



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

TOWN COUNCIL OF OKAKARARA

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

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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 Town Council of Okakarara for the financial year ended 30 June 2009, 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, June 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
TOWN COUNCIL OF OKAKARARA
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2009**

1. INTRODUCTION

The above accounts of the Town Council of Okakarara for the year ended 30 June 2009 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 of Windhoek 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 signed on 02 November 2009 and not within three months after the financial year-end as required by the Act.** 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. 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 Municipality 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 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 of 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

4.1 Property, plant and equipment – Depreciation

No depreciation was charged on property, plant and equipment during the year.

4.2 External loan

The Town Council's financial statements indicated the full loan balance of N\$ 155 000. This implies that the loan is not being redeemed, nor is the interest paid which is not the case. The amount outstanding at year-end was N\$ 88 865 and therefore the loan is overstated by N\$ 66 135.

4.3 Trade receivables

The annual financial statement amount of N\$ 11 180 189 did not agree to the age analysis which reflected a balance of N\$ 10 811 235 resulting in a difference of N\$ 368 954.

4.4 VAT returns

As reported in the prior year, the Council has engaged tax consultants to complete and submit VAT returns on behalf of the Council. However, no VAT returns for the year under review could be obtained by the auditors at the time of the audit and the VAT balance payable to the Receiver of Revenue of N\$ 1 816 048 could not be verified.

4.5 Trade and other payables

4.5.1 The movement on the leave pay provision could not be reconciled and no expense was debited to the income statement.

4.5.2. The 5% of assessment rates payable to the Regional Council does not appear on the income statement. The movement of the provision could also not be reconciled or explained.

4.5.3. Included in accounts payable is a bank account amount of N\$ 368 954 that could not be explained nor could supporting documentation be obtained to substantiate the amount.

4.5.4. Provisions for audit an accounting fees were made although the services were not yet provided as at year end.

4.6 Consumer deposits

No list for consumer deposits for the financial year under review could be provided to the auditors. The consumer deposits of N\$ 8 573 as disclosed in the financial statements are not sufficient to cover one month's consumption.

4.7 Housing loan advances

There is a material difference of N\$ 1 103 530 between the balance as per the financial statements which is N\$ 1 556 677 and the housing loan listing of N\$ 453 147.

4.8 Salaries and wages

The total as per the financial statements could not be reconciled to the payroll summaries. A material difference of N\$ 368 004 was found.

4.9 Expenses

As also reported in previous years, it must again be noted that due to the nature of recording and filing of documentation, the expense items tested by the auditors could not be verified as there was no supporting documentation for most of these items. Therefore the auditors could not satisfy themselves with the validity of expenses.

4.10 Internal control and accounting records

As a result of prior year qualifications, the auditors observed the status of the Town Council and found that there were few improvements in the internal controls and accounting records kept by the Town Council. However, the system of internal control is still inadequate as there were no proper accounting records for income statement items which the auditors could rely on for audit purposes.

4.11 Property, plant and equipment - Insurance

Assets appear to be under insured.

4.12 Income

Due to nature of recording and filing of documentation, the income items tested by the auditors could not be verified as there was no supporting documentation for most of these items. The tariffs charged by the Council differed from the approved tariffs, thus the auditors could not satisfy themselves with the completeness of income.

4.13 Provision for bad debts

The total percentage of trade receivables outstanding for 120 and more days was 87%. The balance outstanding in excess of 120 days amounted to N\$ 9 754 680 and a provision was made for N\$ 6 365 644. The auditors are of the opinion that the provision for bad debts seems to be understated by N\$ 962 909.

4.14 Temporary advances

A nett difference of N\$ 633 852 between the temporary advances from the Special Funds accounts to the Revenue account is noted. These advances should off-set each other under the respective accounts.

4.15 Water purchases

The water purchases as per Namwater invoices are N\$ 260 831 less than the financial statement amount. Reconciliations should be done regularly between the Namwater statements and the accounting records.

4.16 Sale of erven

The income as per the financial statements amounted to N\$ 888 377 and as per the listing N\$ 170 130. The difference of N\$ 718 247 could not be explained.

4.17 Interest on arrears

The interest on arrears as per our calculations differed materially from the amount as per the financial statements. The difference of N\$ 1 620 942 could not be explained.

