



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

TOWN COUNCIL OF REHOBOTH

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Town Council of Rehoboth for the financial year ended 30 June 2012, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, August 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
REHOBOTH TOWN COUNCIL
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

1. INTRODUCTION

The accounts of the Rehoboth Town Council for the year ended 30 June 2012 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Local Authorities Act, 1992 (Act 23 of 1992).

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

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

2. FINANCIAL STATEMENTS

The 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 audited financial statements are in agreement with the general ledger and are filed in the Office of the Auditor-General. The abridged balance sheet at Annexure A is a true reflection of the original signed by the Accounting Officer.

The financial statements also include:

Annexure B: Abridged income statement

Annexure C: Cash flow statement

Annexure D: Notes to the financial statements

3. SCOPE OF THE AUDIT

Management's Responsibility for the Financial Statements

The Accounting Officer of the Town Council is responsible for the preparation and fair presentation of these financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 the opinion of the Auditor-General to the National Assembly. The said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm comply with ethical requirements and plan and perform 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

4. AUDIT OBSERVATION AND COMMENTS

4.1 Internal control and accounting records

There was not a sufficient system of internal control for the past consecutive years at the Town Council on which the auditors could rely upon for audit purposes.

4.2 Old Housing Fund

The Old Housing Fund loans receivable reflected an amount of N\$ 3 124 386, the list received from the Council reflects an amount of N\$ 3 280 769, which gives a difference of N\$ 156 383 which could not be explained.

4.3 Other Funds

The Council also reflected a Sewerage Fund of N\$ 9 917 338 and a Capital Development Fund amounting to N\$ 1 178 041 of which the Council could not explain.

4.4 Trade and other receivables

A difference of N\$ 128 388 between the council debtors age analysis and annual financial statements was detected. As a result auditors could not verify the accuracy, existence and valuation thereof.

4.5 Value Added Tax (VAT)

Included in trade and other receivables is an amount of N\$ 1 511 445 for VAT receivable. No reconciliation of this amount could be provided to the auditors to verify the accuracy, existence and valuation of the amount.

4.6 Consumer deposits

The Council could only provide a listing of N\$ 57 672. There is a difference of N\$ 1 822 436 for which no documentation could be provided. The existence, accuracy and completeness of this balance could thus not be ascertained.

Consumer deposits do not cover one month's consumption.

4.7 Suspense accounts

The Council has various suspense accounts which could not be traced to supporting documentation. The accounts are listed below:

	N\$
Debtors	1 492 733
Bank reconciliation differences	1 500 890
Service loans	(13 836 009)

4.8 Bank and Cash

A difference of N\$ 2 787 098 of the Town Council's bank accounts and financial statement was observed. Included in the difference is an amount of N\$ 223 326 which was also included in investments. There are outstanding cheques of N\$ 17 728 629 which starts on 17/02/2010 that should have been written back at year-end. As a result auditors could not verify the accuracy, existence and valuation.

4.9 P.A.Y.E. returns

P.A.Y.E. returns were not submitted to the Directorate: Inland Revenue on time. There is an amount of N\$ 1 591 717 still owed to the Directorate: Inland Revenue and no provision for penalties and interest was made.

4.10 Income

Water sales were understated due to the incorrect tariffs being used for invoicing on the system.

4.11 Payroll

The general ledger reflected an amount of N\$ 201 078 more than the payroll register. The PAYE deducted from the monthly salaries is not calculated correctly.

4.12 Going concern

The ability of the Town Council to continue as a going concern is dependant on a number of factors. The most significant of these are the continuation of profitable operations and the recovery of long outstanding debtors and the maintenance of existing levels of finance by major creditors.

5. ACKNOWLEDGEMENT

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

6. FINANCIAL RESULTS

The results of the operations of, and transactions on the Revenue account for the year were as follows:

	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus on 01/07/2011				12 099 754
General accounts				
- Rates and general	11 020 149	16 038 045	(5 017 896)	
- Non-profitable services	4 141 883	6 789 949	(2 648 066)	
- Self-supporting services	4 415 843	2 417 766	1 998 077	
Trade accounts				
- Electricity	36 518 226	33 851 121	2 667 105	
- Water	10 764 280	14 303 672	(3 539 392)	
Deficit for the year	66 860 381	73 400 553	(6 540 172)	(6 540 172)
Adjustments and utilisations (Note 11, Annexure D)				5 559 582
				(63 412 975)
Accumulated deficit on 30/06/2012				(57 853 393)

