



REPUBLIC OF NAMIBIA



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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

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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 Omaruru 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, February 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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

1. INTRODUCTION

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

The firm EDB & Associates 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 Namibian 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, but was only submitted on 8 October 2010. 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, Annexure A, is a true reflection of the original, signed by the Accounting Officer.

The financial statements also include:

Annexure B: 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 the financial statements and for ensuring the regularity of the financial transactions. The responsibility includes designing, implementing and maintaining internal controls 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 complies with ethical requirements and plans and performs 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 judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 or expressing an opinion on the effectiveness of the entity's internal controls. 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

During the audit the following observations were made:

4.1 Unrecorded liabilities

Unrecorded liabilities to the amount of N\$ 144 976 were detected by the auditors. According to the auditors there is a difference of N\$ 48 925 related to creditors.

As a result of the above Council's liabilities at year end has been understated.

4.2 VAT Control Account

The Municipal's financial statements reflect a debt receivable of N\$ 1 358 775 while records from the Inland Revenue indicate a debt payable amount of just over N\$ 3 100 000.

If Council's balance are to be corrected this would result in an adjustment of just over N\$ 4 500 000.

4.3 Investment – Erongo RED

The Municipal's financial statements do not reflect its 2.5% shareholding in Erongo RED nor their capital contributions e.g. cash and electrical assets.

4.4 Investments – interest overstatement

On the auditors reconciliation of interest earned from investments a material difference of N\$ 194 857 was detected. This was due to an incorrect journal adjustment against interest from debtors account. The Revenue account of interest income was thus understated while the Fund accounts were overstated.

4.5 Recoverability of debtors

As reported in prior year, it was noted that debtors outstanding at 120 days remained at alarming levels, with prospects of recovery slowly fading. This raise serious concerns on the effectiveness of internal control over this significant asset of the Municipality. Debt at 120 days comprised of 81% of total debt (2009: 73%).

Based on the provision for doubtful debts, which the auditors are satisfied with, there remain only a 19% recoverable debt of the total debt of N\$ 2 660 637. This negative trend would most probable exert pressure on Council cash flow position in future and would force it to use investments for capital projects to finance operational activities.

The current debt/credit control policy is inadequate to address the above situation.

4.6 Debtors

Debtors with credit balances

The auditors detected that numerous credit balance accounts on their sample tested were due to the omittance of debit transactions. These accounts with errors totaled N\$ 371 104.

Erongo RED

The Council disclosed an amount of N\$ 211 792 as an outstanding surcharge receivable from Erongo RED. The auditors' procedures detected that this was a non-existent receivable as Erongo RED has paid up all its surcharges for the year under review. This balance should have been allocated to a debtors account which was reflecting an incorrect credit balance.

NATIS debt receivable

The above debtor was understated by an amount of N\$ 34 368 due to the incorrect treatment of VAT in the ledger.

4.7 Bank reconciliation

The bank reconciliation of 30 June 2010 contained a cancelled cheque to the amount of N\$ 56 407. This resulted into an overstatement of the bank overdraft at year end.

4.8 Budget recommendations and overspending

It's with grave concern that the auditors noted that Council did not comply with the Ministerial recommendations on its budget for the 2009/2010 financial year. No Council correspondence to validate its deviation from these recommendations could be provided to the auditors.

The auditors also found that numerous expense votes were over-spend compared to the approved budget and no Council virementation and Ministry approval was obtained.

4.9 Capital projects

The Municipality budgeted N\$ 8 010 000 for capital projects of which a mere N\$ 1 587 366 was actually spend or implemented. This is a serious concern since capital projects are revenue generating and essential to the development of Omaruru as a town.

5. ACKNOWLEDGEMENT

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

6. FINANCIAL RESULTS

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

2010	Revenue	Expenditure	(Deficit)/ Surplus	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit: 01/07/2009				(693 379)
General accounts				
Rates and general	6 799 536	8 822 780	(2 023 243)	
Self-supporting	2 548 563	3 097 585	(549 022)	
Trade accounts				
Water	2 658 229	1 325 653	1 332 576	
Electricity*	941 302	455 766	485 536	
Deficit for the year	12 947 630	13 701 784	(754 154)	(754 154)
Adjustments and utilization detailed in Note 10 to the financial statements				(1 447 533)
Accumulated deficit 30/06/2010				(1 158 443)
				(2 605 976)

* See paragraph 10.1

7. CURRENT BANK ACCOUNT

The current bank account reflected an overdrawn cash-book balance of N\$ 1 396 067 (2009: N\$ 644 541). Outstanding cheques and other transactions totalling N\$ 1 201 063 (2009: N\$ 644 199), resulted in the bank statement reflecting an unfavourable balance of N\$ 195 004 (2009: N\$ 342 unfavourable).

