



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

TOWN COUNCIL OF OKAHAO

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

Published by authority

Price (Vat excluded) N\$ 26.29
Report no 985

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 Town Council of Okahao 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, August 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
THE TOWN COUNCIL OF OKAHAO
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2010**

1. INTRODUCTION

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

The firm BDO has been appointed in terms of Section 26(2) of the State Finance Act, 1991, to audit the accounts of the Town Council 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 Town Council'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, **except that they were only received during November 2011 and not within 3 months after the year end as stipulated by the Act.** The audited financial statements are in agreement with the general ledger and are filed in his Office. The abridged balance sheet on Annexure A is a true reflection of the original. The following annexures are also attached to this report:

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 Town Council is responsible for the preparation and fair presentation of the financial statements and for ensuring the regularity of the financial transactions. This 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 to report his opinion to National Assembly. The said firm conducted the audit in accordance with the 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 of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of the 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

Items marked with the asterisk (*) were also reported in the prior year.

4.1 Stock (*)

The auditors did not attend the stock count and Council could not provide a stock reconciliation showing the movement for the year hence the auditors could not perform any procedures to verify the completeness, existence, accuracy and valuation of stock.

4.2 Funds (*)

Council has not appropriately disclosed the funds as per the requirements of section 80 (4) of the Local Authorities Act, 1992.

As in the previous year, I must again report that Council is having a Capital Reserve and Housing Fund, but they are not disclosed in the financial statements of the Council.

4.3 Debtors (*)

The subsequent payments test revealed that the provision for bad debts is understated by approximately N\$ 256 474.

The auditors could not perform any procedures on build together debtors amounting to N\$ 2 514 043 because no listing or reconciliation showing the movement for the period, were made available for audit purposes.

4.4 Appropriation account

Council could not provide the auditors with supporting documentation for an adjustment to the appropriation account amounting to N\$ 1 338 403.

4.5 Consumer water deposits

The Council did not charge deposits for water consumers on all accounts as required by the Local Authority Act. The audit revealed that 40% of the water consumers tested, on a sample basis, did not pay a deposit.

4.6 Fixed Assets

Fixed assets per the fixed asset register do not agree to the financial statements by N\$ 400 467. Fixed asset additions per the fixed asset register amounting to N\$ 754 170 could not be traced to the general ledger due to the fact that they were incorrectly expensed.

4.7 Value added Tax (*)

Council did not separately processed the exempt and zero-rated sales from the vatable sales hence the auditors could not perform procedures to verify that VAT is not materially misstated.

A journal amounting to N\$ 376 912 was incorrectly posted to the VAT control account and the contra entry was posted to a sundry expense account. This journal caused that the VAT balance in the general ledger differs materially with N\$ 250 973, from a recomputed balance done by the auditors based on the VAT returns and payments and receipts made/received during the year.

Council has also not separately recorded the sale of residential erven (non vatable) from the business erven (vatable). This could result in a material understatement of output VAT and result in penalties.

4.8 Cash

Council did not keep cash up sheets, hence the auditors could not verify the completeness and accuracy of cash deposited.

4.9 Expenses overstated

Capital expenditure amounting to N\$ 645 359 was expensed as maintenance costs, namely maintenance – computer equipment, building and road maintenance. Electrical reticulation amounting to N\$ 2 494 831 was expensed and a capital spending of N\$ 565 384 relating to upgrading of gravel roads was expensed off as professional fees.

An expenditure amount of N\$ 265 849 which was incurred in prior year was incorrectly capitalised and Council passed a journal during the year under review and charged the current year's expenses instead of debiting the retained earnings. This has resulted in an overstatement in the Maintenance of roads expense account.

4.10 Bulk water purchases

Invoices/statement for the month of July 2009 could not be verified. Council was overcharged by Namwater in the prior year. The Credit was given to Council during this year. However instead of crediting the appropriation account with this credit the reduced debit was posted to expenses. Thus, resulting in an understatement of current year expenses.

4.11 Toilet income, refuse income and leasehold (PTO) income

No listing(s) could be provided hence the auditors could not perform any procedures on these income with a total amount of N\$ 638 851.

4.12 Property sale

No listing related to sale of erven could be provided to the auditors. Therefore they were unable to determine how many erven was sold cash and how many on an instalment basis. According to the financial statements of the Council all these sales were handled as cash sales to an amount of N\$ 1 163 324 which could not be confirmed by the auditors. (See paragraph 26).