7. CURRENT BANK ACCOUNT

	2012	2011
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	(15 813 099)	(14 480 577)
Unexplained difference	(2 787 098)	(3 113 409)
Balance as per bank statement	(18 600 197)	(17 593 986)

8. INVESTMENTS

The investments as at 30 June were as follows:

Institution	2012 Investment	2011 Investment
Commercial banks	N\$ 1 493 045	N\$ 564 149
Distribution		
Old Housing Fund	-	(2 905 558)
Build Together Fund	1 044 937	4 455 743
Capital Development Fund	-	(41 320)
Revenue	448 108	(944 716)
	1 493 045	564 149

9. FUND ACCOUNTS

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

10. TRADE ACCOUNTS

10.1 The results of trade accounts were as follows:

	Electricity		Water	
	2012	2011	2012	2011
	N\$	N\$	N\$	N\$
Sales	35 576 307	27 892 570	10 618 624	8 028 278
Cost of sales	24 694 986	19 672 672	12 462 653	8 214 693
Gross surplus/(loss)	10 881 321	8 219 898	(1 844 029)	(186 415)
Other income	(8 214 216)	(5 879 159)	(1 695 363)	3 906 610
Net surplus	2 667 105	2 340 739	(3 539 392)	3 720 195
Gross surplus percentage on sales	30.6%	29.5%	(17.4%)	(2.3%)
Net surplus percentage on sales	7.5%	8.4%	(33.3%)	46.3%

10.2 Distribution results were as follows:

No distribution results were available.

11. SELF-SUPPORTING SERVICES

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

Service	Income 2012	Expenses 2012	Surplus/ (deficit) 2012	Surplus/ (deficit) 2011
	N\$	N\$	N\$	N\$
Sanitation	1 479	128 338	(126 859)	40 199
Sewerage	1 567 678	767 504	800 174	1 378 868
Commonage and Pound	791 168	21 175	769 993	466 414
Properties	2 055 518	1 500 749	554 769	(90 988)
	4 415 843	2 417 766	1 998 077	1 794 493

12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

No such expenses were revealed.

13. SUSPENSE ACCOUNTS**13.1 Receivable**

	2012	2011
	N\$	N\$
Debtors	1 492 733	2 138 215
Bank reconciliation differences	1 500 890	1 500 890
Totals	2 993 623	3 639 105

13.2 Payable

	2012	2011
	N\$	N\$
Other	875 576	59 882
Service loans	13 836 009	-
Totals	14 711 585	59 882

14. Irregularities and losses

No such expenses were reported.

15. CAPITAL PROJECTS

No capital statements were available for the year under review.

16. STUDY LOANS/BURSARIES

No study loans were granted for the year under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID.

There were no contributions or grants.

18. COMPENSATION PAYMENTS

There were no compensation payments.

19. VISITS TO FOREIGN COUNTRIES

No information could be provided by the Council.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the local authority.

21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

There were no donations for the year under review.

22. TRANSFER OF PROPERTY

No property were transferred to or from Government.

23. TRADE AND OTHER RECEIVABLES/TRADE AND OTHER PAYABLES

23.1 Trade and other receivables at 30 June were:

	2012	2011
	N\$	N\$
Consumers	63 171 538	138 864 708
Service loans	-	(13 837 994)
Suspense accounts	2 993 623	3 639 105
VAT	1 511 445	7 025 917
Provision for bad debts	67 676 606 (57 686 250)	135 691 736 (69 338 645)
Total	9 990 356	66 353 091

23.2 Trade and other payables at 30 June were:

	2012	2011
	N\$	N\$
Trade payables	32 459 706	27 371 013
P.A.Y.E.	1 591 717	1 940 438
Provisions	2 106 041	1 929 694
Suspense accounts	14 711 585	59 882
Totals	50 869 049	31 301 027

24. ASSESSMENT RATES

	2012	2011
	N\$	N\$
The net proceeds from assessment rates were	2 407 174	5 183 623
Tariffs per N\$1 valuation per month on site value	0.0340	0.0340
Tariffs per N\$1 valuation per month on improvement value	0.0036	0.0036

25. LOANS

25.1 External and internal loans

	2012	2011
	N\$	N\$
External loans - Wesbank	9 185	260 856

25.2 Internal loans

There were no internal loans.

25.3 Housing loans due to the Council

	2012	2011
	N\$	N\$
Old Housing Fund	3 124 386	3 124 386
Build Together advances to buyers	4 033 048	4 033 048
	7 157 434	7 157 434

26. SALE OF ERVEN

The proceeds of erven and plots sold were N\$ 1 814 996 (2011: N\$ 259 546) and were allocated to the Revenue account.