5. ACKNOWLEDGEMENT

The assistance and co-operation given by the staff of the Okakarara Town Council during the audit is 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
	N\$	N\$	N\$	N\$
Accumulated surplus 01/07/2008				3 143 367
General services				
Non-profitable	3 290 687	4 411 025	(1 120 338)	
Self-supporting	881 621	339 980	541 641	
Trade accounts				
Electricity	4 285	-	4 285	
Water	1 924 600	2 011 462	(86 862)	
	6 101 193	6 762 467	(661 274)	
Deficit for the year				(661 274)
Adjustments and appropriations (Note 9, Annexure D)				3 154 784
Accumulated surplus 30/06/2009				5 636 877

7. CURRENT BANK ACCOUNT

The favourable cash-book balance of the current bank account amounted to N\$ 132 596 (2008: N\$ 7 001 unfavourable). Outstanding cheques amounted to N\$ 138 766 and outstanding deposits amounted to N\$ 198 710 resulting in a favourable bank balance of N\$ 72 653 (2008: N\$ 77 746).

8. INVESTMENTS AND INTEREST PROCEEDS

The investments as at 30 June 2009 and the interest thereon were as follows:

	2009	2008
	Investment	Investment
	N\$	N\$
Bank	716 325	2 488 206
Cenored	6 163 737	-
	6 880 062	2 488 206

The investments were allocated as follows between the Funds:

Fund	2009	2009	2008
	Investment	Interest	Investment
	N\$	N\$	N\$
Revenue (Cenored)	6 163 737	-	889 739
Housing Fund	237 481	-	1 598 467
Fixed Property Fund	478 845	24 514	-
	6 880 063	24 514	2 488 206

9. FUND ACCOUNTS

The position of internal Funds and Reserves is shown in note 6 at annexure D.

It was noted that the temporary advance to Revenue from the Build Together and Fixed Property Funds differs with a nett amount of N\$ 633 852. This should not be the case and the accounting records should be rectified.

10. TRADE ACCOUNTS

10.1 Operating results

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

	Electricity		Water	
	2009	2008	2009	2008
	N\$	N\$	N\$	N\$
Sales	4 285	5 150	1 903 132	1 812 146
Cost of bulk purchases	-	-	(1 787 982)	(1 335 355)
Gross profit	4 285	5 150	115 150	476 791
Other income/ (expenses)	-	-	(202 012)	(194 047)
Net surplus/(deficit)	4 285	5 150	(86 862)	282 744
Gross profit on bulk purchases	N/A	N/A	6.4%	35.7%
Net surplus/(deficit) percentage on bulk purchases	N/A	N/A	(4.8%)	21.1%
Net surplus(deficit) percentage on total expenditure	N/A	N/A	(4.3%)	18.4%

The water results are deteriorating. Causes should be investigated and corrective measures implemented.

10.2 Distribution losses

No statistics were kept by the Town Council to calculate the distribution losses. It is recommended that the Council record the cubic meters sold and purchased to calculate distribution losses. This issues is reported on since the 2003/04 financial year and to date this recommendation is not implemented. Council should now seriously implement measures to curb the financial losses on water (see paragraph 10.1). The first step must be to determine the distribution losses and the magnitude thereof.

11. SELF-SUPPORTING EXTERNAL SERVICES

The net result of these services, compared with the previous year, is as follows:

	Revenue	Expenditure	Surplus/ (Deficit)	Surplus/ (Deficit)
	2009	2009	2009	2008
	N\$	N\$	N\$	N\$
Natis	138 533	30 735	107 798	90 349
Sanitation	520 036	309 245	210 791	166 621
Sewerage	223 052	-	223 052	-
	881 621	339 980	541 641	256 970

12. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

Unauthorised expenditure due to excess expenditure on the approved budget amounted to N\$ 384 392.

13. SUSPENSE ACCOUNTS

No suspense accounts are reflected in the balance sheet.

14. IRREGULARITIES AND LOSSES

Due to lack of internal control and poor record keeping, nothing in this regard was revealed by the audit.

15. CAPITAL PROJECTS

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

Nature of projects/acquisitions	Financed by		Total Expenditure 2009	Total Expenditure 2008
	Revenue account	External loans		
	N\$	N\$	N\$	N\$
General administration	*53 882	-	53 882	112 367
Council's general expenses	-	155 000	155 000	25 926
	53 882	155 000	208 882	138 293

* According to the capital statement, assets financed by revenue amounted to N\$ 53 882 but according to the detailed votes capital expenditure amounted to N\$ 336 576.

