



**REPUBLIC OF NAMIBIA**

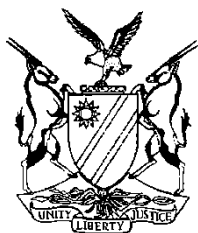


**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**  
**MUNICIPALITY OF OUTJO**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

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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 Outjo for the financial year ended 30 June 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, January 2013**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF  
THE MUNICIPALITY OF OUTJO  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

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**1. INTRODUCTION**

The accounts of the Municipality of Outjo for the year ended 30 June 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, 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. Deficits are indicated in brackets.

**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 misstatements, 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, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

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 Loans in arrears

External Government loans are, as in previous years, not repaid but the repayments are provided for as arrear loan instalments. The total instalments in arrears amount to N\$ 2 368 853 (2011: N\$ 2 215 802).

No interest on overdue amounts due to Government has been provided for.

##### 4.2 Trade and other receivables- Provision for bad debts

The average collection period of trade receivables is 334 days (2011: 424 days). As previously reported, the Council should attend to the arrears as a matter of urgency.

##### 4.3 Deposit on services

Deposits for services do not cover one month's service fees.

#### 5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Outjo 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 deficit on 01/07/2011				(8 427 307)
<b>General accounts</b>				
- Non-profitable services	6 329 625	9 661 722	(3 332 097)	
- Self-supporting services	5 205 329	3 781 133	1 424 196	
<b>Trade accounts</b>				
- Electricity	1 157 940	91 398	1 066 542	
- Water	8 129 402	2 864 802	5 264 600	
Surplus for the year	20 822 296	16 399 055	4 423 241	4 423 241
Adjustments and utilisations (See Note 11, Annexure D)				(4 004 066) 743 406
Accumulated deficit on 30/06/2012				<b>(3 260 660)</b>

#### 7. CURRENT BANK ACCOUNT

	2012	2011
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	440 272	(92 727)
Outstanding cheques	763 139	352 033
Outstanding deposits	(54 107)	(41 825)
Balance as per bank statement	<b>1 149 304</b>	<b>217 481</b>

## 8. INVESTMENTS

The investments as at 30 June were as follows:

<b>Institution</b>	<b>2012</b>	<b>2011</b>
	<b>Investment</b>	<b>Investment</b>
	N\$	N\$
Commercial banks	7 845 047	5 533 923
	<b>7 845 047</b>	<b>5 533 923</b>
<b>Distribution</b>		
Capital Reserve Fund	5 000	481 825
Housing/Build Together Fund	3 198 931	791 074
Ablutions Settlement Area Fund	129 090	190 407
Social Housing Program	2 615 217	2 048 777
Informal Settlement Upgrading	1 449 344	2 000 000
Sport & Social Fund	-	21 840
Water Tower Restoration Fund	8 102	-
Income	439 363	-
	<b>7 845 047</b>	<b>5 533 923</b>

## 9. FUND ACCOUNTS

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

## 10. TRADE ACCOUNT

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

	<b>Electricity</b>		<b>Water</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	N\$	N\$	N\$	N\$
Surcharge/sales	1 157 940	1 157 940	8 125 976	7 420 812
Cost of sales	-	-	-	-
Gross surplus	1 157 940	1 157 940	8 125 976	7 420 812
Other expenses	(91 398)	(238 663)	(2 861 376)	(2 203 287)
<b>Net surplus</b>	<b>1 066 542</b>	<b>919 277</b>	<b>5 264 600</b>	<b>5 217 525</b>
Net surplus percentage on sales	92.1%	79.4%	64.8%	70.3%

### 10.2 Distribution results

No distribution results were available as Cenored supply the electricity and the water are pumped from municipal boreholes.

