



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF HENTIES BAY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 AND 2012**

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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 Municipality of Henties Bay for the financial year ended 30 June 2011 and 2012, 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, February 2014

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR - GENERAL
ON THE ACCOUNT OF THE MUNICIPALITY OF HENTIES BAY
FOR THE FINANCIAL YEARS ENDED
30 JUNE 2011 AND 2012**

1. INTRODUCTION

The accounts of the Municipality of Henties Bay for the years ended 30 June 2011 and 2012 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, (Act 23 of 1992).

The firm NC Tromp Accountants 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. The figures in brackets indicate deficit.

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 sheets, annexure A, are true reflections of the originals.

The following annexures are also attached to this report:

Annexure B: Abridged income statements

Annexure C: Cash flow incomes

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 OBSERVATIONS AND COMMENTS

4.1 Long outstanding subsidies

The financial statements reflected a balance owing by Government of N\$ 1 119 844 in respect of subsidies for streets and traffic since the 2005 financial year. It is doubtful whether this is recoverable. Council should consider to take the necessary steps to recover it.

4.2 VAT

VAT receivable of N\$ 8 236 469 per balance sheet is not recoverable in full in the light of (i) an amount utilised by the Receiver of Revenue as penalties on import VAT and PAYE and (ii) input VAT on road development being incorrectly claimed and included. A certificate of good standing should be requested from the Receiver of Revenue to do a proper reconciliation on this item and to calculate the real loss to the Council.

4.3 Erongo Red

A dividend of N\$ 69 450 received on an investment of N\$ 19 523 832 in Erongo Red was processed as being VAT inclusive. An amount of N\$ 9 058 should be reversed against output VAT. Due to the small dividend the auditors calculated a considerable impairment on this investment.

4.4 Fixed assets per financial statements

The fixed assets as disclosed in the financial statements are shown at the net carrying value only. This does not have any effect on the accounts in terms of the net equity of the Municipality but is incorrect in terms of disclosure requirements. The figures in the abridged balance sheet per annexure A to the report were adjusted to include accumulated depreciation.

4.5 Waterfront Company - Investment

This investment was written off during the year under review and the Council is now awaiting Government's approval to continue with the project after a proper investigation is done on the proposal.

4.6 Provision for bad debts

A considerable provision for bad debts has been raised. This is an indication that the Municipality needs to improve its debt collection system. The debtors list contains numerous debtors older than 120 days. This should be investigated to establish the real value of debtors recoverable.

4.7 Fixed asset register

A fixed asset register was available for the audit under review but the descriptions of some assets, especially the motor vehicles, do not match the actual appearance of the vehicles, making it difficult to identify the assets in the register.

5. ACKNOWLEDGEMENT

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

6. FINANCIAL RESULTS

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

	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit at 01/07/2011				(9 816 384)
General services				
Non-profitable	962 290	(11 538 258)	(10 575 968)	
Self-supporting	10 534 604	(5 351 645)	5 182 959	
Trade accounts				
Electricity services	3 110 550	(789 600)	2 320 950	
Water supply	6 514 606	(4 157 851)	2 356 755	
	21 122 050	(21 837 354)	(715 304)	
Deficit for the year				(715 304)
Adjustments and utilisations (See note 8, Annexure D)				(3 574 795)
Accumulated deficit at 30/06/2012				(14 106 483)

	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit at 01/07/2010				(6 799 489)
General services				
Non-profitable	168 800	10 745 016	(10 576 216)	
Self-supporting	7 485 638	4 804 199	2 681 439	
Trade accounts				
Electricity services	2 376 419	64 032	2 312 386	
Water supply	5 135 629	3 487 344	1 648 285	
	15 166 485	19 100 591	(3 934 106)	
Deficit for the year				(3 934 106)
Adjustments and utilisations (See note 8, Annexure D)				917 212
Accumulated deficit at 30/06/2011				(9 816 384)

7. CURRENT BANK ACCOUNT

The cash book reflected a favorable balance of 2012: N\$ 569 146 and 2011: N\$ 159 131 (2010: favourable N\$ 3 536 135) while the bank statement reflected a favourable balance of 2012: N\$ 2 216 219 and 2011: N\$ 1 307 924. Cheques not presented for payment amounted to N\$ 712 967.

