



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE MUNICIPALITY OF GROOTFONTEIN

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

Published by authority

Price (Vat excluded) N\$ 27.9
Report no 974

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 Municipality of Grootfontein for the financial year ended 30 June 2010, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, July 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERA**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF GROOTFONTEIN
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

1. INTRODUCTION

The accounts of the Municipality of Grootfontein for the year ended 30 June 2010 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Local Authorities Act, 1992 (Act 23 of 1992).

The firm Mostert Landgrebe of Windhoek has been appointed in terms of Section 26(2) of the State Finance Act, 1991, to audit the accounts of the Municipality 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 Municipality's financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 87(1) of the Local Authorities Act, 1992. The audited financial statements are in agreement with the general ledger and are filed in the Office of the Auditor-General. The abridged balance sheet at Annexure A is a true reflection of the original signed by the Accounting Officer.

The financial statements also include:

Annexure B: Abridged income 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 Municipality is responsible for the preparation and fair presentation of these 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 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.

4. AUDIT OBSERVATION AND COMMENTS

4.1 Recoverability of consumer debtors - Bad and doubtful debts

In the year under review, the Municipality's outstanding debts increased by 8% while the provision for doubtful debts increased by 935%. Overall, the auditors viewed debt collection strategies and policies as ineffective.

	2010	2009
	N\$	N\$
Debt outstanding	41 871 428	38 681 440
Provision for bad debts	39 022 054	3 770 910
Percentage increase in provision for bad debts	935%	(2%)
Percentage provision vs. debt	71%	44%
Debtors at 120 days plus vs. total debt	95%	95%

Furthermore the proportion of debtors at 120 days to total debt outstanding has remained at a high, 95% of total debt, raising concern of possible future cash flow difficulties. The auditors recalculation of the provision for doubtful debts reveal an over provision of N\$ 1 961 062.

Although credit control policies are in place and the Municipality has submitted numerous debtors accounts to professional debt collectors, the effectiveness of these measures should be reviewed constantly by the management committee and town treasurer department.

4.2 Fixed assets depreciation

The computerized accounting system used by the Council, was not able to calculate depreciation on a pro-rata basis. This inability creates an incorrect valuation of Fixed Assets as stated in the annual financial statements.

4.3 VAT control receivable

The auditors' reconciliation on VAT returns against the ledger amounts reflected a material difference of N\$ 2 817 896.

Management should ensure that all VAT return computations are correctly performed and reviewed by the Finance Manager for errors before being finalized.

4.4 Build Together advances/Advances to buyers

The auditors found that a substantial number of beneficiary debts exceeded their original approved loan amount. This was mainly due to arrears and interest charges levied. Some loan agreements are not signed properly.

4.5 Payroll reconciliation

The auditors' reconciliation of the annual financial statements payroll amounts to the earnings report revealed an immaterial difference of N\$ 21 983, which was explained as journals written to special funds.

4.6 Bank reconciliation

The auditors' comparison of the annual financial statements of the current bank account balance amount to the Municipality's year-end bank reconciliation differed with N\$ 22 282, which referred as reconciling figure. Such lack of reconciliations of ledger accounts could raise doubt on the creditability of the Municipality's financial statements.

5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Municipality 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 on 01/07/2009				12 625 863
General accounts				
- Non-profitable services	6 780 054	20 508 863	(13 728 809)	
- Self-supporting services	9 877 751	9 515 382	362 369	
Trade accounts				
- Electricity	7 863 663	332 425	7 531 238	
- Water	9 625 058	4 000 381	5 624 677	
Deficit for the year	34 146 526	34 357 051	(210 525)	(210 525)
Adjustments and utilisations				12 415 338 (11 124 392)
Accumulated surplus on 30/06/2010				1 290 946

7. CURRENT BANK ACCOUNT

	2010	2009
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	(869 980)	4 208 312
Outstanding cheques	2 197 819	1 024 088
Outstanding deposits	(137 528)	(8 494)
Unexplained - Adjusting figure	(22 282)	164 669
Balance as per bank statement	1 168 028	5 388 575

8. INVESTMENTS

The investments as at 30 June were as follows:

Institution	2010 Investment	2009 Investment
	N\$	N\$
Commercial banks	16 038 175	15 560 806
CENORED	28 804 555	5 646 864
	44 842 730	21 207 670
Distribution		
Build Together Fund	11 002 241	15 560 806
Renewal Fund	5 035 934	-
Revenue	28 804 555	5 646 864
	44 842 730	21 207 670

9. FUND ACCOUNTS

The position of the Funds and accounts at year-end was as shown in note 8 in Annexure D.

