND 2008**

1. INTRODUCTION

The above accounts of the Village Council of Otavi for the years ended 30 June 2007 and 2008 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 BDO 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 **except that they were only finalized and signed on 15 November 2010 instead of three months after year-end as required by the Act**. The audited financial statements are in agreement with the general ledger and are filed in the Office of the Auditor-General. The abridged balance sheet on Annexure A is a true reflection of the original.

The following annexures are also attached to this report:

Annexure B:	Abridged income statement
Annexure C:	Cash flow statement
Annexure D:	Notes to the financial statements

3. SCOPE OF THE AUDIT

The Accounting Officer of the Village Council is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. 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 audit as carried out by the said firm, included:

- (a) Examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements;
- (b) assessment of the significant estimates and judgements made by the Accounting Officer of the Village Council in the preparation of the financial statements and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed; and
- (c) evaluation of the overall adequacy of the presentation of information in the financial statements.

The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- The financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- in all material respect, the expenditure and income have been applied to the purposes intended; and
- the financial transactions conform to the authorities which govern them.

4. AUDIT OBSERVATIONS AND COMMENTS

Items that were also reported in the previous financial year are indicated by way of an asterisk (*).

4.1 Value Added Tax (*) (2007 & 2008)

No VAT returns were made available for the auditors to verify the fair presentation of the VAT balance as per the annual financial statements.

4.2 Accounts receivable (*) (2007 & 2008)

There was a difference of N\$ 905 255 between the age analysis as provided by the client and the balance as per the annual financial statements for the 2007 financial years. No explanation could be provided for this difference. The Council made a provision for bad debts of 2008: N\$ 250 000 and 2007: N\$ 250 000, but after a review of subsequent payments, it was found that the provision is understated by a probable 2008: N\$ 2 096 118 and 2007: N\$ 2 765 111.

4.3 Cash and bank (2007 & 2008)

No detailed bank reconciliation was performed for the years under review. This also indicates a possible breakdown in controls.

4.4 Salaries and wages (*) (2007 & 2008)

A salary register covering the full periods under review could not be provided to the auditors. The auditors were thus unable to verify the fair presentation of the salaries and wages account.

4.5 Housing Fund debtors (2007 & 2008)

The Council could not provide the auditors with a list of Housing Fund debtors and Housing Fund debtor files were incomplete. It could thus not be ascertained whether the balances are fairly stated in the annual financial statements for the years under review.

4.6 Property, plant and equipment (*) (2007 & 2008)

No complete fixed asset registers were maintained for the years under review and physical verification of Council assets was thus impossible to perform. It was also not possible to test the additions to fixed assets.

There were material differences found in the allocation of assets between revenue, general capital and loans for the 2008 financial year. No depreciation was provided for on fixed assets. The fixed assets balance is thus overstated and the deficit for the period understated.

Fully redeemed loan assets were not transferred to the revenue accounts for the 2007 financial year. No depreciation was provided on fixed assets.

4.7 Consumer deposits (*) (2007 & 2008)

A complete and updated list of consumer deposits could not be obtained and thus the adequacy of deposits could not be verified for the years under review.

4.8 Accounts payables (2007 & 2008)

No trade creditors listing could be provided by the Council and thus the auditors were unable to verify the fair presentation of the balance as per the annual financial statements for the years under review.

4.9 Lack of supporting documents for income and expenditure (2007 & 2008)

Various income and expenditure accounts could not be verified due to incomplete record keeping and the auditors were thus unable to express an opinion on the fair presentation of these accounts.

Water charges for the 2008 financial year were incorrectly calculated and there were material differences between the computerized system and the annual financial statements regarding balances for bulk water purchases.

4.10 Investments (*) (2007 & 2008)

An equity investment of N\$ 5 313 439 as confirmed by CENORED was not disclosed in the annual financial statements for the years under review.

4.11 Provision for leave reserve (2007 & 2008)

2008

The provision balance remained unchanged (2008: N\$ 462 502 and 2007: N\$ 462 502). The current year movement was thus not provided for and this balance does not agree to the leave listing balance and therefore the General Ledger is understated by N\$ 131 723.

2007

The balance of this provision was not adjusted to the required balance as per the outstanding leave listing.

