



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

# **TOWN COUNCIL OF RUNDU**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

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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 Rundu for the financial year ended 30 June 2013, 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, May 2014**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
RUNDU TOWN COUNCIL  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

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**1. INTRODUCTION**

The accounts of the Rundu Town Council for the year ended 30 June 2013 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 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 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 Property, plant and equipment**

No additions of fixed assets could be tested as there is insufficient detail of the fixed assets purchased during the current financial year - no date of purchases and details of additions were available. Due to the lack of details on assets register, no physical inspection could be done.

##### **4.2 Investments**

The RTC Revolving Fund - Ndama investment to the value of N\$ 73 927 is not included in the financial statements. No explanation for this could be provided by the Town Council.

##### **4.3 Inventories**

The auditors received a stock list from the Town Council to the value of N\$ 1 069 126. No inventory is on the financial statements. According to the Town Council, there was no stock take done at the end of the financial year to confirm the quantities, therefore the stock was not included on the financial statements.

##### **4.4 Trade and other receivables**

The average collection period of trade receivables, before taking the provision for bad debts into account, is 881 days. The average collection period of trade receivables, after taking the provision for bad debts into account, is 153 days. As previously reported, the Council should attend to the arrears as a matter of urgency. Due to this statistics, the auditors are of the opinion that the provision for bad debts is understated with N\$ 11 754 176.

There is an amount of N\$ 905 181, for Inland Revenue under trade and other receivables. No reconciliation could be provided to the auditors to verify this amount.

No documentation on the Build Together loans of N\$ 1 940 825 could be provided to the auditors for auditing purposes.

Under trade and other receivables is a suspense account for bank reconciliation of N\$ 1 917 031. No reconciliation could be provided to the auditor to verify this amount.

##### **4.5 Bank reconciliation**

On the bank reconciliation are outstanding cheques that were already reflected on the bank statements before year-end. There was an adjustment of N\$ 25 388 538 on the bank reconciliation for outstanding cheques. No documentation could be provided to verify the adjustment.

##### **4.6 Trade and other payables**

The Namwater amount on the financial statements is N\$ 1 924 058 less than the amounts on the supplier statements, therefore the trade and other payables is understated. The difference is due to payments made that were cancelled by the Town Council but not corrected on the system

##### **4.7 Consumer deposits**

The consumer deposits is not sufficient to cover one month's service charges.

##### **4.8 Income - Water**

The water reading cards were not marked properly - no years were indicated on the water cards. Due to this, the filing of the water reading cards were not done properly as there was water reading cards of 2011 included with the 2013 water reading cards.

##### **4.9 Income - Assessment rates**

The last valuation roll was approved by the Town Council on 23 November 2007. The valuation roll is only valid for 5 years. Therefore the valuation roll used during the 2013 financial year was outdated and should have been replaced in November/December 2012. On Resolution No. 067/31/07/2013 of the Town Council

meeting held on 31 July 2013, the Council decided that the valuation roll be updated. As the assessment rate was charged on the old valuation roll, the income was understated.

#### 4.10 Distribution losses

According to the information provided by the Town Council, there was a distribution loss of 1 297 828 m<sup>3</sup> recorded during the current financial year. The Town Council should investigate this as a matter of urgency.

### 5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Rundu 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:

2013	Revenue	Expenditure	Surplus/ (Deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit on 01/07/2012				(6 096 733)
General accounts				
- Rates and general	11 652 636	13 826 099	(2 173 463)	
- Non-profitable	30 373 583	13 468 533	16 905 050	
- Self-supporting	9 279 605	10 748 041	(1 468 436)	
Trade account				
- Water	25 382 996	17 914 382	7 468 614	
	76 688 820	55 957 055	20 731 765	20 731 765
Profit for the year				14 635 032
Adjustments and utilisations (See Note 10, Annexure D)				(30 443 595)
Accumulated deficit on 30/06/2013				<b>(15 808 563)</b>

### 7. CURRENT BANK ACCOUNT

	2013	2012
Cash-book balance at 30 June - Balance sheet	N\$ (112 602)	N\$ 204 384
Outstanding cheques	(16 047 746)	-
Balance per balance sheet	(16 160 348)	204 384
Debit orders and bank charges on bank statement not in cash-book	72 784	2 704 167
Unexplained difference and adjustments on the reconciliation	25 501 140	(2 726 721)
Balance as per bank statement	<b>9 413 576</b>	<b>181 830</b>

On the Bank reconciliation there is outstanding cheques that were already reflected on the bank statements before year-end. There was an adjustment of N\$ 25 388 538 on the bank reconciliation for outstanding cheques. No documentation could be provided to verify the adjustment.

