



**REPUBLIC OF NAMIBIA**



Erongo  
Regional  
Council



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

# **REGIONAL COUNCIL OF THE ERONGO REGION**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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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 Regional Council of the Erongo Region for the financial year ended 31 March 2018 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, June 2019**

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



**REPORT OF THE AUDITOR-GENERAL ON THE  
ACCOUNTS OF THE REGIONAL COUNCIL OF ERONGO  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**1. ADVERSE AUDIT OPINION**

I have audited the financial statements of the Regional Council of Erongo for the financial year ended 31 March 2018. These financial statements comprise the statement of financial position, detailed income statement, statement of changes in equity, statement of cash flows for the year then ended, notes to the financial statements for the year ended and a summary of significant accounting policies.

In my opinion, because of the significance of matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly the financial position of the Regional Council of Erongo for the financial year ended 31 March 2018 and its financial performance and their cash flows for the year then ended.

**2. BASIS FOR ADVERSE AUDIT OPINION**

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. The adverse audit opinion is expressed due to the following:

- The Regional Council does not have an acceptable reporting framework in place;
- The Council could not provide commitment register and source documents pertaining to Delegated Functions amounting to N\$ 18 422 121;
- The auditors observed that depreciation amounting to N\$ 7 412 226 was not added back to the cash generated from operating activities;
- The cash flow was understated by N\$ 23 533 956 this is due to non-cash items being subtracted instead of being added;
- An amount of N\$ 6 008 697 for Zeraua traditional authority was wrongly disclosed due to non-matching of costs and income. Matching of costs and income involves the simultaneous recognition of revenues and related expenses; and
- Non-current assets at carrying amount balance at the beginning of the period are N\$ 86 293 260 and Disposal during the period is (N\$ 18 408 314). Furthermore depreciation for the period is (N\$ 7 412 226) and additions to be cash out flow amounting to N\$ (10 640 838). The figure for additions to assets is contrary to the figure in the cashflow which indicates a receipt of N\$ 15 179 702. Balance at the end of period amounted to N\$ 71 113 558. This leaves an unexplained understatement of (N\$ 25 820 540) on the cashflow.

### **3. KEY AUDIT MATTERS**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters identified in respect of the financial Statement for Regional Council of Erongo.

### **4. OTHER INFORMATION**

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with the audit of the financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

### **5. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with legislation, and for such internal control as management deems it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the entity's financial reporting process.

### **6. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

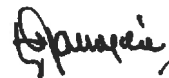
I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**7. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS  
(COMPLIANCE)**

**Conclusion on the Subject Matter**

The Office of the Auditor-General has conducted a compliance audit of the Regional Council of Erongo on the implementation of the Public Procurement Act, 2015 (No. 15 of 2015) and evaluated compliance with all Sections of the Public Procurement Act, 2015 (No. 15 of 2015). Based on the procedures performed, nothing has come to my attention to cause the auditor to believe that the subject matter is not, in all material respects, in compliance with the applicable criteria.

**WINDHOEK, June 2019**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



## ANNEXURE A

**REGIONAL COUNCIL FOR THE ERONGO REGION**  
**STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED**  
**31 MARCH**

	Note	2018 N\$	2017 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets	2	71 113 558	86 293 260
Investments		65 807	65 807
<b>Current assets</b>			
Cash and cash equivalents	3	162 416 942	107 692 316
Trade Receivables	4	17 804 329	24 028 072
Inventory		382 301	252 190
<b>Total assets</b>		<b>251 782 937</b>	<b>218 331 645</b>
<b>EQUITY AND LIABILITIES</b>			
Accumulated funds	Annexure C	149 095 953	141 033 991
Development Fund: Capital Project	Annexure C	89 455 439	72 338 312
Development Fund: Build Together	Annexure C	2 558 223	2 090 000
Trade Payables	5	10 673 322	2 869 342
<b>Total equity and liabilities</b>		<b>251 782 937</b>	<b>218 331 645</b>

