



REPUBLIC OF NAMIBIA



AUDIT REPORT ON THE ACCOUNTS OF THE

MUNICIPALITY OF OKAHANDJA

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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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 Municipality of Okahandja for the financial year ended 30 June 2011, 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, February 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
THE MUNICIPALITY OF OKAHANDJA
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

1. INTRODUCTION

The accounts of the Municipality of Okahandja for the year ended 30 June 2011 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 Municipality on behalf of the Auditor-General and under his supervision.

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

2. FINANCIAL STATEMENTS

The Municipality'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 on 9 November 2011 and not within three months after the end of the financial year as required by the Act.** The audited financial statements are in agreement with the general ledger and are filed in the Office of the Auditor-General. The abridged balance sheet at Annexure A is a true reflection of the original 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 Municipality 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 OBSERVATIONS AND COMMENTS

4.1 Fund accounts

Due to cash flow problems related to the Revenue account, cash amounting to N\$ 19 747 826 (2010: N\$ 10 133 449) from investments of the Capital Reserve and Housing Funds had to be used to fund the shortfall on the Revenue account. At year-end, the Revenue account had a negative balance of N\$ 3 440 951 (2010: Negative balance of N\$ 3 997 886).

4.2 Trade and other receivables

The average collection period of trade receivables is 256 days (2010: 231 days). As previously reported, the Council should attend to the arrears as a matter of urgency.

The Municipality's records reflect a bad debt provision of N\$ 4 000 000 (2010: N\$ 4 000 000), which in the opinion of the auditors is inadequate. Based on an average collection period of 60 days, they are of the opinion that the debtors provision is understated by at least N\$ 17 314 533 (2010: N\$ 15 151 796).

Included in trade receivables is an amount of N\$ 1 288 170 (2010: N\$ 1 622 812) for service loan receivables. The list of service loan receivables was available, and the auditors were informed that this amount is bad debts for which arrangements has been made to be written off.

4.3 Consumer deposits

Consumer deposits increased during the current financial year from N\$ 822 781 to N\$ 865 670. Consumer deposits are still not in line with monthly charges and the auditors are of the opinion that the deposits are not adequate to cover one month's consumer services.

4.4 Leave provision

The Council provided an amount of N\$ 800 000 (2010: N\$ 800 000) for the provision for leave. The leave provision calculated by the auditors amounted to N\$ 2 356 357 (2010: N\$ 2 093 198). The leave provision is thus understated by N\$ 1 556 357 (2010: N\$ 1 293 198).

4.5 Distribution results of water and electricity

No distribution results were available at the time of the audit. The Council must ensure that the statistics related to water and electricity that were purchased and sold are kept per unit in order to determine the distribution results on water and electricity.

4.6 Build Together Programme

The Council never accounted, in its financial statements, for funds received from Government for the Build Together Programme since inception of this programme. Bank accounts, debtors, income and expenses of the Fund are thus not reflected in the accounts of the Municipality.

As previously reported, it is recommended that the Council should reflect all transactions pertaining to the Build Together Programme in the accounting records of the Municipality.

4.7 Inventories

The auditors did not observe the counting of the inventories on 30 June 2011, as they were not appointed at that stage. There were no alternative practical audit procedures that they could perform to confirm the existence of the inventories on hand at year-end.

4.8 Loans in arrears

External Government loans are, as in previous years, not repaid but the repayments are provided for as arrear loan instalments. The total instalments in arrears amount to N\$ 3 571 970 (2010: N\$ 2 981 874). (See paragraphs 23.2, 25.1 and note 10 of Annexure D).

No interest on overdue amounts due to Government has been provided for.

4.9 Trade and other payables

The list for trade and other payables does not balance with the reconciliations. The difference is N\$ 1 120 083. The Council should investigate and reconcile the list with the financial statements.

4.10 VAT

Included in trade and other receivables is an amount of N\$ 2 865 727 for VAT due to the Municipality. The auditors calculated an amount of N\$ 5 844 335 due to the Municipality. Therefore debtors is understated by N\$ 2 978 608.

Most of the VAT returns were submitted late, and no provision for any penalties or interest has been made.

