



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
VILLAGE COUNCIL OF BETHANIE

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 Village Council of Bethanie 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 ACCOUNT OF THE BETHANIE VILLAGE COUNCIL
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2012**

1. INTRODUCTION

The accounts of the Village Council of Bethanie 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 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 Village Council on behalf, of the Auditor-General and under his supervision.

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

2. FINANCIAL STATEMENTS

The Village 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 submitted in February 2013 instead of within three months after 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, Annexure A, is a true reflection of the originals.

The following Annexures are also attached to this report:

Annexure B: 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 Village 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 misstatements, 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 misstatements.

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 OBSERVATIONS AND COMMENTS

4.1 Recoverability of debtors - 2012

A provision for bad debts of N\$ 553 076 was made by the Village Council as per the financial statements for the year ended 30 June 2012. The auditors' own review, which included the consideration of the slow repayment by consumers, indicates an under provision for 2012: N\$ 4 505 935 (2011: N\$ 3 679 875).

	2012	2011
	N\$	N\$
Under provision	4 505 935	3 679 875
	4 505 935	3 679 875

Also, outstanding debt at 120 days and plus for the respective financial years were as follows:

Description	2012	2011
	%	%
120 days and plus	91%	88%

The magnitude of these under-provisions, highlight serious concerns on the debt collection control measurements over these assets of the Council. As a result of the above the current valuation of accounts receivables are materially misstated in the annual financial statements.

Due to the significance of this matter, the Auditor-General cannot express an opinion on bad and doubtful debts.

4.2 Build Together Fund

Special Funds such as the Build Together Programme are administered by the Village Council on behalf of the Ministry of Regional and Local Government, Housing and Rural Development (MRLGH), has its own peculiar specifications with respect to the way in which the Fund is to be managed and utilized as stipulated by the Ministry. The following weaknesses were detected by the auditors:

- No proper controls were exercised related to the Build Together Fund.
- No monthly reconciliations on build together loans were computed by the Village Council.
- Neither client records nor those processed on Finstel could be relied on as accurate sources of the outstanding balances of the build together loans.
- Numerous supporting documents for example, Build Together inspection sheets for funds disbursed could not be found at the time of the audit.
- Build Together loan advances reflected a balance of N\$ 5 249 228 at year end, while a debtor list of N\$ 3 185 660 could be provided. The difference of N\$ 2 111 567 could not be explained.

The recoverability of the Build Together Loan advances balance is of great concern as the debtors did not start to repay these loans to the Council, also no contracts were signed as duly authorised by the

Village Secretary in respect of the loans granted by the Council.

No supporting documentation could be availed for a loan amounting to N\$ 20 000.

4.3 General Capital Account

During the audit a material difference of N\$ 132 410 was found between financial statements and general capital account. The difference cannot be explained.

4.4 Submission of annual financial statements – 2012

The Accounting Officer of the Village Council failed to submit the annual financial statements in time for the financial year under review to the Office of the Auditor-General for audit purposes. According to the Local Authorities Act, 1992 (Act no. 23 of 1992), annual financial statements need to be submitted within three months after the financial year as per requirement by Section 87 of the Local Authorities Act.

4.5 Inventory

No proper stock control system is in place, which may have a negative effect on the long-term operation of the Village Council for the year ended 30 June 2012.

Livestock sold to the amount of N\$ 51 450 could not be verified for the year under review.

4.6 Consumer deposits

Consumer deposits were included with the water basic payments and no proper splitting between the water deposits and water payments could be established. Insufficient evidence relating to consumer deposits was found.

	2012	2011
	N\$	N\$
Debt outstanding	5 678 069	4 948 177
Consumer deposits	11 574	12 679
Percentage of deposits against outstanding debts	0.20%	0.26%

4.7 Source documents

Numerous supporting source documents for expenditures incurred could not be found, at the time of the audit. This was mainly attributable to an unorganised filing system and poor record keeping.

This lack of proper record keeping is in contravention of Section 86 of the Local Authorities Act, 1992.

4.8 Fixed assets

Although a fixed asset register was maintained during the year ended 30 June 2012, it was noted that assets were included as appose to been excluded.