16. BURSARIES

Due to lack of internal control and poor record keeping, no records could be provided to the auditors.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

According to the financial statements no contributions or grants were made and no financial assistance was given during the year.

Due to lack of internal control and poor record keeping, the correctness of this could not be confirmed.

18. COMPENSATION PAYMENTS

The audit did not reveal any payments in this regard.

19. VISITS TO FOREIGN COUNTRIES

Due to lack of internal control and poor record keeping, no information could be provided to the auditors.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

Due to lack of internal control and poor record keeping, no information could be provided to the auditors.

21. GIFTS AND DONATIONS BY/(TO) THE LOCAL AUTHORITY

Due to lack of internal control and poor record keeping, donations made by the Council to the amount of N\$ 26 700 (2008: N\$ 5 920) could not be verified.

22. TRANSFER OF PROPERTY TO/FROM THE GOVERNMENT

Due to lack of internal control and poor record keeping, no information could be provided to the auditors.

23. TRADE AND OTHER RECEIVABLES/PAYABLES

23.1 Trade and other receivables at 30 June 2009 comprise the following:

	2009	2008
	N\$	N\$
Consumers	11 180 190	10 087 204
Provision for bad debts	(6 365 644)	(3 138 352)
	4 814 546	6 948 852

The trade receivables could not be agreed to the debtors' age analysis. The provision for bad debts should be seriously reconsidered and adjusted to cover any losses. The provision for bad debts is potentially understated by N\$ 962 909. The percentage of trade receivables outstanding for 120 and more days, is 87% of the total debtors. Also refer to paragraph 4.13.

23.2 Trade and other payables at 30 June 2009 comprise the following:

	2009	2008
	N\$	N\$
Trade creditors	2 130 083	2 015 623
Sundry creditors	-	-
VAT	1 816 048	1 597 825
Regional Council fees	41 793	98 530
Consumer deposits	8 573	7 052
Provision for leave	392 225	76 258
Suspense account: Bank account	368 954	-
	4 757 676	3 795 288

A list for the consumer deposits could not be provided to the auditors. No VAT returns could be availed to the auditors and therefore the VAT balance could not be tested. The nature of the suspense account could not be verified as there were no supporting documentation availed to the auditors. The movements on the regional council fees and provision for leave could also not be tested.

24. ASSESSMENT RATES

Proceeds from assessment rates amounted to N\$ 1 278 905 (2008: N\$ 1 134 744). Tariffs determined during the year were N\$ 0.022 (2008: N\$ 0.022) per dollar per year on site valuations, N\$ 0.083 (2008: N\$ 0.083) per dollar per year on the valuation of improvements.

25. LOANS

25.1 External loan

An external loan to the amount of N\$ 155 000 was obtained during the year to purchase a vehicle. According to the financial statements of the Council the total amount was still outstanding at year-end. The bank statements obtained from the bank however indicates that the amount outstanding at year-end was only N\$ 88 865. The Council should rectify this mistake during the next financial year.

25.2 Internal loans

According to the financial statements there were no internal loans.
Due to lack of internal control and poor record keeping, this fact could not be confirmed.

25.3 Loans written off

Due to lack of internal control and poor record keeping, no information in this regard could be obtained.

25.4 Housing loans

On 30 June 2009, the amounts outstanding in respect of loans made from the Housing Fund were as follows:

	2009	2008
	N\$	N\$
Due to the Town Council of Okakarara	1 556 677	1 108 554

26. SALE OF ERVEN

A material difference of N\$ 718 247 between the listing provided and the ledger balance was identified.

27. PROPERTY SOLD ON AN INSTALMENT BASIS

Due to lack of internal control and poor record keeping, no information in this regard could be obtained.

28. TARIFF ADJUSTMENTS

Tariff adjustments were not applied in accordance with the relevant Official Government Notices.

29. APPROVALS

Due to lack of internal control and poor record keeping, no documents could be provided to the auditors.

