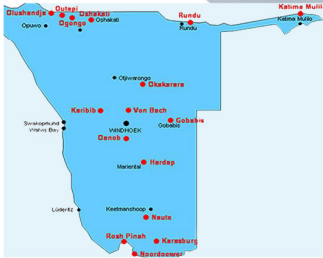




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
TOWN COUNCIL OF OPUWO
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2007 AND 2008

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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 Opuwo for the financial years ended 30 June 2007 and 2008, 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, April 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR - GENERAL
ON THE ACCOUNTS OF THE TOWN COUNCIL OF OPUWO
FOR THE FINANCIAL YEARS ENDED
30 JUNE 2007 and 2008**

1. INTRODUCTION

The accounts of the Town Council of Opuwo for the years ended 30 June 2007 and 2008 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 EDB & Associates of Windhoek has been appointed in terms of Section 26(2) of the State Finance Act, 1991, to audit the accounts of the 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. **The Accounting Officer of the Town Council failed to submit the annual financial statements in time for the financial years under review to the Office of the Auditor-General for audit purposes. According to the Local Authorities Act, 1992 (Act no. 23 of 1992), Section 87, the annual financial statements need to be submitted within three months after the end of the financial year but they were only submitted on 24 July 2009.** The audited financial statements are in agreement with the general ledger and are filed in the Office of the Auditor-General. The abridged balance sheets, Annexure A, are a true reflection of the originals.

The following Annexures are also attached to this report:

Annexure B: Abridged income statements
Annexure C: Cash flow statements
Annexure D: Notes to the financial statements

3. SCOPE OF THE AUDIT

The Accounting Officer of the Town Council is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. 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 audit as carried out by the said firm, included:

- a) Examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements;
- b) assessment of the significant estimates and judgments made by the Accounting Officer of the Town Council in preparation of the financial statements and whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed; and
- c) evaluation of the overall adequacy of the presentation of information in the financial statements.

The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- The financial statements are free from material misstatement, whether caused by error, fraud or other irregularities;
- in all material respects, the expenditure and income have been applied to the purposes intended; and
- the financial transactions conform to the authorities which govern them.

4. AUDIT OBSERVATIONS AND COMMENTS

4.1 Provision for bad debts (2007 & 2008)

No provision for doubtful debts has been provided for by the Council for the years under review. According to the auditors provisions of N\$ 1 673 181: 2008 and N\$ 1 599 388: 2007 should have been provided; thus understating liabilities and overstating assets by material amounts.

4.2 Recoverability of debtors

The magnitude of these under-provisions, highlight serious concerns on the debt collection controls and measures over these assets of the Council.

Outstanding debt at 120 days and plus for the respective financial years were as follows:

Description	2008	2007
	%	%
120 days and plus	84%	80%

4.3 Housing Fund

The Build Together Programme is administered by the Town Council on behalf of the Ministry of Regional and Local Government, Housing and Rural Development and significant weaknesses were identified by the auditors, related to this function as explained below:

- * The computerized system was not properly updated to reflect the loan debts of beneficiaries as funds were disbursed over the years under review but were only recorded on excel as per amortization schedules. Differences of 2008: (N\$ 302 484) and 2007: (N\$ 322 931) were determined by the auditors between the annual financial statements and the manual excel working papers provided by the Council. Interest received of N\$ 98 723 for 2007 was allocated to fixed property fund and to housing fund which overstated interest received in the fund account.
- * Poor repayments by beneficiaries - Council should re-define its collection strategies to ensure this trend does not continue.
- * Numerous supporting documents related to Build Together inspection could not be found at the time of the audit.

* No splitting of funds sheets were prepared by the Council, the auditors had to make their own funds splitting sheets for the years under review.

* One (1) Build Together file for 2008 could not be provided by the Council during the time of the audit.

4.4 Consumer deposits

Consumer deposits were included with the water basic payments and no splitting was processed on the Finstel system between the water deposit and payments for both years under review. The auditors could not find sufficient evidence to disclose an amount related to consumer deposits.