10. TRADE ACCOUNT

10.1 The results of water operations were as follows:

	2010	2009
	N\$	N\$
Sales	9 485 046	9 363 864
Cost of bulk purchases	-	-
Gross surplus	9 485 046	9 363 864
Other income/(expenses)	3 860 369	(4 476 276)
Net (deficit)/surplus	5 624 677	4 887 588
Gross surplus percentages on sales	20.2%	100.0%
Net surplus percentage on sales	89.4%	52.2%

11. SELF-SUPPORTING SERVICES

11.1 The result for the year under review is as follows:

Service	Income 2010	Expenses 2010	Surplus/ (deficit) 2010	Surplus/ (deficit) 2009
	N\$	N\$	N\$	N\$
House rentals	712 958	154 599	558 359	753 318
Single quarters	1 952 339	1 054 841	897 498	339 167
Abattoir	491 706	1 512 658	(1 020 952)	(1 207 133)
Cleansing	4 606 191	5 684 010	(1 077 819)	(1 544 509)
Sewerage	2 114 557	1 109 274	1 005 283	960 524
	9 877 751	9 515 382	362 369	(698 633)

Council should address the loss making services to make them self-supporting.

12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

No fruitless, unauthorized or avoidable expenditure was revealed during the audit.

13. SUSPENSE ACCOUNTS

The suspense accounts contain no long outstanding transactions. These accounts are properly maintained, controlled and reconciled on a regular basis.

14. IRREGULARITIES AND LOSSES

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

15. CAPITAL PROJECTS

The following were spend on capital projects:

Nature of projects/acquisitions	Financial by		Total expenditure 2010	Total expenditure 2009
	Revenue account	Internal loans		
	N\$	N\$	N\$	N\$
Administration	4 915	-	4 915	-
Council general expenses	-	-	-	554 888
Fire brigade	-	5 908	5 908	-
Health	10 464	-	10 464	-
Townlands	-	25 786	25 786	-
Town Clerks	15 529	-	15 529	-
Town treasurer	52 159	-	52 159	-
Parks and gardens	1 577	-	1 577	12 396
Single quarters	3 521 982	-	3 521 982	1 417 469
Street and storm waters	-	192 738	192 738	1 905
Show and sportgrounds	-	74 086	74 086	-
Water supply	-	-	-	1 905
Cemetery	-	-	-	26 185
Civic buildings	-	-	-	3 650
Adjustment	-	-	-	153 868
Sewerage	3 854	-	3 854	1 617
	3 610 480	298 518	3 908 998	2 173 883

16. STUDY LOANS/BURSARIES

No bursaries were granted during the year under review.

18. COMPENSATION PAYMENTS

There were no such expenses.

19. VISITS TO FOREIGN COUNTRIES

China and Sweden

20. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the Local Authority.

21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

The Municipality made the following gifts/donations:

Nature of gift/donation	Beneficiary	Value
		N\$
Donation	Otjozondjupa Regional Council	2 000
Donation	Samalindi Primary School	500
Donation	Wilhelm Nortier Primary School	500
Donation	Grootfontein Secondary School	500
Donation	Fridrich Awaseb Secondary School	500
Donation	St-Isidor RC Primary School	500
Donation	Makalani Primary School	500
Donation	Luiperdheuwel Primary School	500
Donation	Kalenga Primary School	500
Donation	Omulunga Primary School	500
Donation	Duetsche Schulerherm	500
Donation	Bothma Trading - Christmas for pensioners	17 467
		24 467

22. TRANSFER OF PROPERTY

No properties were transferred from/to the Ministry of Regional and Local Government, Housing and Rural Development.