## 11. SELF-SUPPORTING SERVICES

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

Service	Income 2012	Expenses 2012	Surplus/ (Deficit) 2012	Surplus/ (Deficit) 2011
	N\$	N\$	N\$	N\$
Abattoir	9 184	2 158	7 026	4 907
Cleansing services	1 532 038	2 414 436	(882 398)	(803 006)
Sewerage and plunger	3 659 399	1 340 527	2 318 872	1 542 300
Sidings and industrial plots	4 708	24 012	(19 304)	(15 281)
	<b>5 205 329</b>	<b>3 781 133</b>	<b>1 424 196</b>	<b>728 920</b>

As reported in the previous year, the Council must turn the loss making services into self-supporting services.

## 12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

There were no such expenses.

## 13. SUSPENSE ACCOUNTS

Suspense accounts are cleared on a regular basis.

## 14. IRREGULARITIES AND LOSSES

There were no irregularities or losses during the period under review.

## 15. CAPITAL PROJECTS

The following were spend on capital projects:

Nature of projects/acquisitions	Financed by		Total expenditure 2012	Total expenditure 2011
	Revenue account	General capital		
	N\$	N\$	N\$	N\$
Cleansing services	4 696	-	4 696	188 857
Council's general expenses	151 739	-	151 739	182 158
Housing	9 040	1 949 227	1 958 267	451 223
Streets, roads and storm water	137 100	946 107	1 083 207	259 502
Town Clerk/Treasurer	2 796	6 970	9 766	799 978
Town planning	42 221	-	42 221	387 068
Water supply	97 643	575 711	673 354	-
Workshop	35 226	-	35 226	-
Natis				11 947
	<b>480 461</b>	<b>3 478 015</b>	<b>3 958 476</b>	<b>2 280 733</b>

The capital statement for revenue assets purchased reflected an amount of N\$ 234 876 more than the income statements.

## 16. STUDY LOANS/BURSARIES

No bursaries were granted during the year.

**17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID**

No amount was received or given as contributions or grants during the year under review.

**18. COMPENSATION PAYMENTS**

No compensation payments were made during the year under review.

**19. VISITS TO FOREIGN COUNTRIES**

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

**20. CLAIMS AGAINST THE LOCAL AUTHORITY**

There were no claims against the Municipality.

**21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY**

The Municipality made the following gifts/donations:

<b>Nature of gift/donation</b>	<b>Value</b>
	N\$
Donation : High School	450
Donation : Primary School	450
Donation : Private School	450
Donation : Ugab School	450
Donations : Other	4 888
Free services	9 600
Subsidies to pensioners and indigent people	598 706
	<b>614 994</b>

**22. TRANSFER OF PROPERTY**

No transfer of property has been made to / from Government for the period under review.

**23. TRADE AND OTHER RECEIVABLES/TRADE AND OTHER PAYABLES****23.1 Trade and other receivables at 30 June were:**

	<b>2012</b>	<b>2011</b>
	N\$	N\$
Consumers	14 843 176	16 789 970
Cash not banked	-	1 742 209
VAT receivable	39 373	692 401
Sundries	1 274 067	683 862
	16 156 616	19 908 442
Provision for bad debts	(12 856 153)	(12 765 068)
Total	<b>3 300 463</b>	<b>7 143 374</b>
<b>Analysis of services and general debtors:</b>		
Average monthly levy	1 352 057	1 203 991
Debtors	14 843 176	16 789 970
Average credit terms in days	334	424

### 23.2 Trade and other payables at 30 June were:

	<b>2012</b>	<b>2011</b>
	N\$	N\$
Trade payables	339 082	164 220
Provisions	2 803 104	1 443 135
Amounts received in advance	368 368	265 759
Loan instalments in arrears	2 368 853	2 215 802
Sundry payables	1 367 303	427 343
<b>Totals</b>	<b>7 246 710</b>	<b>4 516 259</b>

### 24. ASSESSMENT RATES

	<b>2012</b>	<b>2011</b>
	N\$	N\$
The net proceeds from assessment rates were	1 521 662	1 442 702
Paid to the Regional Council	76 083	72 135
Tariffs per N\$1 valuation per month		
- Land	0.1100	0.1100
- Improvements	0.0160	0.0160

### 25. LOANS

#### 25.1 External loans

	<b>2012</b>	<b>2011</b>
	N\$	N\$
External loans - Government	1 211 119	1 247 650
Instalment sale agreements	191 143	280 640
	<b>1 402 262</b>	<b>1 528 290</b>

#### 25.2 Internal loans

There are no internal loans.