**REGIONAL COUNCIL FOR THE ERONGO REGION**  
**DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH**

		<b>2018</b>	<b>2017</b>
	Note	N\$	N\$
<b>Income</b>		<b>80 730 661</b>	<b>76 787 069</b>
Subsidy from Government	7	54 323 310	53 564 685
5% Levy Assessment Rates	7	10 950 793	10 657 490
Revenue from Settlements	7	3 010 380	2 784 056
Other Revenue	7	820 431	984 151
Interest Received – Bank and Investment		7 786 861	4 419 708
Rural Development Projects	7	3 168 886	4 376 980
Road Fund Administration	7	670 000	-
Delegated Functions	7	86 406 692	134 182 164
Interest Received - Education		535 799	493 985
<b>Total Income</b>		<b>167 673 152</b>	<b>211 463 219</b>
<b>Expenditure</b>	8	<b>71 117 445</b>	<b>53 581 001</b>
Personnel Expenditure		39 953 544	32 219 990
Transport Cost		1 412 601	1 767 729
Subsistence and Travel		1 920 323	1 499 161
Property Rental		669 493	407 994
Utilities		5 183 970	5 007 229
Maintenance Expenses		872 598	1 058 745
Depreciation Expenses		7 412 226	2 384 497
Bank Charges		66 245	207 096
Other Expenditure		4 430 180	4 186 703
Subsidies, Grants Contributions Paid		20 000	150 000
Rural Development Projects		2 449 265	1 949 686
5% Rates and Taxes		718 303	2 275 294
Wlotzkasbaken		-	345 204
Politicians Furniture		-	121 673
Construction of Zeraua Traditional Authority Officer		6 008 697	-
Delegated Functions	6	76 726 768	132 444 290
<b>Total Expenditure</b>		<b>147 844 213</b>	<b>186 025 291</b>
<b>Surplus/(Deficit) for the year</b>		<b>19 828 939</b>	<b>25 437 929</b>

## ANNEXURE C

**REGIONAL COUNCIL FOR THE ERONGO REGION  
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDING 31 MARCH 2018**

	N\$	N\$	N\$	N\$	N\$
	DEVELOPMENT FUND - CAPITAL PROJECTS	BUILD TOGETHER FUND	ACCUMULAT ED FUND	TOTAL EQUITY	TOTAL EQUITY
Balance as at 01 April 2017	72 338 312	2 090 000	141 033 991	215 462 303	215 462 303
Profit for the year			19 828 940	19 828 940	19 828 940
Increase in funds	17 117 127	468 223		17 585 350	17 585 350
Adjustments from prior year			(11 766 978)	(11 766 978)	(11 766 978)
Total changes	17 117 127	468 223	8 061 962	25 647 312	25 647 312
<b>Balance as at 31 March 2018</b>	<b>89 455 439</b>	<b>2 558 223</b>	<b>149 095 953</b>	<b>241 109 615</b>	<b>241 109 615</b>

**REGIONAL COUNCIL FOR THE ERONGO REGION**  
**CASHFLOW STATEMENTS AS AT 31 MARCH**

	Note	2018 N\$	2017 N\$
<b>OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>		<b>21 959 574</b>	<b>20 077 859</b>
Net profit for the year		19 828 940	25 437 929
Changes in receivables	9	6 223 743	(6 520 214)
Changes in payables	9	7 803 980	1 137 894
Changes in inventories		(130 111)	19 373
Adjustments to retained income	10	(11 766 978)	2 878
<b>INVESTING ACTIVITIES</b>			
<b>Cash flow from investing activities</b>		<b>15 179 702</b>	<b>(32 409 228)</b>
Property Plant & Equipment		15 179 702	(32 409 228)
<b>FINANCING ACTIVITIES</b>			
<b>Net Cash Inflow/Outflow from Financing Activities</b>		<b>17 585 350</b>	<b>5 540 398</b>
Development Capital Projects		17 117 127	5 540 398
Build Together Revolving Fund		468 223	-
<b>Total Cash Movement</b>		<b>54 724 626</b>	<b>(6 790 971)</b>
Cash at the beginning of the year		107 692 316	114 483 288
<b>Total Cash at the end of the period</b>	3	<b>162 416 942</b>	<b>107 692 316</b>