A cancelled cheque amounting N\$ 56 407 was still reflected on the bank reconciliation.

8. INVESTMENTS AND INTEREST PROCEEDS

On 30 June 2010 there was N\$ 10 833 922 (2009: N\$ 8 880 522) invested at a commercial bank on a call account. The Build Together Funds were invested in a separate call account, which had a balance of N\$ 3 499 769 (2009: N\$ 2 302 604) at year-end.

The investments and interest earned were allocated as follows:

Allocation	2010		2009	
	Investment	Interest	Investment	Interest
	N\$	N\$	N\$	N\$
Build Together Fund	3 499 769	257 666	2 302 604	187 487
Capital Development Fund	8 899 458	658 700	7 011 515	603 093
Housing Fund	1 934 464	69 065	1 869 007	144 234
	14 333 691	*985 431	11 183 126	934 814

* The above interest allocated to funds were overstated by an amount of N\$ 194 858. Actual interest earned from financial institutions only amounted to N\$ 790 573.

9. FUND ACCOUNTS

The Municipality had the following funds and reserves at the end of the year:

	2010	2009
	N\$	N\$
Build Together Fund	4 580 186	3 107 831
Capital Development Fund	21 726 862	19 489 005
Housing Fund	2 417 794	2 245 474
Revenue Account	(2 605 976)	(693 379)
Contribution from Revenue	1 351 922	1 542 684
General Capital	4 247 076	4 594 043
Loans Redeemed	3 200 898	2 794 296
	34 918 762	33 079 954

10. TRADE ACCOUNTS

10.1 The results of operations were as follows:

	Electricity		Water	
	2010	2009	2010	2009
	N\$	N\$	N\$	N\$
Surcharges/sales	941 302	941 272	2 623 851	1 992 353
Gross profit	941 302	941 272	2 623 851	1 992 353
Other expenses (net)	(455 766)	(70 002)	(1 291 275)	(723 389)
NET SURPLUS	485 536	871 270	1 332 576	1 268 964
Net profit % on sales	51.58%	92.56%	50.79%	63.69%

As from 01 July 2005, the Council is no longer selling electricity as this function has been taken over by Erongo RED.

10.2 Distribution losses were:

	Water	
	2010	2009
	m ³	m ³
Units bought/pumped	621 760	582 360
Units sold	504 889	434 289
(LOSS)	(116 871)	(148 071)
Percentage	(18.80%)	(25.43%)

The distribution loss on water has decreased however, Council should still make efforts to reduce this loss.

11. SELF-SUPPORTING SERVICES

The net results were as follows:

	2010	2009
	N\$	N\$
Commonage	88 885	75 006
Waste management	(522 575)	-
Sewerage	(110 152)	224 239
Natis Agency	(5 180)	119 429
Net (deficit) surplus	(549 022)	418 674

12. FRUITLESS/UNAUTHORISED OR AVOIDABLE EXPENDITURE

No fruitless or unauthorized expenditure was revealed during the year.

13. SUSPENSE ACCOUNTS

Council maintained the following suspense account in its general ledger:

	2010	2009
	Balance	Balance
	N\$	N\$
Direct deposits – no receipts	-	(289 019)
Creditors suspense account	-	(67 720)
Debtors suspense accounts	974 454	1 897 937

14. IRREGULARITIES AND LOSSES

No irregularities or losses were detected during the audit.

15. CAPITAL PROJECTS

The following expenditure was incurred during the year under review for capital projects or acquisitions:

Nature of project/acquisitions	Total expenditure 2010	Financed by
		Internal loans
	N\$	N\$
Infrastructure	1 311 960	1 311 960
Buildings	248 066	248 066
Plant and equipment	27 340	27 340
	1 587 366	1 587 366

Nature of project/acquisitions	Total expenditure 2009	Financed by
		Internal loans
	N\$	N\$
Infrastructure	330 150	330 150
Buildings	41 127	41 127
Vehicles	573 485	573 485
Capital work-in-progress	278 792	278 792
	1 223 554	1 223 554

16. BURSARIES

No bursaries were granted during the year.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

No contributions, grants or financial aid were made during the year.