4.12 Internal control and accounting records (2007 & 2008)

As a result of prior year qualifications, the auditors observed the status of the Village Council and found that there were no improvements in the internal control and accounting record keeping of the Village Council for the years under review. There is an inadequate system of internal control nor are there proper accounting records which the auditors could rely on for audit purposes.

4.13 Minutes (2007 & 2008)

Minutes of the Village Council meetings could not be provided to the auditors. The auditors were therefore unable to verify whether all Council decisions regarding financial matters were carried out appropriately for the years under review.

5. ACKNOWLEDGEMENT

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

6. FINANCIAL RESULTS

The results of the various operations and transactions on the Revenue Account for the year are as follows:

	Revenue	Expenditure	Surplus/ (Deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit 01/07/2007				(5 032 969)
General accounts				
Non-profitable services	1 967 091	3 549 959	(1 582 868)	
Self-supporting services	763 782	647 041	116 741	
Trade accounts				
Water	1 809 664	1 164 882	644 782	
Electricity	81 576	-	81 576	
Deficit for the year	4 622 113	5 361 882	(739 769)	(739 769)
Adjustments and appropriations (Note 10, Annexure D)				(5 772 738) (938 573)
Accumulated deficit 30/06/2008				(6 711 311)

	Revenue	Expenditure	Surplus/ (Deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit 01/07/2006				(3 423 339)
General accounts				
Non-profitable services	2 157 019	3 180 716	(1 023 697)	
Self-supporting services	719 289	626 274	93 015	
Trade accounts				
Water	801 469	1 669 986	(868 517)	
Electricity	284 901	44 723	240 178	
Deficit for the year	3 962 678	5 521 699	(1 559 021)	(1 559 021)
Adjustments and appropriations (Note 10, Annexure D)				(4 982 360) (50 609)
Accumulated deficit 30/06/2007				(5 032 969)

7. CURRENT BANK ACCOUNT

The unfavourable bank statement balance on the current bank account amounted to 2008: N\$ 250 034 and 2007: N\$ 239 872 (2006: N\$ 197 061). No bank reconciliations of this account were performed for the year under review and there was a material difference between the balance as per bank statement and the reported balance. (Also refer to paragraph 4.3)

8. INVESTMENTS AND INTEREST PROCEEDS

The investments as at 30 June 2007 and the interest thereon were as follows:

	2008	2007	2006
	N\$	N\$	N\$
Invested at:			
Commercial banks	332 651	1 898 020	5 075 299
CENORED	-	-	8 118
	332 651	1 898 020	5 083 417
Distribution			
Capital	332 651	1 898 020	5 083 417
	332 651	1 898 020	5 083 417
Interest on investments	54 580	278 336	-

A CENORED equity investment of N\$ 5 313 439 is not included in the annual financial statements for the years under review. (Also refer to paragraph 4.10)

9. FUND ACCOUNTS

The position of internal Funds and Reserves is shown in note 6 at annexure D.

10. TRADE ACCOUNTS

10.1 Operating results

The results for the financial year under review and the previous years were as follows:

	Water		
	2008	2007	2006
	N\$	N\$	N\$
Sales	1 803 203	788 165	1 697 460
Cost of bulk purchases	(845 288)	(1 281 682)	(1 288 183)
Gross (loss) / profit	957 915	(493 517)	409 227
Other income / (expenses)	(313 133)	(375 000)	(355 251)
NET PROFIT/ (LOSS)	644 782	(868 517)	54 026
Gross (loss) / profit on bulk purchases	113.33%	(38.51%)	(31.8%)
Net profit percentage on bulk purchases	76.28%	(67.76%)	(42.0%)

The Council should be complimented on the turnaround of this account to a profitable position. However, the cost of sales (bulk purchases) could not be verified due to a lack of supporting documentation. (Also refer to paragraph 4.9)

10.2 Distribution losses

No records were available to determine distribution losses for the years under review. The Council should implement a system to control and monitor distribution losses.