### 26. SALE OF ERVEN

There were no proper records to test the sale of erven.

### 27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

No properties were sold on an instalment basis during the year under review.

### 28. TARIFF ADJUSTMENTS

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

### 29. APPROVALS

All overspending was approved by the Council.



## **30. INVENTORY AND EQUIPMENT**

### **30.1 Motor vehicles and values thereof**

The auditors could not obtain satisfactory information regarding the movement of motor vehicles.

### **30.2 Inventory**

Adequate systems of control over and recording of inventory were maintained.

Inventory counts are performed twice per annum.

Slow moving inventory was identified and adequate provision has been made for obsolete items.

Housekeeping is up to standard.

## **31. SPECIAL INVESTIGATIONS**

There were no special investigations during the period under review.

## **32. GENERAL**

The accounting and internal controls are not satisfactory, except where indicated otherwise in this report. Proper segregation of duties does exist. While increased management involvement does reduce risks, the risk arises that management and Council override existing controls, a potentially dangerous practice which the Municipality should vigilantly guard against. The integrity of staff in appropriate positions should however be reviewed to ensure that qualified personnel are employed in respective positions.

## **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 Outjo Municipality for the financial year ended 30 June 2012, 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.

A qualified audit opinion is being expressed due to the following reasons:

### **Loans in arrears**

External Government loans are, as in previous years, not repaid but the repayments are provided for as arrear loan instalments. The total instalments in arrears amount to N\$ 2 368 853.

No interest on overdue amounts due to Government has been provided for.

### **Motor vehicles and values**

The auditors could not obtain satisfactory information regarding the movement of motor vehicles.

### **Internal Control**

The accounting and internal controls are not satisfactory.

Except for the above-mentioned remark of the matter referred to in the preceeding paragraph, I certify that, in my opinion, the financial statements fairly present the financial position of the municipality at 30 June 2012 and the results of its operations and cash flow for the year then ended in the manner required by the Local Authorities Act, 1992, and the State Finance Act, 1991.

**WINDHOEK, January 2013**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## THE MUNICIPALITY OF OUTJO

## BALANCE SHEET AT 30 JUNE

	Notes	2012 N\$	2011 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>		31 383 489	27 227 038
Property, plant and equipment	2	17 620 837	15 530 527
Investments	3	7 845 047	5 533 923
Loans receivable - Housing Funds		5 917 605	6 162 588
<b>Current assets</b>		3 928 420	7 244 687
Trade and other receivables	4	3 300 463	7 143 374
Inventories	5	185 720	100 232
Bank and cash	6	442 237	1 081
<b>TOTAL ASSETS</b>		<b>35 311 909</b>	<b>34 471 725</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>		26 281 205	27 994 966
Capital outlay	7	16 218 575	14 002 237
Funds and accounts	8	10 062 630	13 992 729
<b>Non-current liabilities</b>			
Long-term loans	9	1 783 994	1 867 773
<b>Current liabilities</b>		7 246 710	4 608 986
Trade and other payables	10	7 246 710	4 516 259
Bank overdraft	6	-	92 727
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>35 311 909</b>	<b>34 471 725</b>

## THE MUNICIPALITY OF OUTJO

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2012</u>	<u>2011</u>
		N\$	N\$
INCOME		20 822 296	19 008 760
EXPENDITURE		<u>16 399 055</u>	<u>14 982 267</u>
NET OPERATING SURPLUS		4 423 241	4 026 493
APPROPRIATION ACCOUNT	11	<u>743 406</u>	<u>(4 001 686)</u>
NET SURPLUS AFTER APPROPRIATIONS		5 166 647	24 807
REVENUE ACCOUNT			
- Beginning of the year		<u>(8 427 307)</u>	<u>(8 452 114)</u>
REVENUE ACCOUNT - End of the year		<u><b>(3 260 660)</b></u>	<u><b>(8 427 307)</b></u>