A difference of N\$ 4 082 435 between the assets register and the annual financial statements were observed. This difference was caused by prior financial year's additions added to the year under review.

A fire truck was received as a donation and valued at N\$ 1 100 000 in the financial statements, but the auditors were unable to satisfy themselves with the accuracy and valuation of the asset, as there were no

supporting documents to support the valuation.

Due to the lack of invoices or any supporting documents, numerous journal entries which could not be verified.

The above concerns resulted in a distorted view of fixed assets valuation in the annual financial statements.

Due to the significance of this matter, the Auditor-General cannot express an opinion on fixed assets.

4.9 Trade and other payables

An independent Namwater reconciliation was done and a difference of N\$ 518 785 between the Namwater statement and the financial statements was found. Management could not explain this difference.

4.10 Provision for leave days

Provision for leave days were understated with N\$ 71 705 for the year under review.

4.11 Payroll

During the audit it was observed that the Finstel system was not updated to the prevailing tax tables. Also, social security and PAYE payments were not made.

4.12 Staff Accounts

Numerous staff accounts were in arrears. Although a long outstanding debt of N\$ 11 656 relating to a Councillor was found, no evidence was found that this amount was ever recorded in the annual financial statements.

4.13 Street and road works

Although management indicated it as Road Fund Administration funds, no supporting documentation could be obtained to substantiate sundry income of N\$ 166 716 during the time of the audit.

4.14 Annual financial statements and records

The auditors noted that balances and transactions processed on the Finstel system did not agree with those stated in the annual financial statements.

4.15 Sale of erven

No erven register was kept by the Village Council.

5. ACKNOWLEDGEMENT

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

6. FINANCIAL RESULTS

	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit as at 01/07/2011				(68 100)
General accounts				
Non-profitable	2 649 008	2 655 616	(6 608)	
Self-supporting	1 156 571	1 124 266	32 305	
Trade accounts				
Water supply	1 123 290	1 378 865	(255 575)	
Electricity supply	2 416 720	1 704 473	712 247	
	7 345 589	6 863 220	482 369	
Surplus for the year				482 369
Adjustments and utilizations (See Note 10, Annexure D)				(485 122)
Accumulated deficit 30/06/2012				(70 853)

7. CURRENT BANK ACCOUNT

The balance sheet reflected an unfavourable cash-book balance of N\$ 79 116 (2011: N\$ 112 376), which is also the reconciled balance. The bank statements reflected a favourable balance of N\$ 419 313 (2011: N\$ 264 522).

	2012	2011
	N\$	N\$
Cash-book balance at 30 June	(79 116)	(112 376)
Outstanding cheques	498 474	376 943
Balance as per bank statements	419 358	264 567

8. INVESTMENTS AND INTEREST PROCEEDS

On 30 June 2012 an amount of N\$ 336 763 (2011: N\$ 587 693) was invested at financial institutions, as follows:

	2012	2011
	N\$	N\$
Investments were allocated to the following Funds:		
Capital Reserve Fund	-	325 112
Build-Together Fund	336 763	262 581
	336 763	587 693

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 electricity were as follows:

	2012	2011
	N\$	N\$
Sales	2 390 900	3 043 758
Cost of bulk purchases	(1 469 549)	(975 976)
Gross profit	921 351	2 067 782
Expenses (net)	(209 103)	(166 315)
Net surplus	712 248	1 901 467
Gross profit % on cost of bulk purchases	62.7%	211.9%
Net surplus % on cost of bulk purchases	48.5%	194.8%

10.2 The distribution losses for electricity could not be determined due to inadequate record keeping, which is also supported by the wrong gross profit percentage.

10.3 The results of operations of water were as follows:

	2012	2011
	N\$	N\$
Sales	1 107 669	1 618 772
Cost of bulk purchases	(1 057 043)	(743 837)
Gross profit	50 626	874 935
Expenses (net)	(306 201)	(265 783)
Net deficit	(255 575)	609 152
Gross profit % on cost of bulk purchases	4.8%	117.6%
Net deficit % on cost of bulk purchases	24.2%	81.9%

10.4 The distribution losses for water could not be determined due to inadequate record keeping, which is demonstrated by the visible incorrect gross profit percentage.