## 8. INVESTMENTS

The investments as at 30 June were as follows:

<b>Institution</b>	<b>2013</b>	<b>2012</b>
	N\$	N\$
Commercial banks	<b>19 386 248</b>	<b>18 871 936</b>

The investments were allocated as follows:

<b>Allocation</b>	<b>2013</b>	<b>2012</b>
	N\$	N\$
Build Together Fund	20 681	20 183
Revenue	19 365 567	18 851 753
	<b>19 386 248</b>	<b>18 871 936</b>

The RTC Revolving Fund - Ndama investment to the value of N\$ 73 927 is not included in the financial statements. No explanation for this could be provided by the Town Council.

## 9. FUND ACCOUNTS

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

## 10. TRADE ACCOUNT

### 10.1 The results of water operations were as follows:

	<b>2013</b>	<b>2012</b>
	N\$	N\$
Sales	24 744 790	20 172 599
Cost of sales	(13 834 993)	(15 463 791)
Gross profit	10 909 797	4 708 808
Net expenditure	(3 441 183)	(2 388 149)
<b>Net surplus</b>	<b>7 468 614</b>	<b>2 320 659</b>
Gross profit percentages on sales	44.0%	23.3%
Net profit percentage on sales	30.18%	11.5%

### 10.2 Water distribution results, in cubic meters

	<b>2013</b>	<b>2012</b>
	Units	Units
Sales	2 226 513	-
Purchases	3 524 341	-
Gross profit	<b>(1 297 828)</b>	-
Percentage loss in units	(36.8%)	-

According to the information provided by the Town Council, there was a distribution loss of 1 297 828 m<sup>3</sup> recorded during the current financial year. The Town Council should investigate this as a matter of urgency.

## 11. SELF-SUPPORTING SERVICES

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

	<b>Income 2013</b>	<b>Expenses 2013</b>	<b>Surplus/ (deficit) 2013</b>	<b>Surplus/ (deficit) 2012</b>
	N\$	N\$	N\$	N\$
Housing	563 324	-	563 324	167 676
Open markets	-	-	-	(1 612 433)
Licenses and vehicle registration	1 251 833	1 560 010	(308 177)	521 746
Refuse removal	3 817 110	5 186 185	(1 369 075)	(2 037 075)
Sewerage	3 647 338	4 001 846	(354 508)	1 062 664
	<b>9 279 605</b>	<b>10 748 041</b>	<b>(1 468 436)</b>	<b>(1 897 422)</b>

The Council should put measures in place to make the loss making service to become self-suporting.

## 12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

There were no such expenses.

## 13. SUSPENSE ACCOUNTS

Suspense accounts are not cleared on a regular basis e.g. Bank reconciliation under trade and other receivables of N\$ 1 917 031.

## 14. IRREGULARITIES AND LOSSES

There were no such expenses.

## 15. CAPITAL PROJECTS

<b>Nature of projects/acquisitions</b>	<b>Financed by</b>	<b>Total expenditure 2012/2013</b>	<b>Total expenditure 2011/2012</b>
	<b>Revenue account</b>		
	N\$	N\$	N\$
Protective services	6 040 511	6 040 511	34 463
Town engineer	199 897	199 897	45 764
Town planning	-	-	492 888
Town secretary	1 780	1 780	24 706
Strategic executive finance	93 086	93 086	207 273
Civic buildings	4 169	4 169	58 767
Town clerk	-	-	19 924
Workshop	-	-	112 216
Sewerage	2 186 295	2 186 295	-
Parks, sportfields and cemetery	101 743		625 966
Refuse removal	216 396	216 396	999 433
Streets, storm water and sidewalks	-	-	5 960 331
Water	1 224 149	1 224 149	28 439
	<b>10 068 026</b>	<b>9 966 283</b>	<b>8 610 170</b>

## 16. BURSARIES

There were no such expenses.

**17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID**

	<b>2013</b>	<b>2012</b>
	N\$	N\$
Contribution from Government - TIPEEG	-	20 000 000

**18. COMPENSATION PAYMENTS**

Employees compensation amounted to N\$ nil (2012: N\$ 81 791) for the year under review.

**19. VISITS TO FOREIGN COUNTRIES**

Foreign visits during the year was N\$ nil (2012: N\$ 36 145).