## THE MUNICIPALITY OF OUTJO

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	<u>Note</u>	<u>2012</u>	<u>2011</u>
		N\$	N\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		20 822 296	19 008 760
Cash paid to suppliers		<u>(9 167 775)</u>	<u>(21 316 589)</u>
Cash generated/(utilised) by operations	12	11 654 521	(2 307 829)
(Decrease)/increase in Fund accounts		(9 096 746)	3 380 212
Increase in Capital outlay		<u>2 216 338</u>	<u>2 135 787</u>
Net cash flow from operating activities		<u>4 774 113</u>	<u>3 208 170</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net capital (expenditure)/revenue		(2 090 310)	1 914 363
Increase in investments		(2 311 124)	(4 235 566)
Decrease/(increase) in loans receivable		<u>244 983</u>	<u>(821 422)</u>
		<u>(4 156 451)</u>	<u>(3 142 625)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
(Decrease)/increase in long-term liabilities		<u>(83 779)</u>	<u>83 956</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		533 883	149 501
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR		<u>(91 646)</u>	<u>(241 147)</u>
CASH AND CASH EQUIVALENTS - END OF THE YEAR		<u><b>442 237</b></u>	<u><b>(91 646)</b></u>

**THE MUNICIPALITY OF OUTJO****NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

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**1. ACCOUNTING POLICIES****1.1 Introduction**

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

**1.2 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.

**1.3 Fund accounts**

The following Funds were maintained:

**1.3.1 Housing Fund**

The purpose of this Fund is to provide for housing loans. Income for the Fund is derived from interest earned on secured housing loans and investments as well as from profits made on the resale of Housing Scheme houses. Interest paid on external housing loans is charged to this Fund.

**1.3.2 Capital Reserve Fund**

The purpose of this Fund is to build up a general capital reserve to ensure a stable financial position. Income from this Fund is derived from general revenue contributions and interest earned on internal loans and investments.

**1.3.3 Water Tower Restoration Fund**

The purpose of this Fund is to accumulate reserves to restore the water tower.

**1.3.4 Decentralized Single Quarter Fund**

The purpose of this Fund is to upgrade the single quarters in Etoshapoort. Income is derived from Government grants.

**1.3.5 Sport and Social Fund**

The purpose of this Fund is to utilize available funds for sport recreational purposes for staff employed by the Municipality.

**1.4 Capital redemption on loans**

Capital redemption on external and internal loans is charged against income. A similar amount is credited to the Loan Redemption account for the duration of the loans. As and when the loan is fully redeemed, the loan amount is to be transferred to the Revenue Contribution Capital Account.

## THE MUNICIPALITY OF OUTJO

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE  
(continued)**1.5 Inventory**

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

	<b>2012</b>	<b>2011</b>
	N\$	N\$
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
Income assets	5 381 217	5 741 263
Loan assets	1 866 278	1 866 278
General capital assets	10 373 342	7 922 986
Total	<b>17 620 837</b>	<b>15 530 527</b>

**3. INVESTMENTS**

## INVESTMENTS

Commercial banks	7 845 047	5 533 923
	<b>7 845 047</b>	<b>5 533 923</b>

## ALLOCATED AS FOLLOWS

Capital Reserve Fund	5 000	481 825
Housing/Build Together Fund	3 198 931	791 074
Ablutions Settlement Area Fund	129 090	190 407
Social Housing Program	2 615 217	2 048 777
Informal Settlement Upgrading	1 449 344	2 000 000
Sport & Social Fund	-	21 840
Water Tower Restoration Fund	8 102	-
Income	439 363	-
	<b>7 845 047</b>	<b>5 533 923</b>