8. INVESTMENTS AND INTEREST PROCEEDS

On 30 June 2011 there was N\$ 38 687 837 (2010: N\$ 35 421 830) invested at financial institutions and other institutions as follows:

	2012	2011	2010
	N\$	N\$	N\$
Commercial banks	10 816 754	13 722 516	11 620 931
Nampost	2 781 007	4 458 519	3 309 176
Investment - Erongo Red Waterfront Company	13 597 761	18 181 034	14 930 107
Listed shares	20 073 828	20 073 829	20 073 829
	-	200 000	200 000
	276 326	232 974	217 894
	33 947 916	38 687 837	35 421 830

The investments and interest earned were allocated as follows:

	2012		2011	
	Investment	Interest	Investment	Interest
Fixed Property Fund	3 069 910	223 346	4 704 066	315 174
Jetty Fund	384 809	18 631	366 178	16 372
Reserve Fund	-	343	-	392
Sewerage Fund	4 237 306	211 780	4 083 026	305 844
Build Together Fund	5 538 157	366 586	8 646 228	277 194
Low Cost Housing Fund	643 909	29 398	614 511	20 215
	13 874 091	850 085	18 414 009	935 191

	2011		2010	
	Investment	Interest	Investment	Interest
Betterment Fund	-	-	51 498	1 118
Capital Development Fund	-	-	3 104 647	67 389
Fixed Property Fund	4 704 066	315 174	16 871 606	366 214
Jetty Fund	366 178	16 372	247 412	5 370
Mayoral Relief Fund	-	-	6 984	152
Reserve Fund	-	392	21 799	473
Sewerage Fund	4 083 026	305 844	8 955 150	194 381
Build Together Fund	8 646 228	277 194	4 306 424	93 475
Low Cost Housing Fund	614 511	20 215	1 856 310	40 293
	18 414 009	935 191	35 421 830	768 865

9. FUND ACCOUNTS

The position of the Fund accounts at the end of the years are shown in note 5 of annexure D.

10. TRADE ACCOUNTS

10.1 The results of operations of water distribution were as follows:

	2012	2011	2010
	N\$	N\$	N\$
Sales	6 514 606	5 135 629	4 801 997
Cost of bulk purchases	3 480 839	2 692 315	2 453 524
Gross profit	3 033 767	2 443 314	2 348 473
Expenses (net)	(677 012)	(795 029)	(330 990)
Net surplus	2 356 755	1 648 285	2 017 483
Mark-up % on bulk purchases	87%	91%	96%
Net profit % on bulk purchases	68%	61%	82%

10.2 The results of water distribution losses were as follows:

	2012	2011	2010
	N\$	N\$	N\$
Units sold	371 451	325 544	380 431
Units purchased	(500 274)	(466 346)	(441 934)
Gross loss	(128 823)	(140 802)	(61 503)
Gross loss % on bulk purchases	26%	30%	14%

The increased loss is due to bad (old) infrastructure and need to be addressed in future.

11. SELF-SUPPORTING SERVICES

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

	2012	2011	2010
	N\$	N\$	N\$
Tourism (deficit)	(321 464)	(362 707)	(234 074)
Health and cleaning services	1 053 717)	993 659	1 035 722
	732 253	630 952	801 648

12. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

No fruitless, unauthorised or avoidable expenditure was revealed during the audit for the years under review.

13. SUSPENSE ACCOUNTS

No money was accounted for in suspense accounts during the 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 following expenditure was incurred during the year for capital projects or acquisitions.

	2012	2011	2010
	N\$	N\$	N\$
Infrastructure	3 516 903	8 139 704	9 346 573
Plant & equipment	-	45 575	-
Office equipment	57 160	60 868	405 977
Motor vehicles	708 228	133 535	298 913
Total	4 282 291	8 379 682	10 051 463

Expenditure was financed as follows:

	2012	2011	2010
	N\$	N\$	N\$
Capital account	3 574 063	-	10 051 463
Loans	708 228	-	-
Income	-	8 379 682	-
Total	4 282 291	8 379 682	10 051 463

16. BURSARIES

No bursaries were granted during the year under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

During the year under review Council accounted for contributions from the Government as follows:

	2012	2011	2010
	N\$	N\$	N\$
Sewerage	-	-	8 000 000
Accounting error	-	-	2 012 354
Built Together	6 911 000	6 911 000	-
Total	6 911 000	6 911 000	10 012 354

18. COMPENSATION PAYMENTS

No compensation payments were made during the years under review.