It is advised that the Town Council should determine the level of consumer deposits to be paid and implement necessary steps for collection of these deposits and to disclose them separately on the system.

4.5 Source documents

Numerous important source documents for expenditures incurred by the Town Council could not be found, at the time of the audit. This was mainly attributable to an unorganised and poor recordkeeping system implemented by the Council.

4.6 Fixed assets

The Council's fixed asset register that is in use does not provide for the disclosure of the dates when assets were bought. No depreciation was calculated on the assets as no policies were available.

Important source documents related to additions to assets could not be provided by the Council. It was also noted that asset values were posted which included VAT.

4.7 Value Added Tax

The Town Council did not submit any VAT returns for both financial years, but VAT notice assessment forms were found which indicate that Council was audited by the Ministry of Finance in August 2007. No provision for possible penalties and interest, for failure to furnish returns, were provided for in the financial statements. According to the calculations of the auditors, the Council owed the Receiver of Revenue an amount of 2008: N\$ 30 166 and 2007: N\$ 256 608. Output and input VAT were also not accounted for.

4.8 Trade and other payables

4.8.1 Unrecorded liabilities

During the 2008 financial year unrecorded liabilities amounting to N\$ 11 375 were detected.

The auditors also determined that an amount payable to NAMWATER is overstated by N\$ 68 407 for the 2008 financial year and is understated by N\$ 132 411 for the 2007 financial year.

4.8.2 Provision for leave (2007 & 2008)

No provision for leave payable is made in the financial statements. The auditors were also unable to calculate such a provision due to a lack of documentation.

4.8.3 Unknown liabilities

The auditors also noted that an amount of N\$ 1 220 033 is disclosed as a creditor for both financial years. The Council could not provide the auditors with information to whom this amount is payable and is therefore reported as unknown creditors.

4.9 Payroll

An unexplained difference of N\$ 46 730 were found by the auditors when reconciling the payroll for 2008 with the manual and earnings reports compared with the payroll costs stated in the annual financial statements.

4.10 Sundry income

A material differences of N\$ 68 179: 2008 and N\$ 68 982: 2007 were found between the computerized system's report and the annual financial statements due to a lack of supporting documentation.

4.11 NATIS income

A material differences of N\$ 51 541 were detected in the financial year related to 2007 when the computerized system's report and the annual financial statements were compared.

4.12 NORED Electricity income

Material differences of N\$ 181 402 related to the 2008 financial year were found when the computerized report and the annual financial statements was compared.

A material difference of N\$ 244 524 was found by the auditors during their verification of Nored surcharge.

4.13 Street - Subsidies (RFA)

Important source documents related to 2007 could not be provided to the auditors and therefore they could not substantiate that the N\$ 500 000 subsidies that is disclosed as received from the Roads Fund Authority was actually received or deposited. The Council also not determine which vote was credited with the said amount.

A material difference was found on the computation of the auditors related to subsidies receivable for the 2008 which amounted to N\$ 68 062.

4.14 Recognition of accounts receivables and services income

The inspection of the auditors revealed that the Town Council's services income for 2006/2007 and 2007/2008 financial years were recognised on an estimate basis. The rationale for the use of this method was found to be questionable as this information could have been extracted from the manual card statements. However, the manual cards were not updated since 2005. Numerous customers were still charged on tariffs that are not applicable.

4.15 Unverified opening balances (2007)

Due to the fact that the Council was unable to provide audited financial statements of the prior year to the auditors, they were unable to rely on opening balances.