23. TRADE AND OTHER RECEIVABLES/TRADE AND OTHER PAYABLES

23.1 Trade and other receivables at 30 June were:

	2010	2009
	N\$	N\$
Services rendered and assessment rates	41 871 428	38 681 440
Interest accrued on investments	585 699	842 568
VAT receivable	2 620 897	2 072 496
Sundries	269 813	331 006
	45 347 837	41 927 510
Provision for bad debts	(39 022 054)	(3 770 910)
Total	6 325 783	38 156 600

23.2 Trade and other payables at 30 June were:

	2010	2009
	N\$	N\$
Trade payables	241 619	236 151
Provisions and accruals	78 495	78 495
Suspence accounts	86 212	-
Consumer deposits	662 806	664 984
Totals	1 069 132	979 630

24. ASSESSMENT RATES

Net proceeds from assessment rates, amounted to N\$ 3 834 769 (2009: N\$ 3 764 966). An across the board tariff increase of 5% on improvements and site values was made during the year under review. The approval detail values are set out in the Government Gazette dated 30 June 2009.

25. LOANS

25.1 External loans

	2010	2009
	N\$	N\$
Capital outlay	3 472 730	3 661 154
Housing Fund	459 430	459 430
	3 932 160	4 120 584

The balances agree with actuarial tables. Loan assets have been capitalised and no loan assets were disposed of before the loan was redeemed. Loan monies were used for the purpose they were obtained for.

25.2 Internal loans

	2010	2009
	N\$	N\$
Total	5 304 040	5 460 489

Internal loans are not disclosed in the abridged balance sheet. All new internal loans advanced during the year were authorised and all assets financed by internal loans were capitalised.

25.3 Due to the Municipality

	2010	2009
	N\$	N\$
Housing and Build Together loans	9 545 363	8 479 791

26. SALE OF ERVEN

During the current financial year, cash proceeds to the value of N\$ 1 054 698 (2009: N\$ 469 014) were received for erven and houses sold and allocated to the Fixed Property Fund and Betterment Fund in a 25% to 75% ratio.

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

	Luiperd Heuwel	Omulunga	Build Together	Total
	N\$	N\$	N\$	N\$
Balance - 01/07/2009	15 996	155 849	8 230 343	8 402 188
New advances	1 692	13 060	562 717	577 469
Receipts	(3 052)	(41 184)	(1 784 724)	(1 828 960)
Balance - 30/06/2010	14 636	127 725	7 008 336	7 150 697

28. TARIFF ADJUSTMENTS

Tariff adjustments were duly approved and promulgated in the Government Gazette.

29. APPROVALS

All overspending were approved by the Council.

30. INVENTORY AND EQUIPMENT

30.1 Motor vehicles and values thereof:

	Sedan		LDV's, 4x4's and Combi's		Other	
	Number	Value	Number	Value	Number	Value
		N\$		N\$		N\$
Balance - 01/07/2009	2	191 218	19	251 374	42	3 538 774
Sub-total	2	191 218	19	251 374	42	3 538 774
Write off	-	-	-	-	-	-
Depreciation	-	-	-	(1 821)	-	(61 329)
Balance - 30/06/2010	2	191 218	19	249 553	42	3 477 445

30.2 Inventory

According to the Municipality, stock comprising of stationery and consumables amounted to N\$ 488 760 (2009: N\$ 708 780).

31. SPECIAL INVESTIGATIONS

All special investigations were completed and reported upon.

32. GENERAL

The accounting and internal controls are satisfactory, except where indicated otherwise in this report. While increased management involvement reduces risks, the risk arises that management and Council override existing controls, a potentially dangerous practice, which the Municipality should vigilantly guard against.

33. FORMAL AND INFORMAL QUERIES

33.1 Formal queries are embodied in this report.

33.2 Informal queries were discussed with the Municipality.

34. QUALIFIED AUDIT OPINION

The accounts of the Grootfontein Municipality for the financial year ended 30 June 2010, summarised in Annexures A to D, 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.

The audit opinion has been qualified due to the following reason:

Bad and doubtful debts

The provision for doubtful debts is overstated by N\$ 1 961 062.

VAT control receivable

The reconciliation on VAT returns against the ledger amounts reflected a material difference of N\$ 2 817 896.

Except for the effect of any adjustments that might have been necessary as referred to in the preceding paragraphs, in my opinion, the financial statements fairly present the financial position of the Municipality at 30 June 2010 and the results of its operations and cash flows for the year then ended.