5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Municipality 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 deficit on 01/07/2010				(3 997 886)
General accounts				
- Non-profitable	10 833 895	24 789 289	(13 955 394)	
- Self-supporting	7 409 383	3 805 923	3 603 460	
Trade accounts				
- Water	15 578 165	9 318 652	6 259 513	
- Electricity	34 857 332	30 630 294	4 227 038	
Profit for the year	68 678 775	68 544 158	134 617	134 617
Adjustments and utilisations (See note 11, Annexure D)				(3 863 269) 422 318
Accumulated deficit on 30/06/2011				(3 440 951)

7. CURRENT BANK ACCOUNT

	2011	2010
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	(1 225 389)	(2 365 045)
Outstanding cheques - Stated as trade payables	2 457 823	3 091 351
Balance per balance sheet	1 232 434	726 306
Outstanding deposits	(266 598)	(293 521)
Balance as per bank statement	965 837	432 785

8. INVESTMENTS

The investments as at 30 June were as follows:

Institution	2011	2010
	N\$	N\$
Commercial banks	1 111 990	3 788 365

The investments were allocated as follows:

Allocation	2011	2010
	N\$	N\$
Capital Reserve Fund	-	1 056 973
Housing Fund	-	2 731 392
Revenue	1 111 990	-
	1 111 990	3 788 365

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 water and electricity operations were as follows:

	Electricity		Water	
	2011	2010	2011	2010
	N\$	N\$	N\$	N\$
Sales	34 526 475	26 795 592	15 521 545	14 033 899
Cost of bulk purchases	(26 115 797)	(24 596 529)	(7 445 078)	(10 178 242)
Gross loss	8 410 678	2 199 063	8 076 467	3 855 657
Net expenditure	(4 183 640)	(7 716 726)	(1 816 954)	(3 109 168)
Net deficit	4 227 038	(5 517 663)	6 259 513	746 489
Gross profit percentages on bulk purchases	32.2%	8.9%	108.5%	37.9%
Net profit percentage on bulk purchases	16.2%	(22.4%)	84.1%	7.3%

10.2 Water distribution results in cubic meters

No distribution results were available at the time of the audit. The Council must ensure that the statistics per units purchased and sold are kept for water and electricity in order to determine the distribution results.

11. SELF-SUPPORTING SERVICES

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

	Income 2011	Expenses 2011	Surplus/ (deficit) 2011	Surplus/ (deficit) 2010
	N\$	N\$	N\$	N\$
Cleansing services	3 834 495	2 538 908	1 295 587	(210 688)
Sewerage	3 574 888	1 267 015	2 307 873	940 965
	7 409 383	3 805 923	3 603 460	730 277

12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

No fruitless, unauthorized or avoidable expenditure was revealed during the year under review.

13. SUSPENSE ACCOUNTS

Suspense accounts are cleared on a regular basis.

14. IRREGULARITIES AND LOSSES

No irregularities or losses due to thefts, fire and accidents were revealed during the years under review.

15. CAPITAL PROJECTS

Nature of projects/acquisitions	Financial by		Total expenditure 2011	Total expenditure 2010
	Revenue account	Loans		
	N\$	N\$	N\$	N\$
Electricity	-	-	-	1 304 550
Cleansing services	-	251 100	251 100	-
General administration	*92 250	573 037	665 287	3 898 982
Streets, storm water and sidewalks	-	1 023 172	1 023 172	4 020 032
Cemetery	-	-	-	99 308
Single Quarters	-	112 417	112 417	-
Water	-	46 658	46 658	-
Sport and recreation	-	-	-	485 154
Sewerage	-	-	-	122 000
	92 250	2 006 383	2 098 633	9 930 026

* The Capital statement and the expenses per votes differs with N\$ 4 403. Furthermore the Capital statement disclose the expenses as if they were financed from General administration whereas they were financed from Economic Development and Marketing, IT and Telecommunication respectively.

16. BURSARIES

No bursaries were granted during the years under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

No contributions were made during the years under review.

18. COMPENSATION PAYMENTS

No compensation payments were made during the years under review.

19. VISITS TO FOREIGN COUNTRIES

The total expenditure amount to N\$ 254 189. No further detail could be provided.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the Local Authority.