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

No information regarding this was available.

28. TARIFF ADJUSTMENTS

No Government Gazette could be provided for audit purposes.

29. APPROVALS

All overspending were approved by the Council.

30. INVENTORY AND EQUIPMENT

30.1 Motor vehicles and values thereof:

No asset register was available to determine this information.

30.2 Inventory

No inventory control was maintained during the year.

31. SPECIAL INVESTIGATIONS

There were no special investigations during the year under review.

32. GENERAL

The accounting and internal controls are not satisfactory, except where indicated otherwise in this report. Proper segregation of duties is not feasible due to the small number of staff employed. While increased management involvement does reduce risks, the risk arises that management and Council override existing controls, a potentially dangerous practice which the Town Council 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 Town Council.

34. DISCLAIMED AUDIT OPINION

The accounts of the Rehoboth Town Council for the financial year ended 30 June 2012, summarised in Annexures A to D, were audited by me in terms of Section 85 of the Local Authority act, 1992, read with Section 25 (1) (b) of the State Finance Act, 1991.

In my opinion, because of the significance of the matters highlighted underneath, I am unable to express an opinion due to the following reasons:

Internal control and accounting records

There was not a sufficient system of internal control at the Town Council on which the auditors could rely upon for audit purposes.

Old Housing Fund

The Old Housing Fund loans receivable reflect an amount of N\$ 3 124 386, the list received from the Council reflect an amount of N\$ 3 280 769, there is a difference off N\$ 156 383 which could not be explained.

Build Together Fund

The Build Together Fund reflect an amount of N\$ 4 033 048 for advances to buyers. No supporting documentation could be provided for audit purposes.

Other Funds

The Council also reflect a Sewerage Fund of N\$ 9 917 338 and a Capital Development Fund amounting to N\$ 1 163 830 which could not be explained.

Asset register

There is a difference of N\$ 4 162 939 between the fixed assets register provided and the financial statements.

Trade and other receivables

A difference of N\$ 128 388 between the council debtors age analysis and annual financial statements. As a result auditors could not verify the accuracy, existence and valuation.

Value Added Tax (VAT)

Included in trade and other receivables is an amount of N\$ 1 511 445 for VAT receivable. No reconciliation of this amount could be provided to the auditors to verify the accuracy, existence and valuation of the amount.

Consumer deposits

The Council could only provide a listing of N\$ 57 672. There is a difference of N\$ 1 822 436 for which no documentation could be provided. The existence, accuracy and completeness of this balance could thus not be ascertained.

Consumer deposits do not cover one month's consumption.

Suspense accounts

The Council has various suspense accounts which could not be traced to supporting documentation. The accounts are listed below.

	N\$
Debtors	1 492 733
Bank reconciliation differences	1 500 890
Service loans	(13 836 009)

Provision for bad debts

Audit tests revealed that the provision for bad debts may be over stated by N\$ 643 493 (understated 2011: N\$ 60 050 620).

Bank and Cash

A difference of N\$2 787 098 of town council's bank accounts, included in the difference is an amount of N\$ 223 326 which was also included in investments. There are outstanding cheques of N\$ 17 728 629 which starts on 17/02/2010 that should have been written back on year end. As a result auditors could not verify the accuracy, existence and valuation.

P.A.Y.E. returns

P.A.Y.E. returns were not submitted to the Directorate: Inland Revenue on time. There is an amount N\$ 1 591 717 still owed to the Directorate: Inland Revenue. There is no provision for penalties and interest on this amount.

Sale of erven

No supporting documents could be provided for sale of erven, as a result the auditors could not verify the accuracy, existence and valuation.

Income

Water sales were understated due to the incorrect tariffs being used for invoicing on the system.

Going concern

The ability of the Town Council to continue as a going concern is dependant on a number of factors. The most significant of these are the continuation of profitable operations and the recovery of long outstanding debtors and the maintenance of existing levels of finance by major creditors.