**20. CLAIMS AGAINST THE LOCAL AUTHORITY**

There were no claims against the Local Authority.

**21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY**

Donations amounting to N\$ 4 348 (2012: N\$ 18 019) was made by the Council for the year under review.

**22. TRANSFER OF PROPERTY**

**22.1** There were no transfers of property to the Local Authority.

**22.2** There were no transfer of property by the Local Authority to others.

**23. TRADE AND OTHER RECEIVABLES/PAYABLES****23.1 Trade and other receivables at 30 June were:**

	<b>2013</b>	<b>2012</b>
	N\$	N\$
Services, rates and taxes	111 447 039	68 948 592
Other receivables	905 181	5 825 550
Suspense accounts	2 280 379	250 208
Build Together Loans	1 940 825	-
Provision for bad debts	116 573 424 (92 103 257)	75 024 350 (61 402 172)
<b>Total</b>	<b>24 470 167</b>	<b>13 622 178</b>

The average collection period of trade receivables, before taking the provision for bad debts into account, is 881 days. The average collection period of trade receivables, after taking the provision for bad debts into account, is 153 days. As previously reported, the Council should attend to the arrears as a matter of urgency. Due to this statistics, the auditors are of the opinion that the provision for bad debts is understated with N\$ 11 754 176.



## 23.2 Trade and other payables at 30 June were:

	2013	2012
	N\$	N\$
Trade payables	13 655 409	8 503 962
Suspense account	15 564 090	4 835
Provisions	3 013 390	6 064 068
Consumer deposits	12 830	12 830
Totals	<b>32 245 719</b>	<b>14 585 695</b>

Included in trade payables is an amount of N\$ 579 631 (2012: N\$ 1 255 743) that represent outstanding cheques on the bank reconciliation.

## 24. ASSESSMENT RATES

	2013	2012
	N\$	N\$
The proceeds from assessment rates were	6 470 025	5 889 722
Tariffs per N\$1 valuation per annum - Residential and Church properties		
- Land	0.0303	0.0424
- Improvements	0.0047	0.0070
Tariffs per N\$1 valuation per annum - Government/Institutional properties		
- Land	0.0303	-
- Improvements	0.0047	-
Tariffs per N\$1 valuation per annum - Commercial/Industrial/Business		
- Land	0.0369	0.0319
- Improvements	0.0061	0.0050
Tariffs per N\$1 valuation per annum - Land zoned for Agricultural use		
- Land	0.0182	-
- Improvements	0.2310	-

## 25. LOANS

### 25.1 Due to the Town Council

	2013	2012
	N\$	N\$
Build Together advances - Included in trade and other receivables	<b>1 559 809</b>	<b>1 715 849</b>

### 25.3 Loans written off

No loans were written off by the Council.

## 26. SALE OF ERVEN

The income credited to the income statement amounted to N\$ 19 593 846 (2012: N\$ 18 193 405).

## **27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS**

None

## **28. TARIFF ADJUSTMENTS**

Tariff adjustments were duly approved and promulgated in the Government Gazette.

## **29. APPROVALS**

### **29.1 Excess on approved budget**

All budget excesses were approved.

### **29.2 Internal loans**

There were no internal loans.

### **29.3 Revenue written off**

None

## **30. INVENTORY AND EQUIPMENT**

### **30.1 Motor vehicle and values thereof**

There were not enough details in the fixed assets register to identify all the motor vehicles.

### **30.2 Inventory**

Inventory on hand amounted to N\$ nil at 30 June 2013 (2012: N\$3 760 795).

## **31. SPECIAL INVESTIGATIONS**

All special investigations were completed and reported upon.

## **32. GENERAL**

There is a sufficient system of internal control at the Town 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 override existing controls, a potentially dangerous practice, which the Council should vigilantly guard against.

## **33. FORMAL AND INFORMAL QUERIES**

**33.1** Formal queries are embodied in this report.

**33.2** Informal queries - None

## **34. DISCLAIMED AUDIT OPINION**

The accounts of the Town Council for Rundu for the financial year ended 30 June 2013, summarised in Annexures A to D, were audited by me in terms of Section 85 of the Local Authorities Act, 1992, read with Section 25(1)(b) of the State Finance Act, 1991.

I cannot express an audit opinion due to the following reasons:

### **Property, plant and equipment**

No additions of fixed assets could be tested as there is insufficient detail of the fixed assets purchased during the current financial year.

