



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF OUTJO
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

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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 2015, 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.

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, August 2016

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
THE MUNICIPALITY OF OUTJO
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

1. Report on the Financial Statements

1.1 INTRODUCTION

This report on the accounts of the Municipality of Outjo for the financial year ended 30 June 2015 is presented to the National Assembly in accordance with the Local Authorities Act, 1992 (Act 23 of 1992).

The firm BDO of Windhoek has been appointed by the Auditor-General in terms of Section 26(2) of the State Finance Act, 1991, to audit the accounts of the Municipality on his behalf and under his supervision.

Figures in the report are rounded off to the nearest Namibia Dollar. Deficits are indicated in (brackets).

I certify that I have audited the accompanying financial statements of the Municipality of Outjo for the financial year ended 30 June 2015. These financial statements comprise the following statements submitted for the year then ended:

Annexure A: Balance Sheet

Annexure B: Income Statement

Annexure C: Cash Flow Statement

Annexure D: Notes to the Financial Statements

The Municipality's financial statements were submitted on time by the Accounting Officer to the Auditor-General on the 21 September 2015 in compliance with Section 87(1) of the Local Authorities Act, 1992.

The financial statements and notes to the financial statements provided by the Accounting Officer are attached as Annexure A-D.

2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 87(1) of the Local Authorities Act, (Act 23 of 1992) and relevant legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

3. AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Powers and duties

Section 25(1)(c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- (a) all reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;

- (b) all reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- (c) the expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1)(b)(iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

4. ACKNOWLEDGEMENT

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

5. KEY AUDIT FINDINGS

5.1 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\$ 2 915 511 (2014: N\$ 2 733 292).

No interests on overdue amounts due to Government were provided for.

5.2 Trade and other receivables

The average collection period of trade receivables is 443 days (2014: 456 days). As previously reported, the Council should attend to the arrears as a matter of urgency.

The provision for bad debts to the amount of N\$ 22 041 137 (2014: N\$ 19 623 469) includes a provision made for fraud committed in prior years, to the amount of N\$ 1 742 209. The debtors in respect of the fraud are also provided for under the 120 days and over amount. The Municipality should investigate this amount and do the necessary adjustment against the appropriation account.

5.3 Value Added Tax

There is a Value Added Tax receivable amount of N\$ 100 797, for the period of June 2015, which has not been recorded in the Municipality's accounting records as at year end. The Value Added Tax receivable amount outstanding as at year end is thus understated by N\$ 100 797.

The output Value Added Tax amount submitted to the Receiver of Revenue does not agree to the total revenue for the current year under review with an amount of N\$ 1 883 275. The difference could not be explained by the Municipality. The submission to the Receiver of Revenue needs to be corrected in this regard.

5.4 Consumer deposits

Deposits for services do not appear sufficient to cover monthly service fees. Deposits held by new consumers were increased in the current year which had a positive effect in the current year under review.

5.5 Housing Fund Advances

Total advances outstanding as at year end amounted to N\$ 6 475 835 (2014: N\$ 6 820 336). New advances were made during the year under review to the amount of N\$ 15 900 (2014: N\$ 36 767). However, the recoverability of the loans brought forward is doubtful. Thus auditors could not obtain adequate assurance regarding the valuation of these advances.

5.6 Inventory

Inventories to the value of N\$ 73 028 (2014: N\$ 77 761) could not be verified as the auditors did not attend the stock count and alternative procedures could not be performed, thus auditors qualify on completeness and existence.

5.7 Unidentified payments

Amounts totalling to N\$ 2 817 007 (2014: N\$ 2 537 914) could not be allocated to respective debtors as the description on the bank statement is unknown. Unknown deposits should be followed up with the bank or alternative procedures should be followed. The result of such an account is an overstatement of accounts receivable.

5.8 Payroll

Council could not resolve the following audit differences in respect of Payroll accounts:

Unexplained difference amounting to N\$ 95 584 was observed between the earning reports and the payroll stated in the financial statements.

Bonus expenses of N\$ 206 364 could not be explained and no supporting documentation could be provided by the Municipality.