21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

Nature	2011	2010
	N\$	N\$
Nominal donations	6 650	79 052

22. TRANSFER OF PROPERTY

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

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

23. TRADE AND OTHER RECEIVABLES/PAYABLES

23.1 Trade and other receivables at 30 June were:

	2011	2010
	N\$	N\$
Services, rates and taxes	29 145 172	27 504 667
Other receivables	3 225 727	2 753 049
	32 370 899	30 257 716
Provision for bad debts	(4 000 000)	(4 000 000)
Total	28 370 899	26 257 716

The average collection period of trade receivables is 256 days (2010: 231 days). As previously reported, the Council should attend to the arrears as a matter of urgency.

The Municipality's records reflect a bad debt provision of N\$ 4 000 000 (2010: N\$ 4 000 000), which in the opinion of the auditors, is inadequate. Based on an average collection period of 60 days, they are of the opinion that the debtors provision is understated by at least N\$ 17 314 533 (2010: N\$ 15 151 796).

Included in trade receivables is an amount of N\$ 1 288 170 (2010: N\$ 1 622 812) for service loan receivables. The list of service loan receivable was available, and the auditors were informed that this amount is bad debts for which arrangements has been made to be written off.

23.2 Trade and other payables at 30 June were:

	2011	2010
	N\$	N\$
Trade payables	6 858 113	13 442 028
Outstanding cheques	-	3 091 351
Loan instalments in arrear	3 571 970	2 981 874
Provisions	800 000	800 000
Consumer deposits	865 670	822 781
Totals	12 095 753	21 138 034

The Council provided an amount of N\$ 800 000 (2010: N\$ 800 000) for the provision for leave. The leave provision calculated by the auditors amounted to N\$ 2 356 357 (2010: N\$ 2 093 198). The leave provision is thus understated by N\$ 1 556 357 (2010: N\$ 1 007 781).

24. ASSESSMENT RATES

	2011	2010
	N\$	N\$
The proceeds from assessment rates were	6 161 157	5 047 738
Tariffs per N\$1 valuation per annum		
- Land	0.06497	0.05506
- Improvements	0.01069	0.00584

The contribution to the Regional Council amounted to N\$ 308 058.

25. LOANS

25.1 External loans

	2011	2010
	N\$	N\$
The Government of Namibia	2 949 235	3 189 678
National Housing Enterprises	27 302	36 563
Commercial banks	675 594	1 394 425
Totals	3 652 131	4 620 666

External Government loans are, as in previous years, not repaid but the repayments are provided for as arrear loan instalments. The total instalments in arrears amount to N\$ 3 571 970 (2010: N\$ 2 981 874).

25.2 Due to the Municipality

	2011	2010
	N\$	N\$
Ervin and housing loans	103 688	249 670

25.3 Loans written off

No loans were written off by the Council.

26. SALE OF ERVEN

The management could not provide the auditors with a complete list of erven sold, nor could they provide them with a list of erven debtors. An amount of N\$ 7 463 913 was allocated to the Capital Reserve Fund, which include erven sales, but due to the fact that the property manager was not available, the auditors could not verify the erven sales or income thereof. Council should as a matter of urgency implement an erf management/township development management system.

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

No erven were sold on an instalment basis for the year under review.

28. TARIFF ADJUSTMENTS

Tariff adjustments were duly approved and promulgated in the Government Gazette. These adjustments were only published on 15 March 2011 and was thus only implemented on the date.

29. APPROVALS

29.1 Excess on approved budget

All budget excesses were approved.

29.2 Internal loans

Internal loan balances at year-end amounted to N\$ 22 110 887 (2010: N\$ 21 015 729). Internal loans of N\$ 2 006 383 (2010: N\$ 4 584 495) funded from the Capital Reserve Fund were added during the year under review.

29.3 Revenue written off

No debtors accounts were written off during the financial year.

30. INVENTORY AND EQUIPMENT

30.1 Motor vehicle and values thereof

The Council could not provide the auditors with the list of motor vehicles.

30.2 Inventory

The Council only accounts for fuel stock. Inventory of items utilised in repairs are not accounted for at year-end. It is recommended that the Council should compile a complete list of all its inventories at year-end and account for it in the balance sheet of the Council.

31. SPECIAL INVESTIGATIONS

All special investigations were completed and reported upon.