**REGIONAL COUNCIL FOR THE ERONGO REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2018**

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**1. ACCOUNTING POLICIES**

The annual financial statements are prepared under the historical cost convention. The following accounting policies are consistent, in all respect, with those of the previous year

1.1 The annual financial statements are prepared in line with the accrual concept. It should be noted, however, that income and expenditure in relation to Delegated Functions is accounted for during the year on cash accounting concept in line with the State Finance Act, 1992; However, since all liability in relation to Delegated Functions remains with the relevant Line Ministry and all unexpected Delegated Function Funds are returned to the State Account as at 31 March, this does not materially affect the regional Council's Financial Statements.

1.2 All fixed assets are stated at historical cost less Accumulated Depreciation. Depreciation is calculated using the straight line method write off the cost of each asset over the estimated useful life as follows:

Buildings	50 years	2 % pa
Machinery and Equipment	5 years	20 % pa
Motor vehicles	5 years	20 % pa
Furniture Fixture and Fittings	5 years	20% pa
Office Equipment	3 years	33.33% pa
Computer equipment	3 years	33.33 % pa

**REGIONAL COUNCIL FOR THE ERONGO REGION  
NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH**

**2. PLANT AND EQUIPMENT**

2018	Work in Progress	Land & Buildings	Machinery Equipment & Vehicles	Office Furniture & Computers	Total
	N\$	N\$	N\$	N\$	N\$
Opening balance 01/04/2017	25 297 239	34 192 279	50 078 623	5 170 230	114 738 371
Adjustments		(2)	(262 188)	58 131	(204 059)
Add: Additions	505 522		9 984 711	349 199	10 839 432
Less: Projects completed	(18 408 314)				(18 408 314)
Closing Balance 31/03/2018	<b>7 394 447</b>	<b>34 192 277</b>	<b>59 801 146</b>	<b>5 577 560</b>	<b>106 965 430</b>
Opening Accumulated Depreciation 01/04/2017	-	3 053 225	21 343 336	4 048 551	28 445 112
Add: Charge for the year	-	677 361	6 226 043	508 823	7 412 227
Adjustments	-	205	767	(6 439)	(5 467)
Closing Accumulated Depreciation 31/03/2018	-	<b>3 730 791</b>	<b>27 570 146</b>	<b>4 550 935</b>	<b>35 851 872</b>
<b>Closing net book value (cost)31/03/2018</b>	<b>7 394 447</b>	<b>30 461 486</b>	<b>32 231 000</b>	<b>1 026 625</b>	<b>71 113 558</b>

**REGIONAL COUNCIL FOR THE ERONGO REGION  
NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH**

2017	Work in Progress	Land & Buildings	Machinery Equipment & Vehicles	Office Furniture Equipment & Computers	Total
	N\$	N\$	N\$	N\$	N\$
Opening balance 01/04/2016	19 031 025	32 440 871	24 017 113	4 550 236	80 039 245
Add: Adjustment		(309 809)			(309 809)
Add: Additions	12 604 462	2 061 216	26 061 510	715 724	41 442 912
Less: Disposal	(6 338 248)			(95 730)	(6 433 978)
Closing Balance 31/03/2017	<b>25 297 239</b>	<b>34 192 279</b>	<b>50 078 623</b>	<b>5 170 230</b>	<b>114 738 371</b>
Opening Accumulated Depreciation					
01/04/2016	-	2 410 893	20 078 507	3 665 813	26 155 213
Add: Charge for the year	-	642 332	1 264 829	477 336	2 384 497
Less: Accumulate Depreciation for disposal	-			(94 598)	-
Closing Accumulated Depreciation 31/03/2017	-	<b>3 053 225</b>	<b>21 343 336</b>	<b>4 048 551</b>	<b>28 445 111</b>
<b>Closing net book value (cost)31/03/2017</b>	<b>25 297 239</b>	<b>31 139 054</b>	<b>28 735 287</b>	<b>1 121 679</b>	<b>86 293 260</b>