11. SELF-SUPPORTING EXTERNAL SERVICES

The net result of these services, compared with the previous year, is as follows:

	Revenue	Expenditure	Surplus/ (Deficit)	Surplus/ (Deficit)
	2008	2008	2008	2007
	N\$	N\$	N\$	N\$
Caravan Park	19 961	71 352	(51 391)	(72 736)
Sanitation	723 565	508 730	214 835	199 633
Civic buildings	20 256	66 959	(46 703)	(33 882)
	763 782	647 041	116 741	93 015

	Revenue	Expenditure	Surplus/ (Deficit)	Surplus/ (Deficit)
	2007	2007	2007	2006
	N\$	N\$	N\$	N\$
Caravan Park	700	73 436	(72 736)	(13 553)
Sanitation	677 604	477 971	199 633	490 071
Civic buildings	40 985	74 867	(33 882)	(647 053)
	719 289	626 274	93 015	(170 535)

The above table shows that the self-supporting services indicate an overall net profit for the years under review. This is a significant improvement, compared to the net loss in the 2006 financial year.

12. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

Fruitless, unauthorised or avoidable expenditure could not be verified for authorization due to unavailability of minutes for the years under review.

13. SUSPENSE ACCOUNTS

No suspense accounts were disclosed in the financial statements for years under review.

14. IRREGULARITIES AND LOSSES

No irregularities and losses were revealed by the audit for the years under review.

15. CAPITAL PROJECTS

The Council acquired assets of 2008: N\$ 2 298 071 and 2007: N\$ 4 418 125 (2006: N\$ 243 800) during the years under review.

2008

Nature of acquisition	Financed by		Total expenditure
	Revenue account	General capital	
	N\$	N\$	N\$
Streets	239 884	-	239 884
Property administration	-	2 058 187	2 058 187
	239 884	2 058 187	2 298 071

2007

Nature of acquisition	Financed by		Total expenditure
	Revenue account	General capital	
	N\$	N\$	N\$
Administration	14 746	-	14 746
Property administration	-	4 403 380	4 403 380
	14 746	4 403 380	4 418 126

No fixed asset register was made available and therefore the above expenditure could not be verified. Furthermore the expenses financed from revenue could not be traced to the specific expenditure vote.

16. STUDY LOANS/BURSARIES

No bursaries or loans were granted during the year for the years under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

Contributions of 2008: N\$ 1 200 000 and 2007: N\$ 1 400 000 (2006: N\$ 1 200 000) were received by the Council during the years under review.

18. COMPENSATION PAYMENTS

No compensation payments were made during the years under review.

19. VISITS TO FOREIGN COUNTRIES

No visits to foreign countries were undertaken during the years under review.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

No claims for losses were received during the years under review.

21. GIFTS AND DONATIONS BY THE LOCAL AUTHORITY

There were no gifts or donations by or to the Local Authority during the years under review.

22. TRANSFER OF PROPERTY TO/FROM THE GOVERNMENT

No property was transferred to/or from the Government during the years under review.

23. DEBTORS/CREDITORS

23.1 Debtors on 30 June comprise the following:

	2008	2007	2006
	N\$	N\$	N\$
Consumers	3 351 717	3 851 284	4 461 060
Value added tax	45 167	11 746	-
Provision for bad debts	(250 000)	(250 000)	(250 000)
	3 146 884	3 613 030	4 211 060

A material difference existed between the age analysis and the annual financial statements. The provision for bad and doubtful debts is understated by a calculated amount of 2008: N\$ 2 096 118 and 2007: N\$ 2 765 111. Value added tax returns could not be availed to the auditors.

23.2 Creditors on 30 June comprise the following:

	2008	2007	2006
	N\$	N\$	N\$
Trade creditors	5 282 066	4 403 673	3 319 464
Consumer deposits	91 293	91 293	91 863
Provision for audit fees	-	-	142 171
Provision for leave	456 502	456 503	456 502
	5 829 861	4 951 469	4 009 700

No creditors listing and consumer deposits listing could be provided to the auditors. The provision for leave was not adjusted with the movement for the years under review. (Also refer to paragraphs 4.7, 4.8 and 4.11)

24. ASSESSMENT RATES

Proceeds from assessment rates amounted to 2008: N\$ 556 986 and 2007: N\$ 513 139 (2006: N\$ 528 447). The tariffs determined during the years were 2008: 0.0396 and 2007: N\$ 0.025 (2006: N\$ 0.015) per dollar per year on the site valuations and 2008: 0.0096 and 2007: N\$ 0.0035 (2006: N\$ 0.02) per dollar per year on the valuation of improvements. Rates were calculated using the valuation roll that was last updated during 2002.