### **Investments**

No explanation for not including the Ndama investment in the financial statements could be provided by the Town Council.

### **Inventories**

No inventory is on the financial statements.

### **Trade and other receivables**

The average collection period of trade receivables, before taking the provision for bad debts into account, is 881 days.

There is an amount of N\$ 905 181, for Inland Revenue under trade and other receivables. No reconciliation could be provided to the auditors to verify this amount.

No documentation on the Build Together loans of N\$ 1 940 825 could be provided to the auditors for auditing purposes.

Under trade and other receivables is a suspense account for Bank reconciliation of N\$ 1 917 031. No reconciliation could be provided to the auditor to verify this amount.

### **Bank reconciliation**

There was an adjustment of N\$ 25 388 538 on the bank reconciliation for outstanding cheques. No documentation could be provided to verify the adjustment.

### **Trade and other payables**

The Namwater amount on the financial statements is N\$ 1 924 058 less than the amounts on the supplier statements.

### **Consumer deposits**

The consumer deposits is not sufficient to cover one month's service charges.

### **Income - Water**

The water reading cards were not marked properly.

### **Income - Assessment rates**

The last valuation roll was approved by the Town Council on 23 November 2007. The valuation roll is only valid for 5 years. Therefore the valuation roll used during the 2013 financial year was outdated and should have been replaced in November/December 2012. On Resolution No. 067/31/07/2013 of the Town Council meeting held on 31 July 2013, the Council decided that the valuation roll be updated.

### **Distribution losses**

According to the information provided by the Town Council, there was a distribution loss of 1 297 828 m<sup>3</sup> recorded during the current financial year. The Town Council should investigate this as a matter of urgency.

**TOWN COUNCIL OF RUNDU**  
**BALANCE SHEET AT 30 JUNE**

	<b>Notes</b>	<b>2013</b>	<b>2012</b>
		N\$	N\$
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Property, plant and equipment	2	39 382 098	60 989 799
Investments	3	19 386 248	18 871 936
CURRENT ASSETS			
Trade and other receivables	4	24 470 167	13 622 178
Inventories	5	-	3 760 795
Bank and cash	6	15 981 465	204 384
<b>TOTAL ASSETS</b>		<b>99 219 978</b>	<b>97 449 092</b>
<b>FUNDS AND LIABILITIES</b>			
FUNDS AND RESERVES			
Capital outlay	7	39 382 098	60 989 799
Funds and accounts	8	27 592 161	21 873 598
CURRENT LIABILITIES			
Trade and other payables	9	32 245 719	14 585 695
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>99 219 978</b>	<b>97 449 092</b>

## TOWN COUNCIL OF RUNDU

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	<b>Note</b>	<b>2013</b>	<b>2012</b>
		N\$	N\$
INCOME		69 669 405	69 240 043
EXPENDITURE		<u>(55 957 055)</u>	<u>(55 070 366)</u>
NET OPERATING PROFIT		13 712 350	14 169 677
INVESTMENT INCOME		<u>7 019 415</u>	<u>2 223</u>
NET PROFIT FOR THE YEAR		20 731 765	14 171 900
APPROPRIATION ACCOUNT	10	<u>(30 443 595)</u>	<u>(18 127 195)</u>
NET LOSS		(9 711 830)	(3 955 295)
REVENUE ACCOUNT - Beginning of year		<u>(6 096 733)</u>	<u>(2 141 438)</u>
REVENUE ACCOUNT - End of year		<u><b>(15 808 563)</b></u>	<u><b>(6 096 733)</b></u>

## TOWN COUNCIL OF RUNDU

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	<b>Notes</b>	<b>2013</b>	<b>2012</b>
		N\$	N\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		69 669 405	69 240 043
Cash paid to suppliers		<u>(75 827 820)</u>	<u>(71 584 045)</u>
Cash utilised by operations	11	(6 158 415)	(2 344 002)
Investment income		7 019 415	2 223
Increase in Fund accounts		15 430 393	20 926 887
Increase/(decrease) in Capital outlay		<u>(21 607 701)</u>	<u>29 496 422</u>
Net cash flow from operating activities		<u>(5 316 308)</u>	<u>48 081 530</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net capital expenditure		21 607 701	(29 496 422)
Decrease/(increase) in investments		<u>(514 312)</u>	<u>(17 476 245)</u>
		<u>21 093 389</u>	<u>(46 972 667)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		15 777 081	1 108 863
<b>CASH AND CASH EQUIVALENTS</b>			
- BEGINNING OF YEAR		<u>204 384</u>	<u>(904 479)</u>
CASH AND CASH EQUIVALENTS			
- END OF YEAR	6	<u><b>15 981 465</b></u>	<u><b>204 384</b></u>

## TOWN COUNCIL OF RUNDU

## 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 or valuation where assets have been acquired by grant or by donation. Assets are depreciated over their estimated useful life's.