**REGIONAL COUNCIL FOR THE ERONGO REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH**

	<b>2018</b>	<b>2017</b>
	N\$	N\$
<b>3. CASH AND CASH EQUIVALENTS</b>	<b>162 416 942</b>	<b>107 692 316</b>
Nedbank current account	4 418 204	1 406 319
Nedbank call account	14 244 948	10 783 548
FNB call account	712 420	498 891
FNB Build Together Revolving account	58 642	27 376
Capital Projects call account	22 935 840	7 054 237
Traditional Authority call account	64 916	248 703
Nedbank Build Together call account	313 922	136 291
StanLib Investments	-	4 511 090
Emergency Fund	201 550	301 994
Nedbank Uis call account	4 199 042	3 558 557
Uis Build Together programme call account	4 360	4 338
Erongo Rural Development Project	3 867 825	4 219 177
Directorate of Education	18 267 531	8 726 929
Works Maintenance	9 502	312 778
Uis Nampost	1 653 067	230 410
Okombahe Nampost	246 529	65 952
ERC Drought Fund account	184 298	64 437
ERC Wlotzkasbaken account	17 756 928	7 816 934
ERC 5% Levy account	21 115 916	10 319 313
Wlotzkasbaken Investment account	312	292
Wlotzkasbaken 2nd Investment account	176 839	164 344
Wlotzkasbaken 4th Investment account	-	47 220 233
Wlotzkasbaken 5th Investment account	41 785 096	-
StanLib Investments 2nd	10 044 665	-
Ministry of Land Reform	40 421	1 065
Ministry of Information, Communication and Technology	114 169	19 111



**REGIONAL COUNCIL FOR THE ERONGO REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH**

	<b>2018</b>	<b>2017</b>
	N\$	N\$
<b>4. TRADE RECEIVABLES</b>	<b>17 804 329</b>	<b>24 028 073</b>
Build Together Programme	4 058 830	3 679 837
Local Authorities	9 639 204	8 797 193
Water Customers	991 596	1 159 081
Subsistence & Travel Advance Unclaimed	254 118	294 014
Receiver of Revenue (VAT)	2 303 974	9 586 753
Rental Deposits-Henric Estate	-	9 000
Usakos Town Council	500 000	500 000
Staff Uniforms Loan	46 657	2 194
Other Receivables	9 951	-
<b>5. TRADE PAYABLES</b>	<b>10 673 322</b>	<b>2 869 343</b>
Trade Payables	1 302 402	2 138 647
Salaries and Wages Control	8 040	7 781
Retention Fees	-	722 915
Other Payables	113 420	-
Provision for bonus	886 302	-
Provision for leave	8 363 158	-

**6. DELEGATED FUNCTIONS**

The Regional Council is currently performing the following functions delegated by Central Government line ministries, as Indicated in accordance with the Decentralisation Enabling Act, 2000. Under delegation the Regional Council acts as an agent on behalf of the relevant Line Ministry. The relevant Line Ministry, however, retains overall responsibility for performance of the functions, and also retains the responsibility to approve the related budget. This budget allocation is transferred to the Regional Council via monthly cash transfers.