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 01/07/2014				(6 401 380)
General accounts				
- Non-profitable services	9 391 114	14 587 988	(5 196 874)	
- Self-supporting services	6 498 554	5 453 463	1 045 091	
Trade accounts				
- Electricity	1 786 552	52 280	1 734 272	
- Water	8 425 496	4 420 207	4 005 289	
Surplus for the year	26 101 716	24 513 938	1 587 778	1 587 778
Adjustments and utilisations (See Note 11, Annexure D)				(4 813 602)
				(4 075 976)
Accumulated deficit on 30/06/2015				(8 889 578)

7. CURRENT BANK ACCOUNT

	2015	2014
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	495 529	214 475
Outstanding cheques	783 620	818 156
Outstanding deposits	(236 856)	(150 819)
Other	(35 516)	-
Balance as per bank statement	1 006 777	881 812

8. INVESTMENTS

The investments as at 30 June were as follows:

Institution	2015 Investment	2014 Investment
	N\$	N\$
Commercial banks	8 839 201	6 110 820
	8 839 201	6 110 820
Distribution		
Housing/Build Together Fund	1 615 429	895 588
HIV/Aids Air Fund	36 159	-
TIPEEG Fund	7 187 612	5 215 232
	8 839 201	6 110 820

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:

	Electricity		Water	
	2015	2014	2015	2014
	N\$	N\$	N\$	N\$
Surcharge/ sales/ dividends	1 786 552	1 079 328	8 360 628	8 705 062
Gross surplus	1 786 552	1 079 328	8 360 628	8 705 062
Other expenses	(52 280)	(55 541)	(4 355 340)	(3 820 264)
Net surplus	1 734 272	1 023 787	4 005 288	4 884 798
Net surplus percentage on sales	96%	95%	48%	56%

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 2015	Expenses 2015	Surplus/ (Deficit) 2015	Surplus/ (Deficit) 2014
	N\$	N\$	N\$	N\$
Abattoir	9 184	740	8 444	8 703
Cleansing services	1 885 759	3 302 644	(1 416 885)	(1 042 628)
Sewerage and plunger	4 603 611	2 150 079	2 453 532	2 493 301
	6 498 554	5 453 463	1 045 091	1 459 376

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 spent on capital projects:

Nature of projects/acquisitions	Financed by		Total expenditure 2015	Total expenditure 2014
	Revenue account	General capital		
	N\$	N\$	N\$	N\$
Streets, roads and storm water	-	1 081 057	1 081 057	649 000
Sport grounds and parks	8 693	-	8 693	1 684 107
Sewerage and Plunger	44 836	3 083 898	3 128 734	2 817 647
Town Clerk/Treasurer	152 586	-	152 586	115 217
Town planning	82 163	399 130	481 293	-
Public Buildings	19 194	-	19 194	5 100
Water works	-	-	-	57 540
Housing	-	64 552	64 552	670 508
Workshop	13 051	-	13 051	12 986
Public health	2 574	-	2 574	-
Museum	1 500	-	1 500	-
Natis – Decentralised	7 680	-	7 680	-
Cleaning services	188 857	-	188 857	-
	521 134	4 628 637	5 149 771	6 012 105

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:

Nature of gift/donation	Value
	N\$
Donation: High School	630
Donation: Primary School	1 260
Donation: Private School	630
Donations: Other	27 336
	29 856

22. TRANSFER OF PROPERTY

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

23. TRADE AND OTHER RECEIVABLES/PAYABLES

23.1 Trade and other receivables at 30 June were:

	2015	2014
	N\$	N\$
Consumers	23 429 801	22 713 255
Sundries	535 470	450 447
Provision for bad debts	23 965 271 (22 041 137)	23 163 702 (19 623 469)
Total	1 924 134	3 540 233
Analysis of services and general debtors:		
Average monthly levy	1 609 334	1 516 712
Debtors	23 429 801	22 713 255
Average credit terms in days	443	456

23.2 Trade and other payables at 30 June were:

	2015	2014
	N\$	N\$
Accrued creditors	456 312	191 688
Provisions	1 985 708	1 941 524
Amounts received in advance	382 283	269 698
Loan instalments in arrears	2 915 511	2 733 292
Sundry payables	3 472 796	3 141 234
Totals	9 212 610	8 277 416

24. ASSESSMENT RATES

	2015	2014
	N\$	N\$
The net proceeds from assessment rates were	3 438 576	3 242 162
Paid to the Regional Council	171 929	162 108
Tariffs per N\$1 valuation per month		
- Land	0.0360	0.0330
- Improvements	0.0036	0.0033

25. LOANS

25.1 External loans

	2015	2014
External loans – Government	N\$ 1 073 363	N\$ 1 124 526
Instalment sale agreements	-	9 121
	1 073 363	1 133 647

25.2 Internal loans

There are no internal loans.