32. GENERAL

The accounting and internal controls are insufficient and unsatisfactory. Proper segregation of duties is not possible due to the small number of staff employed. While increased management involvement does reduce risks, it causes the risk that management and Council override existing controls, a potentially dangerous practice, which the Council should vigilantly guard against.

33. FORMAL AND INFORMAL QUERIES

Formal queries are embodied in this report

A management letter was issued to the Council and contained the following:

- Trade and other receivables
- Consumer deposits
- Leave provision
- Distribution results of water and electricity
- Build Together programme
- Inventories
- Trade and other payables
- VAT control receivable
- Fixed assets – Depreciation
- Sale of even
- Loans in arrears

34. DISCLAIMED AUDIT OPINION

The accounts of the Municipality of Okahandja for the financial year end 30 June 2011, 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 am unable to give an audit opinion due to the following:

Trade and other receivables

Provision for bad debts is underprovided by N\$ 17 314 533.

Included in trade receivables is an amount of N\$ 1 288 170 (2010: N\$ 1 622 812) for service loan receivables. The auditors were informed that this amount is bad debts for which arrangements has been made to be written off.

Leave provision

The leave provision is understated by N\$ 1 556 357 (2010: N\$ 1 007 781).

Build Together Programme

The Council never accounted in its financial statements for funds received from Government for the Build Together Programme since inception of this programme.

Loans in arrears

External Government loans are, as in previous years, not repaid but the repayments are provided for as arrear loan instalments. The total instalments in arrears amount to N\$3 571 970.

No interest on overdue amounts due to Government has been provided for.

Trade and other payables

The list for trade and other payables does not balance with the reconciliations with an amount of N\$ 1 120 083.

VAT

Included in trade and other receivables is an amount of N\$ 2 865 727 for VAT due to the Municipality. The auditors calculated that the amount due to the Municipality should be N\$ 5 844 335.

WINDHOEK, February 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

MUNICIPALITY OF OKAHANDJA

BALANCE SHEET AS AT 30 JUNE

	Notes	2011 N\$	2010 N\$
ASSETS			
Non-current assets			
Property, plant and equipment		58 732 507	59 456 231
Investments	2	57 516 829	55 418 196
Loans receivable	3	1 111 990	3 788 365
		103 688	249 670
Current assets			
Trade and other receivables	4	28 412 339	27 023 926
Inventories	5	28 370 899	26 257 716
Bank and cash	6	41 280	39 744
		160	726 466
TOTAL ASSETS		87 144 846	86 480 157
FUNDS AND LIABILITIES			
Funds and reserves			
Capital outlay	7	70 171 573	60 721 457
Funds and accounts	8	31 831 305	29 883 602
		38 340 268	30 837 855
Non-current liabilities			
Long-term liabilities	9	3 652 131	4 620 666
Current liabilities			
Trade and other payables	10	13 321 142	21 138 034
Bank overdraft	6	12 095 753	21 138 034
		1 225 389	-
TOTAL FUNDS AND LIABILITIES		87 144 846	86 480 157

MUNICIPALITY OF OKAHANDJA

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2011 N\$	2010 N\$
INCOME		68 252 688	69 704 722
EXPENDITURE		(68 544 158)	(78 661 836)
NET OPERATING DEFICIT		(291 470)	(8 957 114)
INVESTMENT INCOME EARNED FOR REVENUE ACCOUNTS		426 087	1 870
NET SURPLUS/(DEFICIT) FOR THE YEAR		134 617	(8 955 244)
APPROPRIATION ACCOUNT	11	422 318	373 438
		556 935	(8 581 806)
REVENUE ACCOUNT - Beginning of the year		(3 997 886)	4 583 920
REVENUE ACCOUNT - End of the year		(3 440 951)	(3 997 886)