4.13 Assessment rates

An analytical review shows that rates and taxes have reduced in the current year by an amount of N\$ 321 828 (19.8%) in comparison to prior year. Supporting documentation could not be obtained to determine the cause of the decrease.

5. ACKNOWLEDGEMENT

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

6. FINANCIAL RESULTS

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

	Revenue	Expenditure	Surplus/ (Deficit)	Balance
Accumulated surplus 01/07/2009	N\$	N\$	N\$	N\$ 31 872 785
General accounts				
Rates and general services	16 837 860	15 174 331	1 663 529	
Trade accounts				
Water	1 788 068	1 396 476	391 592	
Electricity	421 279	399 003	22 276	
	19 047 207	16 969 810	2 077 397	2 077 397
Surplus for the year				33 950 182
Adjustment and appropriations (Note7, Annexure D)				*(1 338 403)
Accumulated surplus 30/06/2010				(32 611 779)

* An adjustment of this magnitude must be broken down, a net figure is not acceptable. The auditors could also not be submitted with supporting documentation related to this adjustment.

7. CURRENT BANK ACCOUNT

The favourable cash-book balance on the current bank account amounted to N\$ 283 474 (2009: favourable N\$145 358).The bank statements reflected a favourable balance of N\$ 324 300 (2009: N\$ 299 712). Outstanding cheques amounted to N\$ 40 826 (2009: N\$ 154 353). The Build together receipts account is included in investments in the current year. In the previous report it was included in this section.

8. INVESTMENTS AND INTEREST PROCEEDS

The investments as at 30 June 2010 and the interest thereon were as follows:

Institution	2010		2009	
	Investment	Interest	Investment	Interest
	N\$	N\$	N\$	N\$
Invested at:				
Commercial banks	9 027 633	565 900	6 494 664	939 911
	9 027 633	565 900	6 494 664	939 911
Distribution				
Revenue	9 027 633	565 900	6 494 664	939 911
	9 027 633	565 900	6 494 664	939 911

9. FUND ACCOUNTS

Council has not appropriately disclosed funds in the financial statements. (See paragraph 4.2)

10. TRADE ACCOUNTS

10.1 Operating results

The results for the financial year under review and the previous year were as follows:

	Electricity		Water	
	2010	2009	2010	2009
	N\$	N\$	N\$	N\$
Sales	421 279	352 878	1 788 068	1 987 579
Cost of bulk purchases	(399 003)	-	(1 396 476)	(2 280 505)
Gross profit/(deficit)	22 276	352 878	391 592	(292 926)
Other income/ (expenses)	-	(72 347)	-	-
NET PROFIT	22 276	280 531	391 592	(292 926)
Gross profit/(deficit) on bulk purchases	5.58%	-	28.04%	(12.7%)
Net (deficit)/profit on bulk purchases	5.29%	79,50%	21,90%	(14.7%)

The Council is supplying the electricity as Nored is not providing the electricity in the region.

10.2 Distribution results

No statistics related to distribution results could be obtained from the Council.

11. SELF-SUPPORTING EXTERNAL SERVICES

The auditors were unable to determine the net results of the self supporting services due to the nature/format of the accounting records of the Town Council.

12. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

No such expenditure was revealed during the audit.

13. SUSPENSE ACCOUNTS

No suspense accounts were disclosed in the financial statements of the Council.

14. IRREGULARITIES AND LOSSES

14.1 No irregularities by employees were reported or detected during the audit.

14.2 No losses were reported by the Council nor were any detected during the audit.

15. CAPITAL PROJECTS

The following capital expenditure was incurred during the year:

	Financed by Revenue	Financed by Revenue
	2010	2009
	N\$	N\$
Motor vehicles	168 731	146 722
Furniture & fittings	40 513	86 707
Plant & machinery	609 096	1 047 503
Capital infrastructure	56 740	9 229 833
Computer equipments	108 403	8 043
Office equipments	189 034	4 529
Work in progress	1 358 571	521 361
Land-Road construction	-	1 307 954
	2 531 088	12 352 382

There were differences between the asset register and the financial statements amounting to N\$ 400 467. Capital expenditure per the fixed asset register amounting to N\$ 754 170 is not disclosed in the general ledger. Certain fixed assets additions per the fixed asset register were recorded inclusive of value added tax (VAT).

16. STUDY LOANS/BURSARIES

According to the Council no study loan /bursaries were awarded during the year.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID RECEIVED AND PAID

The Council received a subsidy from the Government to the amount of N\$ 11 996 000. (2009: 5 466 137)

Grants and donations to the amount of N\$ 4 953 (2009:2100) were provided by the Council during the year under review. The Council also provided financial assistance towards the Miss Okahao beauty pageant to the amount of N\$ 45 099.