18. COMPENSATION PAYMENTS

No compensation payments were made during the year.

19. VISITS TO FOREIGN COUNTRIES

During the 2010 financial year, one Councilor, three Officials of the Municipality and two community members visited Vannersbürg in Sweden at a cost of N\$ 30 689.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

No claims for losses were received during the year.

21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

	2010	2009
	N\$	N\$
Martin Luther High School	3 000	-
Ubasen Primary School	500	-
Paheje Primary School	500	-
Gift for Swedish Delegation	8 000	-
Hakahana Kindergarten	-	450

22. TRANSFER OF PROPERTY

No Government property was transferred to or from the Municipality during the year.

23. DEBTORS/CREDITORS

23.1 Debtors at 30 June were:

	2010	2009
	N\$	N\$
Consumers, combined billing	2 660 637	2 931 291
- Build Together debtors	1 080 417	805 227
- VAT	1 358 776	1 109 521
- Sundry debtors	974 454	1 897 937
	6 074 284	6 743 976
Current portion of housing loan installments	1 875	1 875
	6 076 159	6 745 851
Less: Provision for doubtful debts	(2 156 454)	(707 146)
	3 919 705	6 038 705

23.2 Creditors at 30 June were:

	2010	2009
	N\$	N\$
Trade creditors	340 346	221 351
Provisions	430 573	793 240
Consumer deposits	217 131	-
Suspense account – direct deposits	-	289 019
Current portion of long-term liabilities	83 955	76 285
	1 072 005	1 379 895

24. ASSESSMENT RATES

Net proceeds from assessment rates were N\$ 1 246 833 (2009: N\$ 1 800 008).

The Council provided for the Regional Council levy of N\$ 90 701 (2009: N\$ 249 461), which is payable to the Regional Council in terms of Section 77(1) of the Act.

25. LOANS

25.1 External capital loan balances at 30 June 2010 were N\$ 2 241 784 (2009: N\$ 2 318 069). The balances correspond with the balances as per actuarial tables and the general ledger. Arrear installments amounted to N\$ nil (2009: N\$ 158 381) at year-end. The Municipality has identified loans amounting to N\$ 473 340 (2009: N\$ 473 340) as pre-independence loans. Government has offered the write-off of these loans in return for land. During the 2009 financial year loans amounting to N\$ 326 628 were written off by Council, without the Government conditions being fulfilled.

Loan assets were correctly capitalized and no loan assets had been disposed of before the loan was completely redeemed. Loan monies were used for the purpose they were obtained for and there were no unspent loan monies of a long-term nature.

25.2 Internal loan balances at 30 June 2010 were N\$ 10 439 094 (2009: N\$ 9 182 045). All loans advanced during the year were provided for in Council's Capital Budget, except for prepaid water meters bought at a cost of N\$ 269 948.

25.3 The Housing Fund loans were as follows at 30 June:

	2010	2009
	N\$	N\$
Owing by the Municipality to the Government on 35 loans:	270 314	270 314
Owing by three (2009: three) borrowers to the Municipality	1 875	1 875

It has been noted with concern that the Housing Fund activities are not reflecting any movement during the past four years.

26. SALE OF ERVEN

Erven were sold for N\$ 795 378 (2009: N\$ 3 110 397). The revenue was allocated to the Capital Development Fund.

27. PROPERTY SOLD ON AN INSTALMENT BASIS

The balance at 30 June 2010 remaining of erven sold on an instalment basis were N\$ 542 644.

28. TARIFF ADJUSTMENTS

Tariff adjustments were all in accordance with the relevant Government notice.

29. APPROVALS

29.1 Revenue written off

No debts were written off during the year.

29.2 Excess on approved budget

No approval was obtained for overspending amounting to N\$ 474 150 (2009: N\$ 794 458) on votes.

29.3 Internal loans

All internal loans made during the year were approved.

30. INVENTORY AND EQUIPMENT

30.1 Inventory

Inventories as disclosed in the financial statements of the Council amount to N\$ 80 807 (2009: N\$ 175 361).