WINDHOEK, August 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

TOWN COUNCIL OF REHOBOTH

BALANCE SHEET AT 30 JUNE

	Note	2012 N\$	2011 N\$
ASSETS			
Non-current assets		130 781 601	86 625 454
Property, plant and equipment	2	122 131 122	78 903 871
Investments	3	1 493 045	564 149
Long-term loans receivable	4	7 157 434	7 157 434
Current assets		32 677 179	86 068 121
Trade and other receivables	5	9 990 356	66 353 091
Suspense account		22 426 703	19 715 030
Inventories		260 120	-
Bank account	6	-	-
TOTAL ASSETS		163 458 780	172 693 575
FUNDS AND LIABILITIES			
Funds and reserves		94 897 617	120 312 694
Capital outlay	7	122 121 937	78 643 015
Funds and accounts	8	(27 224 320)	41 669 679
Non-current liabilities			
Long-term loans	9	1 889 294	1 264 515
Current liabilities		66 671 869	51 116 366
Trade and other payables	10	50 869 049	31 301 027
Bank overdraft	6	15 802 820	19 815 339
TOTAL FUNDS AND LIABILITIES		163 458 780	172 693 575

TOWN COUNCIL OF REHOBOTH

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2012 N\$	2011 N\$
INCOME		66 860 381	59 442 985
EXPENDITURE		73 400 553	48 445 685
NET OPERATING (DEFICIT)/SURPLUS		(6 540 172)	10 997 300
INTEREST ON INVESTMENTS		-	-
NET OPERATING (DEFICIT)/SURPLUS AFTER INTEREST		(6 540 172)	10 997 300
APPROPRIATION ACCOUNT	11	(63 412 975)	6 751 743
NET (DEFICIT)/SURPLUS AFTER APPROPRIATIONS		(69 953 147)	17 749 043
REVENUE ACCOUNT - Beginning of year		12 099 754	(5 649 289)
REVENUE ACCOUNT - End of year		(57 853 393)	12 099 754

TOWN COUNCIL OF REHOBOTH

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 N\$	2011 N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		66 860 381	59 442 985
Cash paid to suppliers		(63 854 564)	(74 281 126)
Cash generated/(utilised) by operations	12	3 005 817	(14 838 141)
Increase in Fund accounts		1 059 148	4 530 534
Increase in Capital outlay		43 478 922	32 462 699
Net cash flow from operating activities		47 543 887	22 155 092
CASH FLOW FROM INVESTING ACTIVITIES			
Net capital expenditure		(43 227 251)	(32 172 478)
Increase in investments		(928 896)	(915 604)
Increase in advances		-	6 550 634
		(44 156 147)	(26 537 448)
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease in long-term liabilities		624 779	202 054
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4 012 519	(4 180 302)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		(19 815 339)	(15 635 037)
CASH AND CASH EQUIVALENTS - END OF YEAR		(15 802 820)	(19 815 339)

TOWN COUNCIL OF REHOBOTH

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 Annexures 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 are stated at cost, less depreciation, or valuation, less depreciation, where assets have been acquired by grant or by donation.

1.3 Investments

Investments are reflected at face value.

1.4 Trade receivables

Accounts receivable are recorded at originated cost less an allowance for bad debts.

1.5 Cash and cash equivalents

It consists of cash on hand and the current account with banks, all of which are available for immediate use by the Council.

1.6 Trade and other payables

All financial liabilities are recorded at cost.

1.7 Internal Funds

Internal Funds were created as follows by the Council:

1.7.1 Build Together Fund

The purpose of this Fund is to provide for housing loan assistance to low income earners in the society. The low income earners are expected to provide their house plans and are vetted for qualification before the funds are disbursed. This is a revolving Fund, the low income earners are expected to repay these loans on a monthly basis for a period of up to twenty years, at an interest rate of five percent per annum. Income for the Fund is derived from interest earned on secured housing loans and investments.

1.7.2 Old Housing Fund

The purpose of this Fund is to provide housing loans to the low income group of inhabitants. Income for this Fund is derived from interest earned on secured housing loans and investments.

1.7.3 Sewerage Reserve Fund

The purpose of this Fund is to generate funds for the upgrading of existing sewerage works. Income is generated from annual contributions from the operational budget as well as interest on investments.