30. MOTOR VEHICLES

	LDV's and Combi's		Heavy duty vehicles (Lorries and busses)	
	No	N\$	No	N\$
On hand as at 01/07/2008	3	49 000	9	1 449 000
Acquisitions during the year	1	155 000	-	-
	4	204 000	9	1 449 000
Less: Depreciation	-	-	-	-
Less: Withdrawals	-	-	-	-
On hand 30/06/2009	4	204 000	9	1 449 000

No records were kept to determine fuel consumption during the year under review.

31. SPECIAL INVESTIGATIONS

The auditors are not aware of any special investigation conducted on the affairs of the Council.

32. GENERAL

There was an inadequate system of internal control at the Town Council for the financial year under review. Proper segregation of duties was not possible due to the small number of staff employed. While increased management involvement does reduce risks, it causes the risk that management and Council 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 Accounting Officer consisted of:

- VAT
- Accounts receivable
- Accounts payable
- Salaries and wages
- Revenue
- Expenditure
- Property, plant and equipment
- External loans
- Internal control and accounting records
- Advances
- Trade payables
- Sale of erven
- Provision for leave and bonus pay
- Regional Council contributions
- Water purchases

34. DISCLAIMED AUDIT OPINION

The accounts of the Town Council of Okakarara for the financial year ended 30 June 2009, 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.

I am unable to express an opinion on the financial statements, results of operations and the cash flow of the Town Council for the year ended 30 June 2009 due to the following reasons:

- No depreciation was calculated on fixed assets.
- External loan is overstated by N\$ 66 135.
- Trade receivables are misstated by N\$ 368 954.
- VAT payable to the amount of N\$ 1 816 048 could not be confirmed.
- Leave pay provision could not be reconciled.
- The 5% of the assessment rates collected payable to the Regional Council does not appear in the income statement.
- An unexplained bank account to the amount of N\$ 368 954 is included and disclosed as accounts payable in the financial statements.
- Provision for audit and accounting fees were made although services were not rendered.
- Consumer deposits of N\$ 8 573 is inadequate.
- Housing loan advances is misstated by N\$ 453 147.
- Salaries and wages are misstated by N\$ 368 004.
- Supporting documents for expenditures not always available.
- Internal control and accounting records inadequate.
- Provision for bad debts underprovided by N\$ 962 909.

- Temporary advances to Revenue do not balance.
- Water purchases are overstated by N\$ 260 831.
- Sale of erven are misstated by N\$ 718 247.
- Interest in arrears are misstated by N\$ 1 620 942.
- Wrong tariffs were used to charge consumers, therefore the auditors were unable to satisfy themselves on the completeness of revenue.

WINDHOEK, June 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

BALANCE SHEET AS AT 30 JUNE 2009

ASSETS	Notes	2009	2008
		N\$	N\$
Non-current assets		24 073 331	19 024 470
Property, plant and equipment	2	15 636 592	15 427 710
Secured Loans	3	1 556 677	1 108 554
Investments	4	6 880 062	2 488 206
			-
Current assets		5 580 994	6 948 852
Accounts receivable	5	4 814 546	6 948 852
Suspense		633 852	-
Bank		132 596	-
TOTAL ASSETS		29 654 325	25 973 322
FUNDS AND LIABILITIES			
Equity		24 741 649	22 171 033
Funds	6	9 260 057	6 743 323
Capital outlay	7	15 481 592	15 427 710
Non-current liabilities			
External loan	9	155 000	-
Current liabilities		4 757 676	3 802 289
Accounts payable	8	4 757 676	3 795 288
Bank overdraft		-	7 001
TOTAL EQUITY AND LIABILITIES		29 654 325	25 973 322

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	<u>Note</u>	<u>2009</u>	<u>2008</u>
		N\$	N\$
INCOME		6 101 193	5 308 407
EXPENDITURE		<u>(6 762 467)</u>	<u>(5 353 353)</u>
NET (DEFICIT) FOR THE YEAR		(661 274)	(44 946)
Add : Appropriation and adjustments	10	<u>3 154 784</u>	<u>141 329</u>
RETAINED SURPLUS FOR THE YEAR		2 493 510	96 383
ACCUMULATED SURPLUS			
- At the beginning of the year		<u>3 143 367</u>	<u>3 046 984</u>
- At the end of the year		<u>5 636 877</u>	<u>3 143 367</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 N\$	2008 N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		6 101 193	5 308 407
Cash paid to suppliers		(1 144 841)	(5 556 972)
Cash (Utilised)/generated by operations	11	4 956 352	(248 565)
Movement in Fund accounts			
- Fund accounts		23 224	1 684 696
- Capital outlay		53 882	138 293
Net cash flow from operating activities		5 033 458	1 574 424
CASH GENERATED BY INVESTING ACTIVITIES			
Net capital expenditure		(208 882)	(138 293)
Increase in loans		(448 123)	(191 943)
Increase in investments		(4 391 856)	(1 230 923)
FINANCING ACTIVITIES			
Loan Obtained		155 000	-
Net increase in cash and cash equivalents		139 597	13 265
Cash and cash equivalents at the beginning of the year		(7 001)	(20 266)
Cash and cash equivalents at the end of the year		132 596	(7 001)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. ACCOUNTING POLICIES**1.1 Introduction**