11. SELF-SUPPORTING SERVICES

The net results of self-supporting services were as follows:

	Income	Expenses	Surplus/(Loss)	Surplus/(Loss)
	2012	2012	2012	2011
	N\$	N\$	N\$	N\$
Natis	296 287	260 452	35 835	(15 255)
Street and roads	166 716	222 026	(55 310)	130 330
Fire brigade	-	6 751	(6 751)	-
Town lands	219 216	124 257	94 959	56 695
Parks and recreation	-	1 436	(1 436)	-
Cleansing services	474 352	509 344	(34 992)	50 773
	1 156 571	1 124 266	32 305	222 543

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 year under review.

14. IRREGULARITIES AND LOSSES

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

15. CAPITAL PROJECTS

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

Nature of projects /acquisitions	2012 Expenditure	2011 Expenditure
	N\$	N\$
General administration	208 458	3 256 987
Cleansing services	51 645	142 830
Water	45 503	-
Fire brigade *	1 100 000	-
Electricity supply	95 120	183 000
Town lands	-	499 618
Total	1 500 726	4 082 435

Note: * A fire truck was donated and was not expenditure for the Council.

16. BURSARIES

No bursaries were granted during the year under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

	2012	2011
	N\$	N\$
Contribution from Government	2 308 400	714 034
	2 308 400	714 034

No grants were made or financial aid given during the year under review.

18. COMPENSATION PAYMENTS

No compensation payments were made during the year under review.

19. VISITS TO FOREIGN COUNTRIES

No such visits were identified during the year under review.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

No claims against the Local Authority were made during the year under review.

21. GIFTS / DONATIONS BY/TO THE LOCAL AUTHORITY

Grants and donations of N\$ 9 666 by the Local Authority were made during the year under review.

22. TRANSFER OF PROPERTY TO / FROM GOVERNMENT

No properties were transferred from the Ministry of Regional and Local Government, Housing and Rural Development for the year under review.

23. DEBTORS AND CREDITORS

23.1 Debtors at 30 June were:

	2012	2011
	N\$	N\$
Services	5 678 069	4 948 177
Consumer deposits	(11 574)	(12 679)
Build Together advances	5 297 228	2 526 755
Receiver of revenue - VAT	126 016	381 035
Less: Provision for bad debts	(553 076)	(553 076)
	10 536 663	7 290 212

23.2 Creditors at 30 June were:

	2012	2011
	N\$	N\$
Trade payables	2 700 509	2 052 274
Provisions	101 314	101 314
Arrear instalments on Government loans	1 281 746	1 240 132
Outstanding cheques	-	376 943
	4 083 569	3 770 663

24. ASSESSMENT RATES

	2012	2011
	N\$	N\$
Net proceeds from assessment rates	216 305	229 880
Tariffs per N\$ 1 valuation per annum - Business Valuation per annum		
- Land	0.0128	0.0122
- Improvements	0.0178	0.0170
Tariffs per N\$ 1 valuation per annum - Residential Valuation per annum		
- Land	0.0125	0.0119
- Improvements	0.0178	0.0170

25. LOANS

25.1 External loans

External loans to the Government of Namibia amounting to N\$ 301 718 (2011: N\$ 302 209) were outstanding at year-end. Instalments in arrears amounted to N\$ 1 281 746 (2011: N\$ 1 240 132).

25.2 Internal loans

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

25.3 Housing loans

The amount advanced in favour of housing loans under the Build Together programme are reflected at N\$ 5 297 228 for 2012 and N\$ 2 526 755 for 2011 in the annual statements. Temporary advances amounting to N\$ 400 499 were made without proper authorisation.

26. SALE OF ERVEN

No sale of erven register was kept at the Village Council, therefore the auditors could not determine if any erven was sold during the year under review.

27. PROPERTY SOLD ON INSTALLMENT BASIS

No details of houses that were sold on an instalment basis during the year under review could be provided.

28. TARIFF ADJUSTMENTS

Tariff adjustments were in accordance with the relevant Official Government Gazette.