**REGIONAL COUNCIL FOR THE ERONGO REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH**

	<b>2018</b>	<b>2017</b>
	N\$	N\$
<b>Line Ministry</b>		
<b>INCOME</b>	<b>86 406 692</b>	<b>134 182 164</b>
Ministry of Gender Equality and Child Welfare	1 554 156	1 234 794
Sponsorship & Transfer Private Org	-	30 000
Erongo Regional Emergency fund	-	296 725
Office of the Prime Minister	298 746	-
Ministry of Agriculture and Forestry	254 851	-
Directorate of Works	1 307 535	6 021 289
Ministry of Education	82 589 149	126 577 356
Ministry of Land Reform	145 702	2 000
Ministry of Information, Communication and Technology	256 553	20 000
<b>EXPENDITURE</b>	<b>76 726 768</b>	<b>132 444 290</b>
Ministry of Gender Equality and Child Welfare	731 066	1 234 474
Office of the Prime Minister	327 725	1 222 544
Ministry of Education	73 048 547	121 566 483
Ministry of Education interest	500 000	420 000
Sponsorship Funds Transfer	-	25 000
Directorate of Works Maintenance	1 610 811	6 980 222
Ministry of Land Reform	106 346	935
Ministry of Information, Communication and Technology	161 495	889
Ministry of Health and Social Services	240 778	993 743
<b>SURPLUS/(DEFICIT)</b>	<b>9 679 924</b>	<b>1 737 874</b>

**REGIONAL COUNCIL FOR THE ERONGO REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH**

	<b>2018</b>	<b>2017</b>
	N\$	N\$
<b>7. INCOME</b>	<b>68 284 482</b>	<b>67 006 231</b>
5 % Levy Assessment rates	10 950 793	10 657 490
Revenue from settlements	3 010 380	2 784 056
Subsidy from Government	54 323 310	53 564 685
<b>OTHER INCOME</b>	<b>91 066 009</b>	<b>139 543 296</b>
Other revenue	820 431	984 151
Rural Development Projects grants	3 168 886	4 376 980
Delegated functions	86 406 692	134 182 165
Road Fund Administration	670 000	-
<b>SUBTOTAL</b>	<b>159 350 491</b>	<b>206 549 527</b>
<b>8. EXPENDITURE</b>	<b>147 844 212</b>	<b>186 025 290</b>
Personnel Expenditure	39 953 544	32 219 990
Transport Cost	1 412 601	1 767 729
Subsistence and Travel	1 920 323	1 499 161
Property Rental	669 493	407 994
Utilities	5 183 970	5 007 229
Maintenance Expenses	872 598	1 058 745
Depreciation Expenses	7 412 226	2 384 497
Bank Charges	66 245	207 096
Other Expenditure	4 430 180	4 186 703
Subsidies, Grants Contributions Paid	20 000	150 000
Rural Development Projects	2 449 265	1 949 686
Delegated Functions	76 726 768	132 444 289
5% Rates and Taxes	718 303	2 275 294
Wlotzkasbaken	-	345 204
Politicians Furniture	-	121 673
Construction of Zeraua Traditional Authority Officer	6 008 697	-
<b>NET OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>11 506 279</b>	<b>20 524 237</b>

**REGIONAL COUNCIL FOR THE ERONGO REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH**

	<b>2018</b>	<b>2017</b>
	N\$	N\$
<b>9. CASH (UTILISED/GENERATED BY OPERATIONS)</b>		
Net (deficit)/surplus before adjustments and before interest received	11 506 279	20 524 237
Adjustment for:		
Adjustments	(11 766 978)	2 878
Operating income before changes in working capital	(260 699)	20 527 115
<b>CHANGES IN WORKING CAPITAL</b>		
(Increase)/decrease in Trade Receivables	6 223 743	(6 500 842)
(Decrease)/increase in Trade Payables	7 803 980	1 137 894
	<b>13 636 913</b>	<b>15 164 167</b>
<b>10. ACCUMULATED FUND</b>	<b>(11 766 978)</b>	<b>2 878</b>
Work in progress and Tsoaxudaman Traditional Authority	4 348 519	-
Provision for leave	6 303 596	-
Provision for bonus	655 481	-
Prior year invoices	131 143	2 878
Fixed assets verification	(59 843)	-
VAT disallowed amounts and penalties charged	388 082	-

*Adjustments were made to Retained Earning to make provision for leave and bonus not included in the previous financial year, the work in progress and Tsoaxudaman Traditional Authority Offices need to be expensed off as they do not form part of fixed assets.*