19. VISITS TO FOREIGN COUNTRIES

No expenditure was incurred on visits to other countries during the year under review.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

No material claims against the Local Authority were received during the years under review.

21. GIFTS / DONATIONS BY / TO THE LOCAL AUTHORITY

No gifts or donations were given or received by the council during the years under review.

22. TRANSFER OF PROPERTY TO / FROM GOVERNMENT

No such transfers took place during the years under review.

23. DEBTORS AND CREDITORS

23.1 Debtors at 30 June were:

	2012	2011	2010
	N\$	N\$	N\$
Consumers	8 062 966	6 670 601	6 033 664
Provision for bad debts	(5 884 145)	(4 889 493)	(4 457 276)
	2 178 821	1 781 108	1 576 388
Subsidies receivable	-	1 119 844	1 119 844
Surcharges - Erongo Red	394 287	394 287	591 431
	2 573 108	3 295 239	3 287 663

23.2 Creditors at 30 June were:

	2012	2011	2010
	N\$	N\$	N\$
Trade creditors	2 850	22 452	69 657
Accruals creditors	10 921	-	2 308 345
Consumer deposits	559 660	539 067	503 878
Provision for audit fees	82 793	82 793	82 798
Provision for staff leave	328 495	328 495	307 978
	984 719	972 807	3 272 656

24. ASSESSMENT RATES

Proceeds from assessment rates amounted to 2012: N\$ 6 697 and 2011: N\$ 4 563 867 (2010: N\$ 5 942 615). Tariffs for private and business properties of between N\$.0143 and N\$.0192 per dollar per year on site valuations and N\$.00892 per dollar per year on valuation of improvements are in line with gazette rates.

25. SALE OF ERVEN

Cash proceeds of 2012: N\$ 2 983 232 and 2011: N\$ 6 704 418 (2010: N\$ 10 109 540) were received for erven sold and allocated to the Fixed Property Fund during the current financial year.

26. PROPERTY SOLD ON INSTALMENT BASIS

Due to the non-disclosure of property sold on instalment basis in the financial statements for the years under review as prepared by the Municipality the auditors could not determine the value of these properties nor the revenue received.

27. TARIFF ADJUSTMENT

All tariff adjustments were in accordance with the relevant Official Government notice.

28. STOCK AND EQUIPMENT

28.1 Motor vehicles

Due to the format of the fixed asset register kept by the Municipality it is difficult to identify the motor vehicles.

28.2 Inventory

According to the Municipality, stock comprising of stationery and consumables amounted to 2012: N\$ 578 092 and 2011: N\$ 169 272 (2010: N\$ 120 103).

29. SPECIAL INVESTIGATIONS

No special investigations were carried out during the years.

30. GENERAL

Internal controls

The accounting and internal controls are satisfactory, except where indicated otherwise in this report. Proper segregation of duties is not feasible due to the small number of staff employed. While increased management involvement reduces risks, the risk arises that management and Council override existing controls, a potential dangerous practice which the Council should vigilantly guard against.

31. FORMAL AND INFORMAL QUERIES

Formal queries are embodied in this report.

Informal queries were addressed to the Chief Executive Officer and dealt with locally.

32. DISCLAIMED AUDIT OPINION

The accounts of the Municipality of Henties Bay for the financial years ended 30 June 2011 and 2012, summarised 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 opinion due to the following reasons:

- The VAT amount reflected in the balance sheet is substantially incorrect and not fully recoverable;
- I could not verify and value the investment in Erongo Red due to the absence of relevant documentation;
- The amount of N\$ 1 119 844 owing by the Government in respect of subsidies for the 2011 financial year is not recoverable.