29. SPECIAL INVESTIGATIONS

No special investigations were carried out during the year.

30. GENERAL

30.1 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.

31. FORMAL AND INFORMAL QUERIES

Formal queries are embodied in this report.

Informal queries addressed to the Council consist of:

- * Statutory matters - Annual financial statements
- * Special funds and capital outlay
- * Liabilities

- * Fixed assets
- * Inventories
- * Accounts receivable
- * Payroll
- * Cash and bank
- * Revenue/income services
- * General - Segregation of duties
 - Financial statements composed to computerized system
 - Reconciliations

32. DISCLAIMED AUDIT OPINION

The accounts of the Bethanie Village Council for the financial year ended 30 June 2012, 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 audit opinion due to the following reasons:

- Underprovision of bad debts to the amount of N\$ 4 505 935;
- No proper controls were serviced on the Build Together Fund;
- Build Together loan advances to the amount of N\$ 5 249 228 were not recovered;
- Non-submission of financial statements as per the Act;
- No proper stock control system is in place;
- Numerous supporting service documents for expenditure could be submitted;
- Difference of N\$ 4 082 435 between the asset register and the financial statements;
- No supporting documentation on the donated fire truck to the amount of N\$ 1 100 000;
- No supporting documents could be submitted for income to the amount of N\$ 166 716;
- No even register was kept;
- Balances on the Finstel system do not agree with the financial statements; and
- Social security and PAYE payments were not made

WINDHOEK, August 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

VILLAGE COUNCIL OF BETHANIE

BALANCE SHEET ON 30 JUNE 2012

	Notes	2012	2011
		N\$	N\$
ASSETS			
Non-current assets			
Property, plant and equipment	3	15 679 679	15 049 402
Investments	4	15 342 916	14 461 709
		336 763	587 693
Current assets			
Accounts receivable	5	11 071 663	7 881 279
Inventories - livestock	8	10 536 663	7 290 212
Cash and cash equivalents		535 000	326 500
		-	264 567
TOTAL ASSETS		26 751 342	22 930 681
EQUITY AND LIABILITIES			
Funds			
Capital outlay	2.1	22 286 941	18 847 172
Funds and accounts	2	14 996 037	14 504 428
		7 290 904	4 342 744
Non-current liabilities			
Long-term liabilities	7	301 718	312 846
Current liabilities			
Accounts payable	6	4 083 568	3 770 663
Bank Overdraft	9	79 116	-
TOTAL EQUITY AND LIABILITIES		26 751 342	22 930 681

VILLAGE COUNCIL OF BETHANIE

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	<u>Notes</u>	<u>2012</u>	<u>2011</u>
		N\$	N\$
INCOME		7 342 735	7 075 603
EXPENDITURE		<u>(6 863 220)</u>	<u>(5 896 418)</u>
NET OPERATING PROFIT		479 515	1 179 185
INVESTMENT INTEREST EARNED		<u>2 854</u>	<u>12 962</u>
NET PROFIT	2	482 369	1 192 147
ADJUSTMENTS	10	(485 122)	(1 015 175)
NET PROFIT FOR THE YEAR		<u>(2 752)</u>	<u>176 972</u>
APPROPRIATION ACCOUNT AT THE BEGINNING OF THE YEAR		<u>(68 100)</u>	<u>(245 072)</u>
APPROPRIATION ACCOUNT AT THE END OF THE YEAR		<u>(70 853)</u>	<u>(68 100)</u>

VILLAGE COUNCIL OF BETHANIE

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Notes	2012	2011
		N\$	N\$
Cash receipts from customers	A	(2 752)	164 010
Cash paid to suppliers	B	(3 142 046)	(920 852)
<i>Cash (utilised) by operations</i>	11	(3 147 652)	(756 842)
Investment income		2 854	12 962
		3 442 519	4 523 926
Increase in funds accounts		2 950 910	75 289
Increase in capital outlay		491 609	4 448 637
<i>Net cash flow from operating activities</i>		297 721	3 780 045
<i>CASH FLOW FROM INVESTING ACTIVITIES</i>		(630 277)	(3 640 539)
Net capital expenditure		(881 207)	(4 082 435)
Decrease in investments		250 930	441 896
<i>CASH FLOW FROM FINANCING ACTIVITIES</i>		(11 128)	(10 637)
(Decrease) in long-term loans		(11 128)	(10 637)
<i>NET INCREASE IN CASH AND CASH EQUIVALENTS</i>		(343 684)	128 870
Cash and cash equivalents at the beginning of the year		264 567	135 699
Cash and cash equivalents at the end of the year		79 117	264 567