MUNICIPALITY OF OKAHANDJA

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2011 N\$	2010 N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		68 252 688	69 704 722
Cash paid to suppliers		<u>(79 278 840)</u>	<u>(70 054 738)</u>
Cash utilised by operations	12	(11 026 152)	(350 016)
Investment income		426 087	1 870
Increase in Fund accounts		6 945 478	4 368 993
Increase in Capital outlay		<u>1 947 703</u>	<u>5 082 322</u>
Net cash flow from operating activities		<u>(1 706 884)</u>	<u>9 103 169</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net capital expenditure		(2 098 633)	(9 930 026)
Decrease/(increase) in investments		2 676 375	(30 166)
Decrease in loans receivable		<u>145 982</u>	<u>69 698</u>
		<u>723 724</u>	<u>(9 890 494)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
(Decrease)/increase in long-term loans		<u>(968 535)</u>	<u>1 151 641</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1 951 695)	364 316
CASH AND CASH EQUIVALENTS			
- BEGINNING OF THE YEAR		726 466	362 150
		<u>726 466</u>	<u>362 150</u>
CASH AND CASH EQUIVALENTS			
- END OF THE YEAR	6	<u>(1 225 229)</u>	<u>726 466</u>

MUNICIPALITY OF OKAHANDJA

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 C 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, less depreciation written off over the expected useful lives as determined by the Council from time to time. Property, plant and equipment acquired with loan funds are not depreciated until the loan is repaid, unless the expected lifetime of the asset is less than the repayment period of the loan in which case depreciation is calculated on the shortfall.

1.3 Internal Funds

The following Funds were created by the Town Council:

1.3.1 Housing 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.

1.3.2 Capital Reserve Fund

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

	<u>2011</u>	<u>2010</u>
	N\$	N\$
2. INVESTMENTS		
INVESTMENTS		
Commercial banks	1 111 990	3 788 365
Total	<u>1 111 990</u>	<u>3 788 365</u>
ALLOCATED AS FOLLOWS		
Capital Reserve Fund	-	1 056 973
Housing Fund	-	2 731 392
Revenue	1 111 990	-
	<u>1 111 990</u>	<u>3 788 365</u>

MUNICIPALITY OF OKAHANDJA

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

	2011	2010
	N\$	N\$
3. LOANS RECEIVABLE		
HOUSING FUND		
Ervin and housing loans	103 688	249 670
4. TRADE AND OTHER RECEIVABLES		
Services, rates and taxes	29 145 172	27 504 667
Other receivables	3 225 727	2 753 049
	32 370 899	30 257 716
Provision for bad debts	(4 000 000)	(4 000 000)
	28 370 899	26 257 716
5. INVENTORIES		
Fuel	41 280	39 744
6. CASH AND BANK BALANCES		
Current account	(1 225 389)	726 306
Petty cash	160	160
Current account	(1 225 229)	726 466
7. CAPITAL OUTLAY		
Loans redeemed	8 019 721	6 883 098
Revenue contributions	16 223 890	15 412 810
General capital contributions	7 587 694	7 587 694
	31 831 305	29 883 602
8. FUNDS AND ACCOUNTS		
Capital Reserve Fund	39 670 065	32 206 151
Housing Fund	2 111 154	2 629 590
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(3 440 951)	(3 997 886)
	38 340 268	30 837 855

MUNICIPALITY OF OKAHANDJA

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

	2011	2010
	N\$	N\$
9. LONG-TERM LIABILITIES		
The Government of Namibia	2 949 235	3 189 678
National Housing Enterprises	27 302	36 563
Commercial banks	675 594	1 394 425
	3 652 131	4 620 666
10. TRADE AND OTHER PAYABLES		
Trade payables	6 858 113	13 442 028
Outstanding cheques	-	3 091 351
Loan instalments in arrear	3 571 970	2 981 874
Provision for leave	800 000	800 000
Consumer deposits	865 670	822 781
	12 095 753	21 138 034
11. ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Overprovision of creditors	-	130 000
Prior year adjustments	556 935	240 168
Unclaimed deposits	-	3 270
Unexplained difference	(134 617)	-
	422 318	373 438
12. CASH UTILISED BY OPERATIONS		
Net operating profit before transfers	134 617	(8 955 244)
Adjustments for:		
- Adjustments to appropriation account	422 318	373 438
- Investment income	(426 087)	(1 870)
OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL	130 848	(8 583 676)
CHANGES IN WORKING CAPITAL		
Increase in trade and other receivables	(2 113 183)	(3 649 550)
(Increase)/decrease in inventories	(1 536)	5 068
(Decrease)/increase in trade and other payables	(9 042 281)	11 878 142
	(11 157 000)	8 233 660
CASH UTILISED BY OPERATIONS	(11 026 152)	(350 016)