5. ACKNOWLEDGEMENT

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

6. FINANCIAL RESULTS

2008	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit as at 01/07/2007				(5 547 604)
General services				
Rate and general	1 989 563	2 096 784	(107 221)	
Non-profitable	212 532	876 939	(664 407)	
Self-supporting	688 773	418 691	270 082	
Trade accounts				
Water supply	595 272	1 542 082	(946 810)	
Deficit for the year	3 486 140	4 934 496	(1 448 356)	(1 448 356)
Adjustments and utilizations (Note 8, Annexure D)				(6 995 960)
				(24 410)
Accumulated deficit 30/06/2008				(7 020 370)

2007	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit as at 01/07/2006				(4 862 929)
General services				
Rate and general	2 582 377	2 010 357	572 020	
Non-profitable	148 305	586 770	(438 465)	
Self-supporting	633 289	355 757	277 532	
Trade accounts				
Water supply	332 565	1 393 846	(1 061 281)	
Deficit for the year	3 696 536	4 346 730	(650 194)	(650 194)
Adjustments and utilizations (Note 8, Annexure D)				(5 513 123)
				(34 481)
Accumulated deficit 30/06/2007				(5 547 604)

7. CURRENT BANK ACCOUNT

The balance sheet reflected a favorable cashbook balance for 2008: N\$ 400 942 and for 2007: N\$ 455 146. The bank statements reflected a favourable balance for 2008: N\$ 462 083 and favourable for 2007: N\$ 464 328.

8. INVESTMENTS AND INTEREST PROCEEDS

On 30 June 2008 and 2007 there were amounts of N\$ 4 448 751 and N\$ 2 628 769 invested at financial institutions. These investments were allocated as follows:

	2008	2007
	N\$	N\$
Fixed Property Fund	1 028 240	727 283
Housing Fund	2 701 102	1 326 297
Revenue	719 409	575 189
	4 448 751	2 628 769

According to the financial statements of the Council, Council earned N\$ 109 273: 2008 and N\$ 45 337: 2007 during the respective years and it was allocated to the vote of the Town Treasurer.

9. FUND ACCOUNTS

The position of the Fund accounts at the end of the year is shown in Note 2 of Annexure D.

10. TRADE ACCOUNTS

10.1 The results of operations of water were as follows:

	2008	2007
	N\$	N\$
Sales	582 226	314 750
Cost of bulk purchases	(1 403 086)	(1 259 246)
Gross (loss) / profit	(820 860)	(944 496)
Expenses (net)	(125 950)	(116 784)
Net deficit	(946 810)	(1 061 280)
Gross loss % on bulk purchases	(58.5%)	(75.0%)
Net loss % on bulk purchases	(67.48%)	(84.2%)

10.2 The distribution losses for water could not be determined due to inadequate record keeping.

10.3 The distribution of electricity was taken over by NORED during 2007.

11. SELF SUPPORTING SERVICES

The net results of self supporting services were as follows:

	Income 2008	Expenses 2008	Surplus/(Loss) 2008	Surplus/(Loss) 2007
	N\$	N\$	N\$	N\$
Cleansing services	302 639	329 984	(27 345)	(111 980)
Sewerage	386 134	88 707	297 427	389 512
	688 773	418 691	270 082	277 532

	Income 2007	Expenses 2007	Surplus/(Loss) 2007
	N\$	N\$	N\$
Cleansing services	153 673	265 653	(111 980)
Sewerage	479 616	90 104	389 512
	633 289	355 757	277 532

12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

No fruitless, unauthorized and avoidable expenditure was revealed during the audit.

13. SUSPENSE ACCOUNTS

No money was accounted for in suspense accounts during the years under review.

14. IRREGULARITIES AND LOSSES

No irregularities and losses were revealed by the audit for the years under review.

15. CAPITAL PROJECTS

The Council incurred expenses that were capitalized to the amounts of N\$ 747 681: 2008 and N\$ 993 365 related to the 2007 financial year. All these expenses were financed from Revenue.

16. BURSARIES

No bursaries were granted during the years under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

No contributions or grants were made and financial aid was given during the years under review.

18. COMPENSATION PAYMENTS

No compensation payments were made during the years under review.

19. VISITS TO FOREIGN COUNTRIES

No such visits were declared by the Council for the years under review.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

According to the Council, no claims were issued against the Local Authority and no payments were made during the years under review.