26. SALE OF ERVEN

No sale of erven for the year under review.

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

There were eleven properties 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

Overspending on the following votes were not approved by Municipality:

Votes	N\$
Council General	101 750
Cemetery	12 636
Rates	36 256
Public Health	3 364
Housing	217 358
Museum	44 871
Natis	50 235
Cleaning Services	318 876
Sewerage & Plunger	219 924
Water	248 341

30. INVENTORY AND EQUIPMENT

30.1 Motor vehicles and values thereof

	Sedan vehicles		LDV and kombi's		Heavy vehicles (Lorries and busses)	
	Number	Value	Number	Value	Number	Value
On hand 01/07/2014	25	N\$ 172 819	2	N\$ 2	25*	N\$ 321 084
Acquisitions	-	87 500	-	-	-	-
		260 319		2		321 084
Depreciation		(86 858)		-		(169 981)
On hand 30/06/2015	25	173 461	2	2	25*	151 103

The asterisk (*) means included in the number of heavy vehicles is a bulldozer and a Caterpillar Grader that was purchased at a cost of N\$ 213 484 and N\$ 119 911 respectively and had a net book value of N\$ 1 as at year end.

30.2 Inventory

Adequate systems of control 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 Municipality 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 Chief Executive Officer.

34. BASIS FOR QUALIFIED AUDIT OPINION

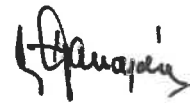
A qualified audit opinion is being expressed due to the following reasons:

- No interest on overdue amounts due to Government was provided for;
- Deposits for services are inadequate to cover monthly services fees;
- Provision for bad debts includes a provision made for fraud committed in prior years, to the amount of N\$ 1 742 209;
- Value Added Tax understated by N\$ 100 797;
- Adequate assurance could not be obtained regarding the valuation of the Housing Fund advances;
- Inventories to the value of N\$ 73 028 could not be verified;
- Unknown deposits could not be allocated to debtors; and
- Municipality could not resolve the audit differences in respect of Payroll amounting to N\$ 304 948.

35. QUALIFIED AUDIT OPINION

The accounts of the Outjo Municipality for the financial year ended 30 June 2015, 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.

Except for the above-mentioned remarks of the matters referred to in the preceding paragraph, I certify that, in my opinion, the financial statements fairly present the financial position of the Municipality at 30 June 2015 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.



JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

WINDHOEK, August 2016

MUNICIPALITY OF OUTJO

BALANCE SHEET AS AT 30 JUNE

	Notes	2015 N\$	2014 N\$
ASSETS			
Non-current assets			
Property, plant and equipment	2	27 012 077	24 324 642
Loans Receivables - Housing Funds		6 475 835	6 820 336
Investments	3	8 839 201	6 110 820
		2 494 230	3 834 343
Current assets			
Trade and other receivable	4	1 924 134	3 540 233
Inventories	5	73 028	77 761
Bank	6	497 068	216 349
		44 821 343	41 090 141
TOTAL ASSETS			
FUNDS AND LIABILITIES			
Funds and reserves			
Capital outlay	7	25 938 714	23 190 995
Funds and accounts	8	8 114 192	8 027 412
Non-current liabilities			
Long term loans	9	1 555 827	1 594 318
		9 212 610	8 277 416
Current liabilities			
Trade and other payable	10	9 212 610	8 277 416
		44 821 343	41 090 141
TOTAL FUNDS AND LIABILITIES			

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2015	2014
		N\$	N\$
INCOME		26 101 716	23 457 889
EXPENDITURE		(24 513 939)	(21 878 134)
OPERATING SURPLUS/ (LOSS) FOR THE YEAR		1 587 777	1 579 755

MUNICIPALITY OF OUTJO

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2015 N\$	2014 N\$
Cash flow from operating activities			
Cash receipts from customers		26 101 715	23 457 889
Cash paid to suppliers		(26 033 888)	(24 880 926)
Cash generated from operations	12	67 827	(1 423 037)
Increase in fund accounts		2 574 979	4 086 089
Increase in capital outlay		2 747 719	3 848 106
Net cashflow from operating activities		5 390 526	(6 511 158)
Cash flow from investing activities			
Net capital (expenditure)/ revenue		(2 687 435)	(3 718 688)
(Increase)/Decrease in investments		(2 728 381)	(3 051 469)
Decrease in loans receivable		344 501	205 591
Net cash flow from investing activities		(5 071 315)	(6 564 566)
Cash flow from financing activities			
Decrease in long-term liabilities		(38 492)	(80 565)
Net increase/(decrease) in cash and cash equivalents		280 719	(133 973)
Cash and cash equivalents at the beginning of the year		216 349	350 322
Cash and cash equivalents at the end of the year		497 068	216 349

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 Annexure 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.