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

1.2 Property, plant and equipment

Fixed assets are stated at cost or valuation where assets have been acquired by grant or donation, less depreciation written off over the expected useful lives as determined by the Council from time to time. Fixed assets acquired with loan funds are not depreciated until the loan is repaid, unless the expected lifetime of the asset is less than the repayment period of the loan in which case depreciation is calculated on the shortfall.

1.3 Internal Funds

The following Funds were maintained by the Town Council in term of section 58(1) and 80(4) of the Local Authorities Act (Act 23 of 1992):

1.3.1 Housing Fund

The Housing Fund was established in terms of Section 58 of the Local Authorities Act, 1992. The purpose of this Fund is to provide for housing loans. Income for this Fund is derived from interest earned on secured housing loans and investments as well as profits made on the resale of housing scheme houses. Interest paid on external housing loans is charged to the Fund.

1.3.2 Fixed Property Fund

Proceeds on the sale of property developed by the Town Council accumulate to this Fund. Interest earned on loans for the sale of land as well as interest earned on internal loans and investments accumulate to this Fund, which is used to develop properties.

	2009	2008
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
Consists of :		
Property, plant and equipment	15 636 592	15 427 710
Financed by :		
Revenue account	685 238	631 356
General capital	14 796 354	14 796 354
Loans	155 000	-
	15 636 592	15 427 710

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

	<u>2009</u>	<u>2008</u>
	N\$	N\$
3. SECURED LOANS		
Loans granted for housing	<u>1 556 677</u>	<u>1 108 554</u>
4. INVESTMENTS		
Cenored	6 163 737	-
Banks	<u>716 325</u>	<u>2 488 206</u>
	<u>6 880 062</u>	<u>2 488 206</u>
5. ACCOUNTS RECEIVABLE		
Consumers	11 180 190	10 087 204
Provision for bad debts	<u>(6 365 644)</u>	<u>(3 138 352)</u>
	<u>4 814 546</u>	<u>6 948 852</u>
6. FUNDS AND ACCOUNTS		
Fixed Property Fund	917 450	892 936
Housing Fund	2 705 730	2 707 020
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	<u>5 636 877</u>	<u>3 143 367</u>
	<u>9 260 057</u>	<u>6 743 323</u>
7. CAPITAL OUTLAY		
Revenue contributions	685 238	631 356
General capital contributions	<u>14 796 354</u>	<u>14 796 354</u>
	<u>15 481 592</u>	<u>15 427 710</u>

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

	2009	2008
	N\$	N\$
8. ACCOUNTS PAYABLE		
Trade payables	2 130 083	2 015 623
Suspense account: Bank account	368 954	-
VAT	1 816 048	1 597 825
Consumer deposits	8 573	7 052
Provision for leave	392 225	76 258
Regional Council fees	41 793	98 530
	4 757 676	3 795 288
9 EXTERNAL LOANS		
Loans	155 000	-
	155 000	-
10. ADJUSTMENTS AND APPROPRIATIONS		
Adjustments- Income relating to prior year	3 154 784	141 329
	3 154 784	141 329
11. CASH UTILISED IN OPERATIONS		
Net operating deficit	(661 274)	(44 946)
Suspense account	(633 852)	-
Adjustments (appropriations)	3 154 784	141 329
OPERATIONAL INCOME BEFORE CHANGE IN WORKING CAPITAL	1 859 658	96 383
GENERATION OF WORKING CAPITAL		
(Increase)/decrease in accounts receivable	2 134 306	(2 614 469)
Increase in accounts payable	962 388	2 269 521
	4 956 352	(248 565)