21. GIFTS / DONATIONS BY / TO THE LOCAL AUTHORITY

The auditors are not aware of any gifts or donation that were made or received by the Council during the years under review.

22. TRANSFER OF PROPERTY TO / FROM GOVERNMENT

According to the auditors the Council did not transfer any property nor were any property transferred to them during the years under review.

23. DEBTORS AND CREDITORS

23.1 Debtors at 30 June were:

	2008	2007
	N\$	N\$
Consumers	1 831 710	1 981 915
Housing fund receivables	1 852 924	630 911
	3 684 634	2 612 826

23.2 Creditors at 30 June were:

	2008	2007
	N\$	N\$
Trade payables	9 839 498	8 514 816
Vat suspense account	132 932	45 039
	9 972 430	8 559 855

24. ASSESSMENT RATES

The nett income received related to assessment rates amounted to N\$ 90 159: 2008 and none for 2007. The rates charged were N\$ 0.001 on valuation of land and N\$ 0.0126 on improvements. Afore-mentioned tariffs were applicable for both years.

No revenue related to assessment rates were disclosed by the Council for the 2007 financial year because the valuation rate was not available.

25. LOANS

25.1 External loans

No external loans were entered in the years under review.

25.2 Internal loans

No internal loans were advanced or received during the years under review.

25.3 Housing loans

The amounts advanced to buyers are reflected as N\$ 1 852 924 for 2008 and N\$ 630 910 for 2007.

26. SALE OF ERVEN

The financial statements of the Council indicates that during the financial years under review no erven sales were recorded in the financial statements.

2008

Again, the auditors detected a material difference of N\$ 202 211 that were understated in the annual financial statements.

The following were irregularities detected by the auditors during the audit of Sale of erven:

* Two (2) of the sale agreements of the customer were not signed or approved by the CEO.

* Four (4) of the customer files were not found at the Council during the time of the audit.

* Most of the deed of sales were not filed in the clients files.

* No VAT charges or calculations were charged on sale of erven.

2007

The auditors detected a material difference of N\$ 719 482 because the Council did not disclose this revenue in their financial statements.

27. PROPERTY SOLD ON INSTALMENT BASIS

The Council could not provide any details of houses that were sold on an instalment basis for the years under review.

28. TARIFF ADJUSTMENTS

All tariff adjustments were in accordance with the relevant Official Government Gazette.

29. STOCK AND EQUIPMENT

29.1 Motor vehicles and values thereof

Due to a lack of the auxiliary registers the auditors were unable to determine the number and value of vehicles owned by the Council. Furthermore, they could also not calculate the fuel consumption of the vehicles.

30. SPECIAL INVESTIGATIONS

No special investigations were carried out during the years.

31. GENERAL

31.1 Internal controls

The accounting and internal controls were found to be inadequate. Proper segregation of duties is not feasible due to the small number of staff employed. While increased management involvement reduces risks, the risk arises that management and Council override existing controls, a potentially dangerous practice, which Council should vigilantly guard against.

32. FORMAL AND INFORMAL QUERIES

Formal queries are embodied in this report.

The following matters were brought to the attention of the Chief Executive Officer by way of a report to management:

- * Accounts payable;
- * Receiver of Revenue – VAT;
- * Fixed assets;
- * Funds and resources;
- * Inventory;
- * Accounts receivable/revenue;
- * Payroll;
- * Expenditure; and
- * General

33. DISCLAIMED AUDIT OPINION

The accounts of the Town Council of Opuwo for the financial years ended 30 June 2007 and 2008, summarized in Annexure A to D, were audited by me in terms of provisions of Section 85 of the Local Authorities Act, 1992 read with Section 25(1) of the State Finance Act, 1991.