**4. TRADE AND OTHER RECEIVABLES**

Consumers	14 843 176	16 789 970
Cash not banked	-	1 742 209
VAT receivable	39 373	692 401
Sundries	1 274 067	683 862
	16 156 616	19 908 442
Provision for bad debts	(12 856 153)	(12 765 068)
	<b>3 300 463</b>	<b>7 143 374</b>

## THE MUNICIPALITY OF OUTJO

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

	<b>2012</b>	<b>2011</b>
	N\$	N\$
<b>5. INVENTORIES</b>		
Fuel and stores	<b>185 720</b>	<b>100 232</b>
<b>6. BANK AND CASH</b>		
Current account - Municipality operating account	440 272	(92 727)
Petty cash	1 965	1 081
	<b>442 237</b>	<b>(91 646)</b>
<b>7. CAPITAL OUTLAY</b>		
Loans redeemed	464 016	337 988
Revenue contributions	5 381 217	5 741 263
General capital contributions	10 373 342	7 922 986
	<b>16 218 575</b>	<b>14 002 237</b>
<b>8. FUNDS, ACCOUNTS AND RESERVES</b>		
Capital Reserve Fund	5 000	11 197 347
Water Tower Restoration Fund	8 103	8 002
Sport and Social Fund	-	21 840
Ablutions Settlement Area Fund	129 090	190 407
Informal Settlement Upgrading Fund	1 449 344	2 000 000
Housing/Build Together Funds	9 116 536	6 953 663
Social Housing Fund	2 615 217	2 048 777
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(3 260 660)	(8 427 307)
	<b>10 062 630</b>	<b>13 992 729</b>
<b>9. LONG-TERM LIABILITIES</b>		
External loans - Government	1 211 119	1 247 650
Instalment sale agreements	191 143	280 640
Consumer deposits	381 732	339 483
	<b>1 783 994</b>	<b>1 867 773</b>



## THE MUNICIPALITY OF OUTJO

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

	<b>2012</b>	<b>2011</b>
	N\$	N\$
<b>10. TRADE AND OTHER PAYABLES</b>		
Trade payables	339 082	164 220
Provisions	2 803 104	1 443 135
Amounts received in advance	368 368	265 759
Loan instalments in arrears	2 368 853	2 215 802
Sundry payables	1 367 303	427 343
	<b>7 246 710</b>	<b>4 516 259</b>
<b>11. ADJUSTMENTS TO APPROPRIATION ACCOUNT</b>		
Bad debts written off	-	(152 521)
Consolidation Funds	-	713 171
Debtor adjustments	9 581	(473 570)
Investment	-	2 237
Other expenses/income	30 447	(51 669)
Provision for bad debts	(8 236 881)	(2 886 939)
Provision for P.A.Y.E. interest	(332 867)	-
Previous year expenditure	(3 049 492)	-
Previous year income	389 691	
Regional Council	566 450	
Stale cheques previous year	28 853	10 125
Transfer from Capital Reserve fund	11 337 624	-
VAT dismissed	-	(1 162 520)
	<b>743 406</b>	<b>(4 001 686)</b>
<b>12. CASH GENERATED/(UTILISED) BY OPERATIONS</b>		
Net operating surplus before interest and transfers	4 423 241	4 026 493
Adjustments for:		
- Adjustments to appropriation account	743 406	(4 001 686)
<b>OPERATING SURPLUS BEFORE CHANGES IN WORKING CAPITAL</b>	<b>5 166 647</b>	<b>24 807</b>
<b>CHANGES IN WORKING CAPITAL</b>		
Decrease/(Increase) in trade and other receivables	3 842 911	(440 146)
Increase in inventories	(85 488)	(53 998)
Increase/(Decrease) in trade and other payables	2 730 451	(1 838 492)
	<b>6 487 874</b>	<b>(2 332 636)</b>
<b>CASH GENERATED/(UTILISED) BY OPERATIONS</b>	<b>11 654 521</b>	<b>(2 307 829)</b>