WINDHOEK, July 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

MUNICIPALITY OF GROOTFONTEIN

BALANCE SHEET AT 30 JUNE

	Notes	2010 N\$	2009 N\$
ASSETS			
		97 668 816	70 066 039
Non-current assets			
Property, plant and equipment	2	38 071 912	34 675 532
Investments	3	44 842 730	21 207 670
Loans receivable	4	14 754 174	14 182 837
Current assets			
Trade and other receivables	5	6 815 073	43 074 223
Inventories	6	6 325 783	38 156 600
Bank and cash		488 760	708 780
		530	4 208 843
TOTAL ASSETS		104 483 889	113 140 262
FUNDS AND LIABILITIES			
Funds and reserves			
Capital outlay	7	93 308 577	102 579 559
Funds and accounts	8	29 449 405	25 707 758
		63 859 172	76 871 801
Non-current liabilities			
Long-term loans	9	9 236 200	9 581 073
Current liabilities			
Trade and other payables	10	1 939 112	979 630
Bank overdraft		1 069 132	979 630
		869 980	-
TOTAL FUNDS AND LIABILITIES		104 483 889	113 140 262

MUNICIPALITY OF GROOTFONTEIN

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2010	2009
		N\$	N\$
INCOME		33 999 127	32 938 988
EXPENDITURE		(34 357 051)	(31 343 962)
NET OPERATING (DEFICIT)/SURPLUS		(357 924)	1 595 026
INTEREST ON INVESTMENTS		147 399	196 106
NET (DEFICIT)/SURPLUS AFTER INTEREST		(210 525)	1 791 132
APPROPRIATION ACCOUNT	11	(11 124 392)	53 881
NET (DEFICIT)/SURPLUS AFTER APPROPRIATIONS		(11 334 917)	1 845 013
ACCUMMULATED SURPLUS - Beginning of the year		12 625 863	10 780 850
ACCUMMULATED SURPLUS - End of the year		1 290 946	12 625 863

MUNICIPALITY OF GROOTFONTEIN

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2010 N\$	2009 N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		33 999 127	32 938 988
Cash paid to suppliers		(13 341 104)	(30 223 819)
Cash generated by operations	12	20 658 023	2 715 169
Interest received		147 399	196 106
(Decrease)/increase in Fund accounts		(1 677 712)	3 999 134
Increase in Capital outlay		3 741 647	3 006 025
Net cash flow from operating activities		22 869 357	9 916 434
CASH FLOW FROM INVESTING ACTIVITIES			
Net capital expenditure		(3 396 380)	(1 675 772)
Increase in investments		(23 635 060)	(1 500 000)
Increase in loans receivable		(571 337)	(572 098)
		(27 602 777)	(3 747 870)
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease in long-term liabilities		(344 873)	(1 330 647)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5 078 293)	4 837 917
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		4 208 843	(629 074)
CASH AND CASH EQUIVALENTS - END OF YEAR		(869 450)	4 208 843

MUNICIPALITY OF GROOTFONTEIN

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

1. ACCOUNTING POLICIES**1.1 Introduction**

The annual financial statements set out in Annexures A to D 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.

1.2 Property, plant and equipment

Property, plant and equipment acquired with loan funds are stated at cost and no depreciation is provided thereon until the loan is fully redeemed. All other items of property, plant and equipment are stated at cost or valuation, and except fixed property, the cost or valuation of these items of property, plant and equipment is depreciated on the reducing-balance basis over their expected useful lives.

1.5 Inventory

Fuel inventory is valued at cost on the first-in first-out basis. Consumables are valued at the average landed costs.

	2010	2009
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
Loan assets	14 182 879	13 884 361
Income assets	23 031 126	19 852 942
General capital assets	857 907	938 229
Total	38 071 912	34 675 532

3. INVESTMENTS

INVESTMENTS

Commercial banks	16 038 175	15 560 806
CENORED	28 804 555	5 646 864
	44 842 730	21 207 670

ALLOCATED AS FOLLOWS

Build Together Fund	11 002 241	15 560 806
Renewal Fund	5 035 934	-
Revenue	28 804 555	5 646 864
	44 842 730	21 207 670