25. LOANS

25.1 External loans

The balances due to the Government of Namibia were as follows :

	2007	2007	2006
	N\$	N\$	N\$
Capital section	2 090 172	2 148 498	2 202 032
Housing Fund	34 824	34 824	34 824
Revenue	10 181	12 223	14 097
	2 135 177	2 195 545	2 250 953

25.2 Due to the Village Council

	2008	2007	2006
	N\$	N\$	N\$
Housing Fund	1 980 741	1 984 335	1 899 235
	1 980 741	1 984 335	1 899 235

No listing could be provided for these advances. (Also refer to paragraph 4.5)

26. SALE OF ERVEN

No erven were sold during the years under review.

27. PROPERTY SOLD ON AN INSTALMENT BASIS

No property was sold on an instalment basis during the years under review.

28. TARIFF ADJUSTMENTS

Tariff adjustments were applied in accordance with the relevant Official Government Notices.

29. APPROVALS

Approvals for over-expenditure could not be verified as no budget was available for the years under review.

30. STOCK AND EQUIPMENT

30.1 Motor vehicles

	Sedan vehicles		LDV and kombi's		Heavy vehicles (Lorries and busses)	
	Number	Value	Number	Value	Number	Value
On hand 01/07/2007	1	N\$ 78 893	3	N\$ 291 804	5	N\$ 145 000
Depreciation	-	-	-	-	-	-
On hand 30/06/2008	1	78 893	3	291 804	5	145 000

	Sedan vehicles		LDV and kombi's		Heavy vehicles (Lorries and busses)	
	Number	Value	Number	Value	Number	Value
On hand 01/07/2006	1	N\$ 78 893	3	N\$ 291 804	5	N\$ 145 000
Depreciation	-	-	-	-	-	-
On hand 30/06/2007	1	78 893	3	291 804	5	145 000

No proper records were obtained on fuel consumption during the years under review and therefore fuel consumption per litre could not be accurately calculated. The above information could not be obtained in respect of the current year because of a fixed asset register that was not available.

30.2 Inventory

As in prior financial years, no inventory was disclosed in the financial statements.

31. SPECIAL INVESTIGATIONS

A special investigation by the Anti-Corruption Commission is in progress as at the date of this report and includes investigation of information relevant to the year under review.

32. GENERAL

There is no system of internal control and there are very limited accounting records at the Village Council. Proper segregation of duties is not possible due to the small number of staff employed. While increased management involvement does reduce risks, it gives rise to the risk that management and Council may override existing controls, a potentially dangerous practice, which the Council should vigilantly guard against.

33. FORMAL AND INFORMAL QUERIES

33.1 Formal queries are embodied in this report.

33.2 Informal queries addressed to the Chief Executive Officer consist of:

- Bank reconciliations;
- Bad and doubtful debts;

- Value added tax;
- Accounts payables;
- Insurance;
- Property, plant and equipment;
- Internal control;
- Investments;
- Consumer deposits;
- Salaries;
- Supporting documentation;
- Minutes of meetings

34. DISCLAIMED AUDIT OPINION

The accounts of the Village Council of Otavi for the financial years ended 30 June 2007 and 2008, summarized in Annexure A to D, were audited by me in terms of the provisions 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 audit opinion due to the following reasons:

- No VAT returns were made available to the auditors.
- Provision for bad and doubtful debts is understated by 2008: N\$ 2 096 118 and for 2007 by N\$ 2 765 111.
- No bank reconciliations were performed.
- A salary register covering the full period under review could not be provided.
- Housing Fund debtors could not be verified.
- The existence of assets could not be verified because the fixed asset register was not complete.
- The correctness of the creditors could not be confirmed due to a lack of supporting documentation.
- Various income and expenditure accounts could not be verified due to a lack of documentation.
- A CENORED investment of N\$ 5 313 439 is not disclosed in the financial statements.
- Provision for leave is understated by N\$ 131 723.