I am unable to express an opinion due to the following reasons:

- * The provisions for bad debts are understated by N\$ 1 673 181: 2008 and N\$ 1 599 388: 2007
- * Differences of N\$ 302 484: 2008 and N\$ 322 931: 2007 related to housing loan debts were found between the computerized system and other auxiliary records kept by the Council.
- * Important source documents could not be provided for audit purposes.
- * The value and existence of the Councils/ fixed assets which are reported to be N\$ 4 860 334: 2008 and N\$ 4 112 654: 2007 could not be confirmed due to the fact that there was no fixed asset register.
- * No VAT returns were submitted by the Council to the Receiver of Revenue. The Council also did not provide for penalties or interest that might be charged by the Receiver of Revenue. VAT payable in relationship with possible penalties and interest misstated by N\$ 30 166: 2008 and N\$ 256 608: 2007. Output and input VAT are also not correctly calculated.
- * Unrecorded liabilities related to the 2008 financial year amounted to N\$ 11 375.
- * The NAMWATER account was overstated by N\$ 67 407 for the 2008 financial year while it was understated by N\$ 132 411 for the 2007 financial year.
- * No provision for leave payable was provided for.
- * An amount of N\$ 1 220 033 payable could not be confirmed and is reported as unknown creditors.
- * The computerized payroll for 2008 has a difference of N\$ 46 730 with the manual system.
- * Sundry income have material difference of N\$ 68 179: 2008 and N\$ 68 982 for 2007 between the computerized system and the annual financial statements.
- * A difference of N\$ 51 541 relating to NATIS income for 2007 was detected between the computerized system and the financial systems.
- * A difference of N\$ 181 402 related to NORED electricity income for the 2008 financial year were found when the computerized system was compared with the financial statements.
- * A subsidy of N\$ 500 000 received from the Roads Authority Fund could not be confirmed.
- * Incorrect tariffs were charged for services delivered.
- * Opening balances could not be verified because the previous reports' financial statements were not audited yet.

WINDHOEK, Apri 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

TOWN COUNCIL OF OPUWO

BALANCE SHEETS AS AT 30 JUNE

	Notes	2008 N\$	2007 N\$
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	9 309 085	6 741 422
Investments	4	4 860 334	4 112 653
		4 448 751	2 628 769
Current assets			
Accounts receivables	5	4 085 576	3 067 972
Cash and cash equivalents	7	3 684 634	2 612 826
		400 942	455 146
TOTAL ASSETS		13 394 661	9 809 394
EQUITY AND LIABILITIES			
Funds			
Funds and Accounts	2	3 422 231	1 249 539
Accumulated funds	2	10 442 601	6 797 143
		(7 020 370)	(5 547 604)
Current liabilities			
Accounts Payables	6	9 972 430	8 559 855
		9 972 430	8 559 855
TOTAL EQUITY AND LIABILITIES		13 394 661	9 809 394

TOWN COUNCIL OF OPUWO

INCOME STATEMENTS FOR THE YEARS ENDED 30 JUNE

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
		N\$	N\$
INCOME		3 376 867	3 651 199
EXPENDITURE		<u>(4 934 496)</u>	<u>(4 346 730)</u>
NET OPERATING (LOSS)		(1 557 629)	(695 531)
INVESTMENT INTEREST EARNED		<u>109 273</u>	<u>45 337</u>
NET (LOSS)	2	(1 448 356)	(650 194)
ADJUSTMENTS	9	<u>(24 410)</u>	<u>(34 481)</u>
NET (LOSS) for the year		(1 472 766)	(684 675)
APPROPRIATION ACCOUNT - AT THE BEGINNING OF THE YEAR		(5 547 604)	(*4 862 929)
APPROPRIATION ACCOUNT - AT THE END OF THE YEAR		<u>(7 020 370)</u>	<u>(5 547 604)</u>

* This amount brought forward was not audited (See paragraph 4.16).