TOWN COUNCIL OF REHOBOTH

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

	<u>2012</u>	<u>2011</u>
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
External loan assets	9 185	260 856
Revenue assets	122 121 937	78 643 015
Total	122 131 122	78 903 871
3. INVESTMENTS		
INVESTMENTS		
Commercial banks	1 493 045	564 149
ALLOCATED AS FOLLOWS		
Old Housing Fund	-	(2 905 558)
Build Together Fund	1 044 937	4 455 743
Capital Development Fund	-	(41 320)
Revenue	448 108	(944 716)
	1 493 045	564 149
4. LONG-TERM LOANS RECEIVABLE		
Old Housing Fund	3 124 386	3 124 386
Build Together advances to buyers	4 033 048	4 033 048
	7 157 434	7 157 434
5. TRADE AND OTHER RECEIVABLES		
Consumers	63 171 538	138 864 708
Service loans	-	(13 837 994)
Suspense accounts	2 993 623	3 639 105
VAT	1 511 445	7 025 917
	67 676 606	135 691 736
Provision for bad debts	(57 686 250)	(69 338 645)
	9 990 356	66 353 091
6. BANK AND CASH		
Current account	(15 802 820)	(19 815 339)

TOWN COUNCIL OF REHOBOTH

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

	2012	2011
	N\$	N\$
7. CAPITAL OUTLAY		
Revenue contributions	122 121 937	78 643 015
	122 121 937	78 643 015
8. FUNDS, ACCOUNTS AND RESERVES		
Old Housing Fund	3 904 071	3 904 071
Sewerage Fund	9 917 338	9 917 338
Capital Development Fund	1 178 041	1 163 830
Build Together Fund	15 629 623	14 584 686
Revenue account kept in compliance with Section 86(1) of the Local Authority Act, 1992.	(57 853 393)	12 099 754
	(27 224 320)	41 669 679
9. LONG-TERM LIABILITIES		
External loans - Wesbank	9 185	260 856
Consumer deposits	1 880 109	1 003 659
	1 889 294	1 264 515
10. TRADE AND OTHER PAYABLES		
Trade payables	32 459 706	27 371 013
P.A.Y.E.	1 591 717	1 940 438
Provisions	2 106 041	1 929 694
Suspense accounts	14 711 585	59 882
	50 869 049	31 301 027

TOWN COUNCIL OF REHOBOTH

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

	2012	2011
	N\$	N\$
11. ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Adjustment to consumer deposits	455 300	-
Adjustment to contribution out of revenue Funds	(39 805 890)	-
Adjustment to departmental accounts	-	(1 456 536)
Adjustment to Fund Accounts	53 627 992	53 279 792
Adjustment to investment accounts	3 882 671	-
Adjustment to loan assets	(7 367)	-
Adjustment to loans outstanding	(9 185)	-
Adjustment to prior year accounts	-	(2 096 577)
Audit fee provision reversed	-	95 000
Balances written back	54 273 260	54 273 260
Bank reconciliation	-	148 316
Clear rounding differences	-	13
Consulting fees provision reversed	-	25 540
Creditors adjustment	(20 833 864)	(25 005 907)
Current year accrual	(1 464 957)	(2 365 104)
Current year amnesty movement written off	(998 924)	-
Debtors adjustments	(86 708 804)	(496 498)
Deficit received	-	(79 938)
Deposits	-	(452 227)
Deposits refunded	-	17 000
Direct deposit	-	(9 020)
Opening balance adjustment	100 426	930 575
Prior year expenses	-	(2 287)
Provision for bad debts	(57 373 315)	(69 025 710)
Provision for leave	-	(1 620 545)
Provision for P.A.Y.E	(1 591 717)	-
Provision for regional council levies	(234 553)	(259 181)
Provision for staff benefits	(1 700 975)	-
Redundent inventories written off	-	(36 201)
Revaluation of income assets	39 805 890	-
Stores	123 493	109 442
Vat adjustment	-	778 536
Unexplained difference in opening balance	(4 952 456)	-
	(63 412 975)	6 751 743

TOWN COUNCIL OF REHOBOTH

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

	<u>2012</u>	<u>2011</u>
	N\$	N\$
12. CASH GENERATED/(UTILISED) BY OPERATIONS		
Net operating (deficit)/surplus before interest and transfers	(6 540 172)	10 997 300
Adjustments for:		
- Adjustments to appropriation account	(63 412 975)	6 751 743
- Suspense	(2 711 673)	(9 933 892)
OPERATING (DEFICIT)/SURPLUS BEFORE CHANGES IN WORKING CAPITAL	<u>(72 664 820)</u>	<u>7 815 151</u>
CHANGES IN WORKING CAPITAL		
Decrease/(increase) in trade and other receivables	56 362 735	(33 191 360)
Increase in inventories	(260 120)	-
Increase in trade and other payables	19 568 022	10 538 068
	<u>75 670 637</u>	<u>(22 653 292)</u>
CASH GENERATED/(UTILISED) BY OPERATIONS	<u>3 005 817</u>	<u>(14 838 141)</u>