WINDHOEK, May 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

BALANCE SHEETS AS AT 30 JUNE

	Notes	2008	2007	2006
		N\$	N\$	N\$
ASSETS				
Non-current assets		14 160 091	13 430 983	12 113 154
Property, plant and equipment	2	11 846 699	9 548 628	5 130 502
Investments	3	332 651	1 898 020	5 083 417
Loans	4	1 980 741	1 984 335	1 899 235
Current assets		3 146 884	3 613 030	4 211 060
Accounts receivable	5	3 146 884	3 613 030	4 211 060
TOTAL ASSETS		17 306 975	17 044 013	16 324 214
EQUITY AND LIABILITIES				
Funds and reserves		8 988 817	9 505 623	9 775 235
Capital outlay	6.1	10 376 551	9 272 778	8 169 501
Funds and accounts	6.2	(1 387 734)	232 845	1 605 734
Long-term liabilities	7	2 135 177	2 195 545	2 250 953
Current liabilities		6 182 981	5 342 845	4 298 026
Accounts payable	8	5 829 861	4 951 469	4 009 700
Cash and bank balances	9	353 120	391 376	288 326
TOTAL EQUITY AND LIABILITIES		17 306 975	17 044 013	16 324 214

INCOME STATEMENTS AS AT 30 JUNE

	<u>Note</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
		N\$	N\$	N\$
INCOME		4 563 367	3 846 067	4 541 679
EXPENDITURE		<u>(5 361 882)</u>	<u>(5 521 699)</u>	<u>(6 276 889)</u>
OPERATING LOSS FOR THE YEAR		(798 515)	(1 675 632)	(1 735 210)
Interest earned		<u>58 746</u>	<u>116 611</u>	<u>-</u>
NET LOSS FOR THE YEAR		(739 769)	(1 559 021)	(1 735 210)
Add : Appropriation and adjustments	10	<u>(938 573)</u>	<u>(50 609)</u>	<u>(2 824 534)</u>
RETAINED LOSS FOR THE YEAR		(1 678 342)	(1 609 630)	(4 559 744)
Accumulated Funds - Beginning of the year		<u>(5 032 969)</u>	<u>(3 423 339)</u>	<u>1 136 405</u>
Accumulated Funds - End of the year		<u>(6 711 311)</u>	<u>(5 032 969)</u>	<u>(3 423 339)</u>

CASH FLOW STATEMENT FOR AS AT 30 JUNE

	Note	2008 N\$	2007 N\$	2006 N\$
Cash flow from operating activities				
Cash receipts from customers		4 563 367	3 846 067	4 541 679
Cash paid to suppliers		(4 955 917)	(4 032 509)	(5 858 485)
Cash generated from operations	11	(392 550)	(186 442)	(1 316 806)
Interest received		58 746	116 611	-
Movement in Fund accounts				
- Fund accounts – Increase/(decrease)		57 763	236 741	493 284
- Capital outlay – Increase/(decrease)		1 103 773	1 103 277	1 020 014
Net cash flow from operating activities		827 732	1 270 187	196 492
Cash flow from investing activities				
Net capital expenditure		(2 298 071)	(4 418 126)	(116 894)
(Increase)/decrease in investments		1 565 369	3 185 397	12 430
(Increase)/decrease in secured loans		3 594	(85 100)	(128 983)
Net cash flow from investing activities		(729 108)	(1 317 829)	(233 447)
Cash flow from financing activities				
(Decrease)/increase in long-term liabilities		(60 368)	(55 408)	(50 237)
Net movement in cash and cash equivalents		38 256	(103 050)	(87 192)
Cash and cash equivalents				
- At the beginning of the year		(391 376)	(288 326)	(201 134)
Cash and cash equivalents				
- At the end of the year	9	(353 120)	(391 376)	(288 326)

TOWN COUNCIL OF OTAVI

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE

1. ACCOUNTING POLICIES**1.2 Introduction**

The annual financial statements as set out in Annexures A to C were prepared on the historical cost basis and incorporate the following principal accounting policies, which are consistent in all material aspects with those applied in the previous year.

1.3 Property, plant and equipment

Property, plant and equipment are stated at cost or valuation where assets have been acquired through purchases by grant or by donation less depreciation written off over the expected useful lives as determined by Council from time to time. Fixed assets acquired with loan funds are not depreciated until the loan is repaid, unless the expected lifetime of the asset is less than the repayment period of the loan in which case the depreciation is calculated on the shortfall.