TOWN COUNCIL OF OPUWO

CASH FLOW STATEMENTS FOR THE YEARS ENDED 30 JUNE

	Notes	2008	2007
		N\$	N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipt form customers		3 376 867	3 651 199
Cash paid to suppliers		(4 618 139)	1 565 818
Cash generated/(utilized) by operations	9	(1 241 272)	5 217 017
Interest received		109 273	45 337
Increase/(decrease) in Fund Accounts		3 645 458	6 797 143
Net cash flow from operating activities		2 513 459	12 059 497
CASH FLOW FROM INVESTING ACTIVITIES			
Net capital expenditure		(747 681)	(4 112 653)
(Increase)/decrease in investments		(1 819 982)	(2 628 769)
Net increase/decrease) in cash and cash equivalents		(54 204)	5 318 075
Unaudited appropriation account		-	(4 862 929)
Cash and cash equivalents			
- At the beginning of the year		455 146	-
Cash and cash equivalents			
- At the end of the year		400 942	455 146

TOWN COUNCIL OF OPUWO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE

1 ACCOUNTING POLICIES**1.1 Basis of presentation**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties where appropriate.

1.2 Property, plant and equipment and depreciation

All plant and equipment are initially recorded at cost. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use. All other plant and equipment are stated at historical cost or valuation where applicable.

No depreciation is calculated on property, plant and equipment.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimation recoverable amount, the assets or cash generating units are written down to their recoverable.

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 comprise cash in hand, deposits held at call with banks and investments in money market instruments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current liabilities.

1.4 Funds

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

1.4.1 Fixed Property Fund

Proceeds from the sale of land that has been developed by the Town Council accumulates in this Fund. Cost incurred on the development of land is charged to this Fund.

1.4.2 Housing Fund

The purpose of this Fund is to provide for housing loans. Income to this Fund is mainly contributed by the Government.

TOWN COUNCIL OF OPUWO

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

	2008	2007
	N\$	N\$
2. OWN FUNDS		
2.1 Financing of capital:		
Contribution from:	4 860 334	4 112 654
Contribution from Revenue	4 860 334	4 112 654
2.2 Funds	(1 438 103)	(2 863 115)
Fixed Property Fund	1 028 240	727 282
Housing Fund	4 554 027	1 957 207
Accumulated (deficit)	(7 020 370)	(5 547 604)
TOTAL FUNDS	3 422 231	1 249 539
3. FIXED ASSETS		
Infrastructure, land and buildings, motor vehicles, office equipment, furniture and fittings and computer equipment.	4 860 334	4 112 653
Financed from:		
Revenue account	4 860 334	4 112 653
	4 860 334	4 112 653
4. INVESTMENTS		
Fixed deposits and money on call	4 448 751	2 628 769
	4 448 751	2 628 769
Comprising of:		
Housing Fund	2 701 102	1 326 297
Fixed Property Fund	1 028 240	727 283
Revenue Property Fund	719 409	575 189
	4 448 751	2 628 769
5. ACCOUNTS RECEIVABLE		
Consumers accounts	1 831 710	1 981 915
House rentals	1 852 924	630 911
	3 684 634	2 612 826
6. ACCOUNTS PAYABLES		
Trade creditors and provisions	9 839 498	8 514 816
VAT suspense account	132 932	45 039
	9 972 430	8 559 855

TOWN COUNCIL OF OPUWO

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

	<u>2008</u>	<u>2007</u>
	N\$	N\$
7. CASH AND BANK BALANCES		
Current bank account	400 942	455 146
	400 942	455 146
8. ADJUSTMENTS AND UTILIZATIONS		
Previous year adjustments - unexplained	(24 809)	(35 900)
Adjustments	399	1 419
	(24 410)	(34 481)
9. CASH UTILISED BY OPERATIONS		
Net operating profit/(loss) before interest and transfers	(1 557 629)	(695 531)
- To/(from) appropriation account	(24 410)	(34 481)
Operating surplus/(deficit) before changes in working capital	(1 582 039)	(730 012)
Changes in working capital		
(Increase)/decrease in trade and other receivables	(1 071 808)	(2 612 826)
Increase/(decrease) in trade and other payables	1 412 575	8 559 855
Cash generated/(utilized by operations)	(1 241 272)	5 217 017