1.3 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.

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.

	2015	2014
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
Consists of :		
Income assets	6 496 855	6 840 715
Loan assets	1 505 000	1 693 857
General capital assets	19 010 222	15 790 070
	27 012 077	24 324 642
3. INVESTMENTS		
Commercial banks	8 839 201	6 110 820
	8 839 201	6 110 820
Allocated as follows:		
Housing/ Build Together Fund	1 615 429	895 588
Tipeeg Fund	7 187 612	5 215 232
HIV	36 159	-
	8 839 201	6 110 820
4. TRADE AND OTHER RECEIVABLES		
Consumers	23 429 801	22 713 255
Value Added Tax receivable	122 738	-
Cenored Surcharges	89 944	-
Suspense account	37 079	165 971
Creditors	933	-
Deposits	284 776	284 776
	23 965 271	23 163 702
Less :		
Provision for doubtful debts	(22 041 137)	(19 623 469)
	1 924 134	3 540 233

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

	2015	2014
	N\$	N\$
5. INVENTORIES		
Fuel and stores	73 028	77 761
	73 028	77 761
6. BANK AND CASH		
Current account - Municipality operating account	495 529	214 475
Petty cash	1 539	1 874
	497 068	216 349
7. CAPITAL OUTLAY		
Loans redeemed	431 637	560 210
Revenue contributions	6 496 855	6 840 715
General capital contributions	19 010 222	15 790 070
	25 938 714	23 190 995
8. FUNDS, ACCOUNTS AND RESERVES		
Capital Reserve Fund	1 380 542	1 318 600
Tipeeg Fund	7 495 806	5 329 735
HIV/AIDS Fund	36 159	34 662
Housing/ Build Togheter Fund	8 091 264	7 715 924
Social Housing Fund	-	29 871
Sub total	17 003 771	14 428 792
Net surplus for the year	1 587 777	1 579 755
Add : Appropriation and adjustments	11 (4 075 976)	(4 557 675)
Retained income for the year	(2 488 199)	(2 977 920)
30 June 2014	(6 401 380)	(3 423 460)
Revenue account kept in compliance with section 86(1) of the Local Authorities Act, 1992	(8 889 579)	(6 401 380)
	8 114 192	8 027 412
9. LONG-TERM LIABILITIES		
Loan from the Government:		
External loans	1 073 363	1 124 526
Installment sale agreement	-	9 121
Consumer deposits	482 464	460 671
	1 555 827	1 594 318

MUNICIPALITY OF OUTJO

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

	2015	2014
	N\$	N\$
10. TRADE AND OTHER PAYABLES		
Provisions	1 985 708	1 941 524
Accrued creditors	456 312	191 668
Loan installments in arrears	2 915 511	2 733 292
Amount received in advance	382 283	269 698
Sundries	3 472 796	3 141 234
	9 212 610	8 277 416
11. ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Debtors adjustments	(794 546)	(231 175)
Debts written off	(1 467 201)	(518 978)
Sundry income	-	26
Provision for bad debts	(2 417 668)	(3 678 656)
Provious year expenditure	-	(5 089)
Stale cheque previous year	-	2 700
Value Added Tax dismissed	603 439	(126 503)
	(4 075 976)	(4 557 675)
12. CASH UTILISED IN OPERATIONS		
Net profit/(deficit) before interest and transfers	1 587 777	1 579 755
Adjustments to appropriation account	(4 075 976)	(4 557 675)
Operating surplus before changes in working capital	(2 488 199)	(2 977 920)
Changes in working capital		
Decrease /(increase)in trade and other receivables	1 616 099	445 589
Decrease /(increase)/ in inventories	4 732	102 857
Increase in trade and other payables	935 195	1 006 437
	2 556 026	1 554 883
CASH GENERATED BY OPERATIONS	67 827	(1 423 037)