1.4 Fund accounts

The following Funds were maintained by the Council in terms of Sections 58(1) and 80(4) of the Local Authorities Act (Act 23 of 1992):

1.4.1 Housing Fund

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

1.4.2 Capital Reserve Fund

The purpose of this Fund is to make provision for unforeseen expenditures as approved by the Council.

1.4.3 Fixed Property Fund

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

1.4.4 Renewal Fund

The purpose of the Fund is to provide for future replacement of assets and for additional depreciation on assets which have permanently declined in value. Income for this Fund is derived from general revenue contributions as well as interest on investments.

TOWN COUNCIL OF OTAVI

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE

	2008	2007	2006
	N\$	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT			
Consists of :			
Infrastructure, land and buildings, motor vehicles, office equipment, furniture and fittings and computer equipment	11 846 699	9 548 628	5 130 502
3. INVESTMENTS			
Fixed deposits and money on call	332 651	1 898 020	5 083 417
4. LOANS			
LOANS GIVEN AGAINST FIRST MORTGAGE BONDS:			
Housing Fund	1 980 741	1 984 335	1 899 235
	1 980 741	1 984 335	1 899 235
5. TRADE AND OTHER RECEIVABLES			
Consumers	3 351 717	3 851 284	4 461 060
VAT	45 167	11 746	-
	3 396 884	3 863 030	4 461 060
Less :			
Provision for doubtful debts	(250 000)	(250 000)	(250 000)
	3 146 884	3 613 030	4 211 060

VILLAGE COUNCIL OF OTAVI

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

	2008	2007	2006
	N\$	N\$	N\$
6. FUNDS AND ACCOUNTS			
6.1 Capital outlay			
General capital	8 187 988	7 407 987	6 407 987
Revenue contributions	1 661 656	1 421 772	1 218 596
Loans redeemed	526 907	443 019	542 918
	10 376 551	9 272 778	8 169 501
6.2 Internal Funds			
Fixed Property Fund	1 461 031	1 424 749	1 323 242
Capital Reserve Fund	881 557	861 063	800 048
Renewal Fund	817 715	817 715	763 617
Endowment Fund	32 840	32 840	30 675
Housing Fund	2 130 435	2 129 447	2 111 49
	5 323 577	5 265 814	5 029 073
Accumulated Funds	(6 711 311)	(5 032 969)	(3 423 339)
	(1 387 734)	232 845	1 605 734
7. LONG-TERM LIABILITIES			
THE GOVERNMENT OF THE REPUBLIC OF NAMIBIA			
Capital section	2 090 172	2 148 498	2 202 032
Housing Fund	34 824	34 824	34 824
Revenue	10 181	12 223	14 097
	2 135 177	2 195 545	2 250 953
8. TRADE AND OTHER PAYABLES			
Trade creditors	5 282 066	4 403 673	3 319 464
Deposits	91 293	91 293	91 563
Provision for audit fees	-	-	142 171
Provision for leave	456 502	456 503	456 502
	5 829 861	4 951 469	4 009 700

VILLAGE COUNCIL OF OTAVI

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

	2008	2007	2006
	N\$	N\$	N\$
9. CASH AND BANK BALANCES			
Bank overdraft	(353 120)	(391 376)	(289 132)
Petty cash	-	-	806
	(353 120)	(391 376)	(288 326)
10. ADJUSTMENTS AND APPROPRIATIONS			
Correction of debtors	(938 838)	-	-
Trade and other receivables	-	-	(2 824 534)
Prior year adjustments	265	7 220	
Correction on investments	-	(200 000)	-
Provision for audit fees	-	142 171	-
	(938 573)	(50 609)	(2 824 534)
11. CASH UTILISED IN OPERATIONS			
Net operating (loss) before transfers	(798 515)	(1 675 632)	(1 735 210)
Adjustments	(938 573)	(50 609)	(2 824 534)
Operating income before changes in working capital	(1 737 088)	(1 726 241)	(4 559 744)
Changes in working capital			
Increase/(decrease) in trade and other payables	878 392	941 769	2 778 578
(Increase)/decrease in trade and other receivables	466 146	598 030	464 360
	1 344 538	1 539 799	3 242 938
Cash (utilized)/generated by operations	(392 550)	(186 442)	(1 316 806)