30.2 Motor Vehicles

	Sedans, LDV's, combi's and trailers		Heavy vehicles (Lorries and busses)	
	Number	Value	Number	Value
On hand 01/07/2009	13	N\$ 334 534	17	N\$ 647 287
Adjustment*	(2)	(107 897)	(5)	(16 304)
Additions	-	-	-	-
	11	226 637	12	630 983
Less: Depreciation	-	(25 523)	-	(4 935)
On hand 30/06/2010	11	201 114	12	626 048

Based on Council information total litres of fuel consumed amounted to 30 955 litres. The kilometers information provided were unrealistic and were thus not disclosed.

31. SPECIAL INVESTIGATIONS FACTUAL FINDINGS

No special investigations were carried out during the year under review.

32. FORMAL AND INFORMAL QUERIES

Formal queries are embodied in this report.

The following informal queries were addressed in the report to management of the Municipality:

- Liabilities and expenditure
- Fixed assets
- Investments
- Inventory
- Accounts receivables and revenue
- Payroll
- Cash and bank
- General and funds

According to the Council all these issues will be dealt with during the next financial year.

33. GENERAL

The accounting and internal controls are satisfactory except for those cases specifically pointed out in the management letter to Council. Proper segregation of duties is not possible due to the small number of staff employed. While increased management involvement does reduce risks partly, it causes the risk that management and Council override existing controls, a potentially dangerous practice, which Council should vigilantly guard against.

34. QUALIFIED AUDIT OPINION

The accounts of the Municipality of Omaruru for the financial year ended 30 June 2010, summarized in Annexures 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.

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

- Unrecorded liabilities amounting to N\$ 193 901.
- VAT control account misstated by an amount of over N\$ 4 500 000 million.
- Non-disclosure of the Erongo-red investment.
- Fund accounts interest overstated by an amount of N\$ 194 857.
- Non-existent Erongo-red debtor of N\$ 211 792.
- Over-statement of bank overdraft balance by N\$ 56 407.

Except for the effect of any adjustments which might have been necessary as referred to above, in my opinion, these financial statements fairly present the financial position of the Municipality at 30 June 2010, and the results of operations and cash-flows for the year then ended in accordance with generally accepted accounting practice.

MUNICIPALITY OF OMARURU

ANNEXURE A

BALANCE SHEET AT 30 JUNE

	Notes	2010 N\$	2009 N\$
ASSETS			
Non-current assets			
Property, plant and equipment	4	21 480 774	20 431 137
Investments	5	14 333 691	11 183 126
Current assets			
Inventories	6	80 807	175 361
Accounts receivable	7	3 919 705	6 038 705
Total assets		39 814 977	37 828 329
EQUITY AND LIABILITIES			
Equity			
Funds and reserves	2	34 918 762	33 079 954
Non-current liabilities			
Long-term liabilities	3	2 428 143	2 723 939
Current liabilities			
Accounts payable	8	1 072 005	1 379 895
Bank overdraft		1 396 067	644 541
Total equity and liabilities		39 814 977	37 828 329

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		N\$	N\$
INCOME		12 947 630	8 015 813
EXPENDITURE		<u>(13 701 784)</u>	<u>(8 427 992)</u>
NET OPERATING (LOSS)		(754 154)	(412 179)
Investment interest on revenue account		<u>-</u>	<u>-</u>
NET (LOSS) for the year		(754 154)	(412 179)
Adjustments to appropriation account	10	<u>(1 158 443)</u>	<u>1 962 490</u>
Retained (deficit) surplus for the year		(1 912 597)	1 550 311
ACCUMULATED (DEFICIT)			
– At the beginning of the year		<u>(693 379)</u>	<u>(2 243 690)</u>
– At the end of the year	2	<u>(2 605 976)</u>	<u>(693 379)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		N\$	N\$
Cash generated (utilised) by operating activities			
Cash receipts from customers		12 947 630	8 015 813
Cash paid to suppliers		(12 954 563)	(12 797 575)
Cash generated (utilized) by operating activities	11	(6 933)	(4 781 762)
Cash available for investment		(6 933)	(4 781 762)
Cash effects on investing activities		(4 200 202)	(1 186 353)
Nett capital expenditure		(1 049 637)	(663 676)
(Increase) in investments		(3 150 565)	(522 677)
Cash effects on financing activities		3 455 609	6 633 448
(Decrease)/increase in capital outlay		(131 127)	2 060 708
Net proceeds from statutory funds	9	3 882 532	4 970 157
Loans repaid		(295 796)	(397 417)
Net change in cash and cash equivalents		(751 526)	665 333
Cash and cash equivalents at the beginning of the year		(644 541)	(1 309 874)
Cash and cash equivalents at the end of the year		(1 396 067)	(644 541)

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE

1. ACCOUNTING POLICIES

The financial statements set out in Annexure A to D were prepared on the historical cost basis and incorporate the following principal accounting policies, which are consistent with those applied in the previous years:

1.1 Property, plant and equipment

Property, plant and equipment 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 Council from time to time. Property, plant and equipment 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 Inventory

Inventory is valued using the average cost basis. Obsolete stock is written off.