Windhoek, February 2014

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

THE MUNICIPALITY OF HENTIES BAY

BALANCE SHEET AT 30 JUNE

	Notes	2012 N\$	2011 N\$	2010 N\$
ASSETS				
Non-current assets				
Property, plant and equipment	2	102 236 270	105 495 253	99 711 419
Property loans		56 838 704	59 264 379	56 650 086
Work in progress		9 350 445	7 543 037	7 639 503
Investments	3	2 099 206	-	-
		33 947 916	38 687 836	35 421 830
Current assets				
Inventory		10 701 975	11 872 716	13 191 627
Accounts receivable	4	578 092	169 272	120 103
VAT claims		2 573 108	3 306 747	3 287 663
Cash and cash equivalents		6 979 589	8 236 469	6 246 630
		571 186	160 227	3 537 231
Total assets		112 938 245	117 367 969	112 903 046
EQUITY AND LIABILITIES				
Equity				
Funds	5	111 283 373	116 106 903	109 187 128
Accumulated loss		125 389 856	125 923 287	115 986 618
		(14 106 483)	(9 816 384)	(6 799 490)
Non-current liabilities				
Finance agreements	6	670 153	288 258	443 262
Current liabilities				
Trade and other payables	7	984 719	972 808	3 272 656
Total equity and liabilities		112 938 245	117 367 969	112 903 046

THE MUNICIPALITY OF HENTIES BAY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	2012	2011	2010
	N\$	N\$	N\$
Income	21 122 050	15 166 486	16 971 780
Expenditure	(21 837 354)	(19 100 591)	(16 719 129)
Net operating profit /(loss)	(715 304)	(3 934 105)	252 651
Interest earned	-	-	40 255
Net profit /(loss) for the year	(715 304)	(3 934 105)	292 906
Accumulated loss			
– beginning of the year	(9 816 384)	(6 799 489)	(5 328 554)
– adjustments for the year	(3 574 795)	917 210	(1 763 841)
End of the year	(14 106 483)	(9 816 384)	(6 799 489)

THE MUNICIPALITY OF HENTIES BAY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
		N\$	N\$	N\$
CASH FLOW STATEMENT				
Operating activities	8	3 161 395	(2 544 638)	(292 829)
Interest received		850 085	935 191	1 295 802
		<u>4 011 480</u>	<u>(1 609 447)</u>	<u>1 002 973</u>
Capital and funds accounts		(533 431)	9 936 669	21 196 388
Net cash inflow from operating activities		<u>3 478 049</u>	<u>8 327 222</u>	<u>22 199 361</u>
Investing activities				
Property, plant and equipment purchased		(6 381 497)	(8 379 682)	(10 051 462)
Decrease/(Increase) in property loans		(1 807 408)	96 466	(1 181 399)
Increase in investments		4 739 921	(3 266 006)	(7 187 593)
		<u>(3 448 984)</u>	<u>(11 549 223)</u>	<u>(18 420 454)</u>
Financing activities				
Net decrease in finance agreements		381 895	(155 004)	(483 029)
Net increase in cash and cash equivalents		410 959	(3 377 004)	3 295 878
Net cash and cash equivalents				
– at beginning of the year		160 227	3 537 231	241 353
– at the end of the year		<u>571 186</u>	<u>160 227</u>	<u>3 537 231</u>

THE MUNICIPALITY OF HENTIES BAY

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

1. ACCOUNTING POLICIES

The annual financial statements are compiled in accordance with the historical convention modified by the restatement of the financial instruments to fair value, except where otherwise stated.

The principal accounting policies of the Town Council, which are set out below, have been consistent and comply with Namibian Statements of Generally Accepted Accounting Practices. The financial statements have been prepared in accordance with the requirements of the Namibian Local Authorities Act.

1.1 Fixed assets and depreciation

Fixed assets are stated at cost or at valuation where assets have been acquired by grant or donation, less depreciation written off over the expected useful lives as determined by the 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 depreciation is calculated on the shortfall.

1.2 Inventories

Inventories are measured at lower of cost and net realizable value. The cost of inventories comprise all cost of purchases, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

1.3 Funds**Revenue account**

All monies received by and accrued to and expenses paid, except for allocation to other funds, are reflected in this account, and are kept in compliance with section 86(1) (b) of the Local Authorities Act of 1992.

Reserve Fund

The purpose of this fund is to provide for replacement of moveable assets.

Capital Development Fund

The purpose of this Fund is to finance electrical reticulation network projects. Revenue is derived from interest on investments, internal loans and contributions from revenue.

Betterment Fund

The purpose of this Fund is to provide for future improvements of Council assets.

Fixed Property Fund

Proceeds of sale of development property accumulate in this Fund, which is used to develop properties.

THE MUNICIPALITY OF HENTIES BAY

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

The purpose of this Fund is to create a jetty at the river mouth. Income consists of contributions made by the public.