VILLAGE COUNCIL OF BETHANIE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 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 Fixed Property Fund

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

No sale of erven was recorded in the annual financial statements.

1.5 Housing Fund

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

1.6 Capital Reserve Fund

This Fund was created to make provision for unforeseen expenditures as approved by the Council.

VILLAGE COUNCIL OF BETHANIE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE (continued)

	2012	2011
	N\$	N\$
2. OWN FUNDS		
2.1 Capital outlay:		
Contribution from:	14 996 037	14 504 428
Loans redeemed	96 882	85 754
Revenue contributions	7 071 381	7 465 197
General capital contributions	7 827 774	6 953 477
2.2 Funds	7 290 904	4 342 744
Capital Reserve Fund	1 327 266	1 327 266
Built Together Fund	6 034 490	3 083 580
Accumulated (deficit)	(70 852)	(68 101)
TOTAL FUNDS	22 286 941	18 847 172
3. FIXED ASSETS		
Infrastructure, land and buildings, motor vehicles, office equipment, furniture and fittings and computer equipment.	15 342 916	14 461 709
Financed from:		
Revenue account	15 342 916	14 461 709
4. INVESTMENTS	15 342 916	14 461 709
Commercial banks	336 763	587 693
	336 763	587 693
Comprising of:		
Capital Reserve Fund	-	325 112
Build Together Fund	336 763	262 581
	336 763	587 693

VILLAGE COUNCIL OF BETHANIE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE (continued)

	2012	2011
	N\$	N\$
5. ACCOUNTS RECEIVABLE		
Services	5 678 069	4 948 177
Consumer deposits	(11 574)	(12 679)
Built Together advances	5 297 228	2 526 755
Receiver of revenue – VAT	126 016	381 035
Less: Provision for bad debts	(553 076)	(553 076)
	10 536 663	7 290 212
6. ACCOUNTS PAYABLES		
Trade payables	2 700 509	2 052 274
Provisions	101 314	101 314
Arrear instalments on Government loans	1 281 746	1 240 132
Outstanding cheques	-	376 943
	4 083 568	3 770 663
7. LONG-TERM LIABILITIES		
External loans	301 718	312 846
	301 718	312 846
8. INVENTORIES		
Livestock	535 000	326 500
	535 000	326 500
9. CASH AND BANK BALANCES		
Current bank account	419 313	(112 376)
Outstanding cheques	(498 518)	376 943
	(79 116)	264 567

VILLAGE COUNCIL OF BETHANIE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE (continued)

	<u>2011</u>	<u>2010</u>
	N\$	N\$
10. ADJUSTMENTS AND UTILIZATIONS		
Prior year adjustments	(485 122)	(1 015 175)
	<u>(485 122)</u>	<u>(1 015 175)</u>
11. CASH UTILISED BY OPERATIONS		
A. Cash generated / (absorbed) by operations		
Net profit before investment interest and adjustments.	479 516	1 179 185
Adjustment on appropriation account	(485 122)	(1 015 175)
	<u>(485 122)</u>	<u>(1 015 175)</u>
OPERATING INCOME BEFORE CHANGES IN WORKING CAPITAL	<u>(5 606)</u>	<u>164 010</u>
B. Changes in working capital		
Increase in accounts receivable	(3 246 451)	(1 530 058)
Increase in inventories	(208 500)	(121 300)
Increase in accounts payable	312 905	730 506
	<u>(3 142 046)</u>	<u>(920 852)</u>
CASH UTILISED BY OPERATIONS	<u>(3 147 652)</u>	<u>(756 842)</u>