18. COMPENSATION PAYMENTS

Homestead compensation payments amounting to N\$ 2 136 971 (2009: N\$ 207 822) were made during the year.

19. VISITS TO FOREIGN COUNTRIES

Subsistence and travel allowances related to foreign trips to the amount of N\$ 2 313 were paid by the Council.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

According to the financial statements no claims for losses were received or paid during the year.

21. GIFTS AND DONATIONS BY THE LOCAL AUTHORITY

See paragraph 17.

22. TRANSFER OF PROPERTY TO/FROM THE GOVERNMENT

Property were sold during the year to an amount of N\$ 1 163 324 and accounted for as cash sales. (See paragraph 26). Due to a lack of records, the auditors could not determine if these even were transferred or not.

23. DEBTORS

23.1 Debtors on 30 June 2010 comprise the following:

	2010	2009
	N\$	N\$
Consumers	3 871 408	3 541 385
Inland Revenue - VAT	347 243	785 774
	4 218 651	4 327 159
Less: Provision for bad debts	(724 668)	
	3 493 983	4 327 159

The consumer debt collection period has deteriorated during the year under review as it increased from 302 days to 329 days. Council should attend to the arrears as a matter of urgency. The provision for doubtful debts is understated by N\$ 256 474. (Refer to paragraph 4.3)

23.2 Creditors on 30 June 2010 comprise the following:

	2010	2009
	N\$	N\$
Trade payables	841 213	174 219
Consumer deposits	88 925	76 615
Housing officer control account	14 797	14 797
Leave pay provisions	395 838	151 731
Ossegroup Control account	116 714	-
Bonus provision	75 444	-
Suspense account	203 328	-
	1 736 259	417 361

The Council did not charge water deposits on all accounts. It was also noted that no movement occurred on the "Housing Officer Control Account" since 2008/2009 financial year.

24. ASSESSMENT RATES

Proceeds from assessment rates amounted to N\$ 1 300 442 (2009: N\$ 1 622 270), of which an amount of N\$ 50 000 (2009: N\$ 7 500) was paid to the Regional Council.

The gazetted tariffs were as follows:

Value of the land was taxed by N\$0.0470 (2009: N\$0.0470) per year and N\$ 0.0058 (2009: N\$0.0058) on the value of improvements per year. It was noted that these rates remained unchanged for many years.

25. LOANS

25.1 External loans

According to the financial statements submitted by the Council they do not have any outstanding external loans.

25.2 Due to the Council

No outstanding amount, of a long term nature, was due to the Council.

25.3 Loans written off

No loans were written off during the year.

25.4 Housing loan

Amounts advanced under the Build Together Housing scheme and which were still outstanding at year end amounted to N\$ 2 514 043 (2009: 2113 305). These amounts are included under accounts receivable. This figure could not be confirmed by the auditors because the Council could not provide them with a list of debtors.

26. SALE OF ERVEN

The proceeds of erven and plots sold were:

	2010	2009
	N\$	N\$
Ervens sold	1 163 324	1 338 179
Ervens sold on credit (quantity and value information unavailable)	-	-

Council could not provide the auditors with a list of all property sold (including those sold on credit). An amount of N\$ 1 163 324 was accounted for in the accounting records as sales on a cash basis. Without a list of property sold the auditors were unable to confirm if the above-mentioned information is correct. (See paragraph 4.12)

27. PROPERTY SOLD ON AN INSTALMENT BASIS

No information could be obtained with regards to the ervens sold on an instalment basis. (See paragraph 26)

28. TARIFF ADJUSTMENTS

Tariff adjustments were applied in accordance with the relevant Official Government Notices.

29. APPROVALS

The auditors could not establish if any over-spending occurred on individual budget lines due to the fact that the budget and the financial statements are prepared by the Council but they are using different formats. However, by comparing the total actual expenditure with the budget, there was no overspending.