Low Cost Housing Fund

The purpose of the Fund is to provide for housing loans to lower income groups of people. Revenue is derived from the sale of houses and installments received.

Mayoral Relief Fund

The purpose of this Fund is to provide funding to enable the mayor to make donations/contributions towards various events. Income is derived from the revenue accounts and donations from the public.

Sewerage Fund

The purpose of this Fund is to create a sewerage system. Income is derived from the monthly basic charges on sewerage.

	2012	2011	2010
	N\$	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment, at cost	70 149 698	67 299 990	59 329 274
Less: Depreciation	(13 310 994)	(8 035 610)	(2 679 188)
	56 838 704	59 264 379	56 650 086
3. INVESTMENTS			
Erongo Red			
– unlisted shares, at cost	549 997	549 997	549 997
– assets made over	19 523 831	19 523 831	19 523 831
Shares			
– listed, at market price	276 326	232 974	217 894
– unlisted, at cost	-	200 000	200 000
Fixed deposits and money on call	13 597 762	18 181 034	14 930 108
Total investments at year end	33 947 916	38 687 836	35 421 830
4. TRADE AND OTHER RECEIVABLES			
Consumers	8 062 966	6 682 109	6 033 664
Less: Provision for doubtful debts	(5 884 145)	(4 889 493)	(4 457 276)
	2 178 821	1 792 616	1 576 388
Subsidies	-	1 119 844	1 119 844
Surcharge Erongo Red	394 287	394 287	591 431
	2 573 108	3 306 747	3 287 663

THE MUNICIPALITY OF HENTIES BAY

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

	2012	2011	2010
	N\$	N\$	N\$
5. FUNDS AND ACCOUNTS			
5.1 Internal funds			
	69 221 305	66 947 165	58 686 363
Build Together Fund	15 177 387	14 410 696	7 134 819
Betterment Fund	46 372	46 372	85 320
Capital Development Fund	4 263 746	4 397 331	5 143 734
Fixed Property Fund	35 58 0 832	33 671 277	27 952 628
Jetty Fund	444 912	426 280	409 908
Low Cost Housing Fund	3 377 266	3 238 586	3 075 507
Mayoral Relief Fund	11 570	11 570	11 570
Reserve Fund	43 880	37 394	36 117
Sewerage Fund	10 275 339	10 707 660	14 836 760
5.2 Capital funds	56 168 551	58 976 122	57 300 255
Loans redeemed	38 075	992 740	1 931 165
Contributions from general capital	36 323 233	39 849 180	43 923 575
Contributions from revenue	19 807 243	18 134 202	11 445 515
	125 389 856	125 923 287	115 986 618
6. LONG-TERM LIABILITIES			
External loans			
Suspensive sale agreements	670 153	288 258	443 262
7. TRADE AND OTHER PAYABLES			
Trade creditors	2 850	22 453	69 657
Accruals	10 921	-	2 308 345
Consumer deposits	559 660	539 067	503 878
Provision for audit fees	82 793	82 793	82 798
Provision for leave	328 495	328 495	307 978
	984 719	972 808	3 272 656

THE MUNICIPALITY OF HENTIES BAY

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

	2012	2011	2010
	N\$	N\$	N\$
8. CASH REQUIRED BY OPERATING ACTIVITIES			
Net surplus/(deficit) for the year, per income statement	(715 304)	(3 934 105)	292 906
Adjustments for non-cash and other items			
– Depreciation	5 275 384	5 356 422	-
– Capital redemption on finance agreements	1 432 583	408 968	483 029
– Interest received	(850 085)	(935 191)	(1 295 802)
– Contributions to mayoral relief fund	-	-	10 000
	5 142 578	896 094	(509 867)
Adjustments on appropriation account			
– Receipts	18 507	3 396 598	63 047
– Payments	(3 593 302)	(2 479 389)	(311 517)
Cash operating profit before working capital changes	1 567 784	1 813 304	(758 337)
Working capital changes			
– Accounts payable	11 911	(2 299 848)	76 414
– Accounts receivable	733 639	(19 084)	(753 391)
– Inventory	(408 819)	(49 169)	34 551
– VAT claims	1 256 881	(1 989 839)	1 107 934
	3 161 395	(2 544 638)	(292 829)