MUNICIPALITY OF GROOTFONTEIN

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

	2010	2009
	N\$	N\$
4. LOANS RECEIVABLE		
Property loans:		
Luiperd heuwel	14 636	15 996
Omulunga	127 725	155 849
Build Together loans	9 403 002	8 307 946
	<u>9 545 363</u>	<u>8 479 791</u>
Vehicle loans	47 248	171 349
Clubs and societies	62 990	70 418
Internal loans	5 098 573	5 461 279
	<u>14 754 174</u>	<u>14 182 837</u>
5. TRADE AND OTHER RECEIVABLES		
Services rendered and assessment rates	41 871 428	38 681 440
Interest accrued on investments	585 699	842 568
VAT receivable	2 620 897	2 072 496
Sundries	269 813	331 006
	<u>45 347 837</u>	<u>41 927 510</u>
Provision for bad debts	(39 022 054)	(3 770 910)
	<u>6 325 783</u>	<u>38 156 600</u>
6. INVENTORIES		
Stores and fuel	488 760	708 780
	<u>488 760</u>	<u>708 780</u>
7. CAPITAL OUTLAY		
Loans redeemed	5 560 373	4 916 586
Revenue contributions	23 031 125	-
General capital contributions	857 907	20 791 172
	<u>29 449 405</u>	<u>25 707 758</u>

MUNICIPALITY OF GROOTFONTEIN

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

	2010	2009
	N\$	N\$
8. FUNDS, ACCOUNTS AND RESERVES		
Leave Reserve Fund	826 366	1 023 937
Capital Development Fund	2 389 827	2 380 258
Housing Funds	22 325 646	25 664 279
Bonus Reserve Fund	996 612	1 119 817
Insurance Reserve Fund	574 056	537 026
Personnel Housing Fund	2 797 166	2 753 435
Motor Loan Scheme Fund	1 759 327	1 705 537
Loans to clubs and societies	87 223	84 186
Fixed Property Fund	7 632 360	7 236 352
Betterment Fund	6 403 764	5 745 073
Renewal Fund	16 775 879	15 996 038
Revenue account kept in compliance with Section 86(1) of the Local Authority Act, 1992.	1 290 946	12 625 863
	63 859 172	76 871 801
9. LONG-TERM LIABILITIES		
Capital outlay	3 472 730	3 661 154
Housing Fund	459 430	459 430
Internal loans	5 304 040	5 460 489
	9 236 200	9 581 073
10. TRADE AND OTHER PAYABLES		
Trade payables	241 619	236 151
Provisions and accruals	78 495	78 495
Suspence accounts	86 212	-
Consumer deposits	662 806	664 984
	1 069 132	979 630

MUNICIPALITY OF GROOTFONTEIN

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

	2010	2009
	N\$	N\$
11. ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Adjustment of bank account	22 282	
Cemetery claim from prior year	33 478	-
Correction of CENORED investment	23 157 691	-
Correction of creditors	2 629	-
Correction of insurance premiums	-	238 657
Correction of interest	(251 258)	(31 127)
Correction of investment	410 429	-
Correction of loan redeemed	(789)	789
Correction of refuse removal	8 117	-
Correction of surcharges	(4 519)	-
Correction of suspense accounts	89 642	-
Correction previous year	2 082	-
Debts written back	(361 598)	-
Over charge on municipal services	(9 317)	-
Over payment	2 700	-
Provision for bad debts	(33 991 010)	-
Provision for capital transfer	(834)	-
Rectification of levies on various debtors accounts	107 833	(164 918)
Sale of redundant materials	57 350	317
Severance and leave pay	(397 229)	-
Stale cheques	1 096	-
Unclaimed debtors refunds	1 646	10 163
Water over read	(4 813)	-
	(11 124 392)	53 881
12. CASH GENERATED BY OPERATIONS		
Net operating (deficit)/surplus before interest and transfers	(357 924)	1 595 026
Adjustments for:		
- Adjustments to appropriation account	(11 124 392)	53 881
OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL	(11 482 316)	1 648 907
CHANGES IN WORKING CAPITAL		
Decrease in trade and other receivables	31 830 817	1 317 663
Decrease/(increase) in inventories	220 020	(164 803)
Increase/(decrease) in trade and other payables	89 502	(86 598)
	32 140 339	1 066 262
CASH GENERATED BY OPERATIONS	20 658 023	2 715 169