30. STOCK AND EQUIPMENT

30.1 Motor vehicles

	Sedan vehicles		LDV and kombi's		Heavy vehicles (Lorries and busses)	
	Number	Value	Number	Value	Number	Value
On hand 01/07/2009	2	N\$ 124 715	3	423 043	2	227 911
Acquisitions	1	168 731	-	-	-	-
	3	293 446	3	423 043	2	227 911
Depreciation	-	(50 130)	-	(39 604)	-	(31 304)
On hand 30/06/2010	3	243 316	3	383 439	2	196 607

The table above is in agreement with the fixed asset register but differs from the financial statements as follows:

- The table disclose an opening balances to the value of N\$ 775 669 while the previous financial year closed with a balance of N\$ 736 065 resulting in a difference of N\$ 39 604.
- The table disclose a depreciation charge for the year as N\$ 121 038 while the financial statements disclose a charge of N\$ 185 629 which results in a difference of N\$ 64 591.
- The total value of the vehicles in the table is N\$ 823 362 while note 4 of the financial statements indicates a value of N\$ 354 801 resulting in a difference of N\$ 468 561.

Council is urged to reconcile their financial statements with their fixed asset register. (See paragraph 4.6)

30.2 Inventories

Inventories amount to N\$ 141 217 (2009: N\$ 83 489).

31. SPECIAL INVESTIGATIONS

This Office is not aware of any special investigation that was carried out at the Council during the year.

32. GENERAL

There is not a sufficient system of internal controls at the Council. Proper segregation of duties is not possible due to the small number of staff employed. While increased management involvement does not reduce risks, it causes the risk that management and Council could override existing controls, a potentially dangerous practice, which Council should vigilantly guard against.

33. FORMAL AND INFORMAL QUERIES

33.1 Formal queries are embodied in this report.

33.2 Informal queries addressed to the Chief Executive Officer consist of:

- Fixed assets and expenses;
- Budget format versus annual financial statement format;
- Improper accounting;
- Surcharge income;
- Unexplained audit differences;
- Value Added Tax (VAT);
- Lack of listings for income; and
- Computer review.

34. QUALIFIED AUDIT OPINION

The accounts of the Town Council of Okahao for the financial year ended 30 June 2010, summarized 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.

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

- No stock reconciliations could be provided to verify the correctness of the value of the stock at year-end.
- Council has not appropriately disclosed the funds as per the requirements of Section 80 (4) of the Local Authorities Act, 1992.
- Value Added Tax (VAT) balance is overstated by N\$ 250 793.
- Council could not provide the auditors with supporting documentation for an adjustment to an appropriation account amounting to N\$ 1 338 403.
- Some consumers were not charged with a deposit to consume water.
- Fixed assets per the fixed asset register do not agree to the financial statements by N\$ 400 467. Fixed assets additions were incorrectly expensed.
- Council did not keep cash up sheets, hence the auditors could not verify the completeness and accuracy of cash deposited.
- No listing(s) for toilet fee, refuse and leasehold (PTO) income could be provided hence the auditors could not perform any procedures on these incomes to the amount of N\$ 638 851.
- Bulk water purchases are incomplete and wrongly disclosed.
- Property sales to the amount of N\$ 1 163 324 were recognized on cash basis. Due to a lack of a proper list of sale of erven the auditors could not confirm this amount nor if it was done on a cash basis only.
- Provision for bad debts is understated by approximately N\$ 256 474. Build Together loan debtors to the amount of N\$ 2 514 043 could also not be verified.

Except for the effects 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 Town Council as at 30 June 2010, and the results of its operations and cash flow for the year then ended and in the manner required by the Local Authorities Act, 1992 and the State Finance Act, 1991.

WINDHOEK, August 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

TOWN COUNCIL OF OKAHAO

BALANCE SHEET AS AT 30 JUNE

ASSETS	Notes	2010	2009
		N\$	N\$
Non-current assets		30 412 765	27 104 681
Property, plant and equipment	2	21 385 132	20 610 016
Investments	3	9 027 633	6 494 665
Current assets		3 935 273	5 185 466
Accounts receivable	4	3 493 983	4 327 159
Inventories		141 217	83 490
Bank		300 073	774 817
TOTAL ASSETS		34 348 038	32 290 147
EQUITY AND LIABILITIES			
Equity		32 611 779	31 872 785
Accumulated surplus		32 611 779	31 872 785
Current liabilities		1 736 259	417 362
Accounts payable	5	1 736 259	417 362
TOTAL EQUITY AND LIABILITIES		34 348 038	32 290 147