1.3 Fund accounts**1.3.1 Revenue Account**

All monies received by and accrued to and expenses paid, except for allocations to other Funds, are reflected in this account, and are kept in compliance with Section 86(1)(b) of the Act.

1.3.2 Housing Fund

Housing loans have been paid from this Fund. Sections 30(1)(i) and 57 to 62 of the Act, 1992, refer.

1.3.3 Reserve Funds

The Municipality also maintains the following Fund in terms of the authorisation in Section 80(4) of the Act:

1.3.4 Capital Development Fund

The purpose is to stabilize the financial position. Income is obtained from the Revenue Account.

1.3.5 Build Together Fund

The purpose is to provide loans for low cost housing.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE

	2010	2009
	N\$	N\$
2. FUNDS AND RESERVES		
Build Together Fund	4 580 186	3 107 831
Capital Development Fund	21 726 862	19 489 005
Housing Fund	2 417 794	2 245 474
Revenue Account	(2 605 976)	(693 379)
Total	26 118 866	24 148 931
CAPITAL OUTLAY		
Contribution from revenue	1 351 922	1 542 684
General capital	4 247 076	4 594 043
Loans redeemed	3 200 898	2 794 296
	8 799 896	8 931 023
TOTAL FUNDS AND RESERVES	34 918 762	33 079 954
3. LONG TERM LIABILITIES		
Loans from the Government of Namibia at interest rates of:		
- Lower than 5%	270 314	270 314
- 5% to 9%	1 139 817	1 195 519
- 12%	1 101 967	1 122 550
	2 512 098	2 588 383
Deposits held	-	211 841
		2 800 224
Less: Current portion of liabilities included under current liabilities	(83 955)	(76 285)
	2 428 143	2 723 939
4. PROPERTY, PLANT AND EQUIPMENT		
At net book value:		
Infrastructure	14 801 728	13 885 616
Buildings	4 233 640	4 135 357
Vehicles	827 162	857 620
Plant and equipment	1 618 244	1 552 544
	21 480 774	20 431 137

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE

	2010	2009
	N\$	N\$
5. INVESTMENTS		
Moneys on call at a commercial bank	14 333 691	11 183 126
6. INVENTORIES		
Consumable goods in store	80 807	175 361
7. ACCOUNTS RECEIVABLE		
Sundry debtors	3 415 522	3 814 560
Consumers	2 660 637	2 931 291
	<u>6 076 159</u>	<u>6 745 851</u>
Less: Provision for doubtful debts	(2 156 454)	(707 146)
	3 919 705	6 038 705
8. ACCOUNTS PAYABLE		
Creditors	340 346	221 351
Provisions	430 573	793 240
Current portion of long-term liabilities	83 955	76 285
Consumer deposits	217 131	-
Suspense accounts	-	289 019
	1 072 005	1 379 895
9. TRANSFER TO FUNDS		
The following amounts were transferred Funds:		
Build Together Fund	1 472 355	218 361
Capital Development Fund	2 237 857	4 549 416
Housing Fund	172 320	202 380
	3 882 532	4 970 157

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE

	2010	2009
	N\$	N\$
10. ADJUSTMENTS AND UTILISATIONS - REVENUE ACCOUNT		
Correction of levies	-	(33 311)
Clearing of suspense accounts	-	1 187 423
Various expenditures	(23 135)	(54 307)
Accrued leave adjustment	314 000	(211 750)
Provision for bad debts	(1 449 308)	1 041 960
Sundry revenue	-	32 475
	(1 158 443)	1 962 490
11. CASH (UTILIZED)/GENERATED BY OPERATIONS		
Operating (loss) before interest and adjustments	(754 154)	(412 179)
- Adjustments and utilizations	(1 158 443)	-
Working capital changes		
Decrease in inventories	94 554	517 701
Decrease (increase) in accounts receivable	2 119 000	(2 987 459)
(Decrease) in accounts payable	(307 890)	(1 899 825)
	(6 933)	(4 781 762)