**1.3 Internal Funds**

The following Fund is created by the Town Council:

**1.3.1 Build Together Fund**

The purpose of this Fund is to provide for housing loans. Income to this Fund is transferred from the general income account, external loans from Government and interest on investments and loans.

	<u>2013</u>	<u>2012</u>
	N\$	N\$
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
Income assets	28 582 701	36 035 191
General capital assets	10 799 397	24 954 608
Total	<u><b>39 382 098</b></u>	<u><b>60 989 799</b></u>
<b>3. INVESTMENTS</b>		
INVESTMENTS		
Commercial banks	19 386 248	18 871 936
Total	<u><b>19 386 248</b></u>	<u><b>18 871 936</b></u>
ALLOCATED AS FOLLOWS		
Build Together Fund	20 681	20 183
Revenue	19 365 567	18 851 753
	<u><b>19 386 248</b></u>	<u><b>18 871 936</b></u>

## TOWN COUNCIL OF RUNDU

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

	<b>2013</b>	<b>2012</b>
	N\$	N\$
<b>4. TRADE AND OTHER RECEIVABLES</b>		
Services, rates and taxes	111 447 039	68 948 592
Other receivables	905 181	5 825 550
Suspense accounts	2 280 379	250 208
Build Together	1 940 825	-
	<u>116 573 424</u>	<u>75 024 350</u>
Provision for bad debts	(92 103 257)	(61 402 172)
	<b><u>24 470 167</u></b>	<b><u>13 622 178</u></b>
<b>5. INVENTORIES</b>		
Stores	-	<b><u>3 760 795</u></b>
<b>6. CASH AND BANK BALANCES</b>		
Current account	<b><u>15 981 465</u></b>	<b><u>204 384</u></b>
<b>7. CAPITAL OUTLAY</b>		
Revenue contributions	28 582 701	36 035 191
General Capital contributions	10 799 397	24 954 608
	<b><u>39 382 098</u></b>	<b><u>60 989 799</u></b>
<b>8. FUNDS AND ACCOUNTS</b>		
Capital Reserve Fund	36 089 056	20 761 133
Build Together Fund	7 311 668	7 209 198
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(15 808 563)	(6 096 733)
	<b><u>27 592 161</u></b>	<b><u>21 873 598</u></b>
<b>9. TRADE AND OTHER PAYABLES</b>		
Trade payables	13 655 409	8 503 962
Suspense account	15 564 090	4 835
Provisions	3 013 390	6 064 068
Consumer deposits	12 830	12 830
	<b><u>32 245 719</u></b>	<b><u>14 585 695</u></b>



## TOWN COUNCIL OF RUNDU

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

	<b>2013</b>	<b>2012</b>
	N\$	N\$
<b>10. ADJUSTMENTS TO APPROPRIATION ACCOUNT</b>		
Unknown adjustments - Incorrectly calculated surplus	-	3 423 067
Provision for bad debts	(29 672 164)	(15 013 850)
Debt recovered	658 666	950
Expenditure	-	(10 386 932)
Store correction	(1 412 756)	3 849 570
Correction of debtors	(17 341)	-
	<b><u>(30 443 595)</u></b>	<b><u>(18 127 195)</u></b>
<b>11. CASH UTILISED BY OPERATIONS</b>		
Net operating profit before transfers	20 731 765	14 171 900
Adjustments for:		
- Adjustments to appropriation account	(30 443 595)	(18 127 195)
- Investment income	(7 019 415)	(2 223)
OPERATING INCOME BEFORE CHANGES IN WORKING CAPITAL	<u>(16 731 245)</u>	<u>(3 957 518)</u>
CHANGES IN WORKING CAPITAL		
Decrease/(increase) in trade and other receivables	(10 847 989)	(2 199 709)
Increase in inventories	3 760 795	(408 589)
Decrease in trade and other payables	17 660 024	4 221 814
	<u>10 572 830</u>	<u>1 613 516</u>
CASH UTILISED BY OPERATIONS	<b><u>(6 158 415)</u></b>	<b><u>(2 344 002)</u></b>