TOWN COUNCIL OF OKAHAO

BALANCE SHEET AS AT 30 JUNE

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		N\$	N\$
INCOME		18 481 307	12 185 073
EXPENDITURE		<u>(16 969 810)</u>	<u>(9 858 362)</u>
OPERATING LOSS FOR THE YEAR		1 511 497	2 326 711
Interest earned		565 900	939 911
NET SURPLUS FOR THE YEAR		2 077 397	3 266 622
Add : Appropriation and adjustments	7	<u>(1 338 403)</u>	<u>6 994 999</u>
RETAINED LOSS FOR THE YEAR		738 994	10 261 621
30 June 2009		<u>31 872 785</u>	<u>21 611 164</u>
30 June 2010		<u>32 611 779</u>	<u>31 872 785</u>

TOWN COUNCIL OF OKAHAO

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2010 N\$	2009 N\$
Cash flow from operating activities			
Cash receipts from customers		18 481 307	12 185 073
Cash paid to suppliers		(18 746 835)	(13 158 807)
Cash generated from operations	8	(265 528)	(973 734)
Investment income		565 900	939 911
NET CASH FLOW FROM OPERATING ACTIVITIES		300 372	(33 823)
Cash flow from investing activities			
NET CASH FLOW FROM INVESTING ACTIVITIES		(775 116)	(11 472 197)
Purchase/disposal of property, plant and equipment		(775 116)	(11 472 197)
Net increase/(decrease) in cash and cash equivalents		(474 744)	(11 506 020)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		774 817	12 280 837
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		300 073	774 817

OKAHAO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

1. ACCOUNTING POLICIES**1.1 Introduction**

The annual financial statements set out in Annexures A, B, C and D, are prepared on the historical cost basis and incorporate the following principal accounting policies which are consistent with those applied in the prior year:

1.2 Property, plant and equipment

Property, plant and equipment acquired are stated at a cost or at valuation where assets have been acquired by grant or by donations, less depreciation written off over the expected useful lives as determined by the Council from time to time.

1.3 Cash and Cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprises of cash on hand and deposits held at commercial banks.

1.4 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories should comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to its present location and condition.

	2010	2009
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
Consists of :		
Infrastructure, land and buildings, motor vehicles, office equipment, furniture and fittings and computer equipment	21 385 132	20 610 016
Represented by :		
Land and Buildings	3 894 716	3 977 288
Motor Vehicles	354 801	338 905
Furniture & Fittings	176 344	212 077
Capital Infrastructure	13 921 601	14 237 540
Plant & Machinery	1 368 279	1 193 462
Office Equipments	178 800	14 504
Computer Equipments	132 020	114 879
Work in Progress - Road Construction	1 358 571	521 361
	21 385 132	20 610 016

OKAHAO TOWN COUNCIL

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

	2010	2009
	N\$	N\$
3. INVESTMENTS		
Capital project call account	4 920 704	2 511 583
Operational call account	1 774 991	3 059 107
Build together receipts account	779 437	-
Investment account at a commercial bank	1 028 361	-
Build together call account	524 140	923 975
	9 027 633	6 494 665
4. TRADE AND OTHER RECEIVABLES		
Consumers	1 337 131	1 428 080
Build together debtors	2 514 043	2 113 305
S & T Advance	5 968	-
Receiver of Revenue	193	-
VAT control account	347 243	785 774
Uniform Control Account	14 073	-
	4 218 651	4 327 159
<i>Less :</i>		
Provision for doubtful debts	(724 668)	-
	3 493 983	4 327 159
5. TRADE AND OTHER PAYABLES		
Trade payables	841 213	174 219
Consumer water deposits	88 925	76 615
Provision for leave days	395 838	151 731
Suspense account	203 328	-
Provision for bonus	75 444	-
Housing Officer Control account	14 797	14 797
Osseggroup Control account	116 714	-
	1 736 259	417 361

OKAHAO TOWN COUNCIL

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

	<u>2010</u>	<u>2009</u>
	N\$	N\$
7. ADJUSTMENTS AND APPROPRIATIONS		
Adjustments	1 338 403	6 994 999
	<u>1 338 403</u>	<u>6 994 999</u>
8. CASH UTILISED IN OPERATIONS		
Net operating surplus	2 077 397	3 266 622
Adjustments (appropriations)	(1 338 403)	6 994 999
Investment income	(565 900)	(939 911)
Operating surplus before changes in working capital	173 094	9 321 710
Changes in working capital		
(Increase)/decrease in trade and other receivables	833 176	(4 150 520)
(Increase)/decrease in inventories	(57 727)	(13 073)
Increase/(decrease) in trade and other payables	1 318 897	362 814
(Increase)/decrease in investments	(2 532 968)	(6 494 665)
	<u>(438 622)</u>	<u>(10 295 444)</u>
	<u>(265 528)</u>	<u>(973 734)</u>