



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
MUNICIPALITY OF OMARURU  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

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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 Omaruru for the financial year ended 30 June 2015, 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.

A handwritten signature in black ink, appearing to read "Junias Etuna Kandjeke".

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**WINDHOEK, November 2016**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF  
THE MUNICIPALITY OF OMARURU  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

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**1. Report on the Financial Statements**

**1.1 INTRODUCTION**

The accounts of the Municipality of Omaruru for the financial year ended 30 June 2015 are being reported on in accordance with the provisions set out in section 85 of the Local Authorities Act, 1992 (Act 23 of 1992).

Figures in the report are rounded off to the nearest Namibia Dollar and deficits are indicated in (brackets).

The firm Mostert Landgrebe of Windhoek has been appointed by Auditor-General 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.

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 87 (1) of the Local Authorities Act, 1992.

The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A-D

Annexure A: Balance Sheet

Annexure B: Abridged income statement

Annexure C: Cash flow statement

Annexure D: Notes to the financial statements

**2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 86 of the Local Authorities Act, 1992 and relevant legislation, and for such internal control as management determine it necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

**3. AUDITOR'S RESPONSIBILITY**

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## **Powers and duties**

Section 25(1) (c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- a) All reasonable precautions have been taken to ensure that all monies due to the State are collected and that the laws relating to the collection of such monies have been complied
- (b) All reasonable precautions have been taken to safeguard the receipt custody and issue of and accounting for the State's assets such as stores equipment securities and movable goods; and;
- (c) The expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition Section 26(1) (b) (iv) of the State Finance Act, 1991, empower the Auditor-General to investigate and report on the economy efficiency and effectiveness of the use of the State's resources.

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 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 purposes 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for audit opinion.

## **4. ACKNOWLEDGMENT**

The assistance and co-operation by the staff of the Municipality of Omaruru during the audit is appreciated.

## **5. KEY AUDIT FINDINGS**

### **5.1 Trade and other receivables - Provision for bad debts**

The average collection period of trade receivables, before taking the provision for bad debts into account, is 157 days (2014: 21 days). The average collection period of trade receivables, after taking the provision for bad debts into account, is 34 days.

No list for the Build Together Debtor of N\$ 5 948 773 could be provided for auditing purposes.

## 5.2 Inventories

The auditors did not observe the counting of the inventories on 30 June 2015. Therefore the existence of the inventories on hand at year-end was not confirmed.

## 5.3 Consumer deposits

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

## 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/(deficit) On 07/2014				(13 919 938)
<b>General accounts</b>				
Non-profitable	5 668 553	13 400 593	(7 732 040)	
Self-supporting	4 157 584	5 524 448	(1 366 864)	
<b>Trade accounts</b>				
Water	1 166 934	1 236 876	4 795 353	
Electricity	6 032 229	1 008 875	158 059	
Surplus/(deficit) for the year	17 025 300	21 170 792	(4 145 492)	(4 145 492)
				(18 065 430)
Adjustments and utilizations (See note 11, Annexure D)				4 638 505
Accumulated surplus/(deficit) on 30/06/2015				<b>(13 426 925)</b>

## 7. CURRENT BANK ACCOUNT

	2015	2014
	N\$	N\$
Cash-book balance at 30 June	(2 213 191)	(620 305)
Outstanding cheques	1 531 364	568 725
Unexplained difference	2 385	-
	<b>(679 442)</b>	<b>(51 580)</b>

## 8. INVESTMENTS

The investments as at 30 June were as follows:

Institution	2015	2014
	N\$	N\$
Commercial Banks	5 784 964	10 853 977
Equity - Erongo RED	6 225 100	-
	<b>12 010 064</b>	<b>10 853 977</b>

The investments were allocated as follows:

Allocation	2015	2014
	N\$	N\$
Capital Development Fund	2 816 661	7 123 874
Housing Fund	-	1 935 066
Build Together Fund	2 968 303	1 795 037
Revenue	6 225 100	-
	<b>12 010 064</b>	<b>10 853 977</b>

## 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	
	2015	2014	2015	2014
	N\$	N\$	N\$	N\$
Sales	1 019 734	870 695	5 975 543	5 070 787
Cost of sales	-	-	-	-
Gross surplus	1 019 734	870 695	5 975 543	5 070 787
Other expenses	(861 675)	(1 111 445)	(1 180 190)	(1 361 996)
Net (loss)/surplus	<b>158 059</b>	<b>(240 750)</b>	<b>4 795 353</b>	<b>3 708 791</b>
Gross surplus percentages on sales	100.0%	100.0%	100.0%	100.0%
Gross surplus percentages on cost of sales	0.0%	0.0%	0.0%	0.0%
Net surplus percentages on cost of sales	0.0%	0.0%	0.0%	0.0%
Net (loss)/surplus percentage on sales	15.5%	(27.7%)	80.2%	73.1%

### 10.2 Water distribution results in cubic meters

The Municipality is pumping water from the river and boreholes which cannot be measured.



## 11. SELF SUPPORTING SERVICES

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

	Income	Expenses	Surplus/deficit	Surplus/deficit
	2015	2015	2015	2014
	N\$	N\$	N\$	N\$
Sewerage	2 458 763	1 518 105	940 658	709 896
Cleaning services	1 380 893	1 740 038	(359 145)	(703 157)
NATIS	317 928	2 266 305	(1 948 377)	559 434
	<b>4 157 584</b>	<b>5 524 448</b>	<b>(1 366 864)</b>	<b>566 173</b>

The Council should introduce measures to reduce the losses on the loss-making services.

## 12. FRUITLESS UNAUTHORIZED OR AVOIDABLE EXPENDITURE

There were no such expenses.

## 13. SUSPENSE ACCOUNTS

Suspense accounts are cleared on a regular basis.

## 14. IRREGULARITIES AND LOSSES

There were no such expenses.

## 15. CAPITAL PROJECTS

The following were spend on capital projects:

Nature of projects/acquisitions	Financed by			Total expenditure 2015	Total expenditure 2014
	Revenue account	Internal loans	External loans		
	N\$	N\$	N\$	N\$	N\$
Administration	1 172 556	-	-	1 172 556	-
Cemeteries & parks	-	-	-	-	190 357
Emergency Services	-	-	-	-	17 650
Finance IT and Asset Department	-	-	-	-	2 891 213
Property Administration	48 000	-	-	48 000	870 630
Roads and Streets	-	-	-	-	7 427 356
Sewerage	1 497 543	-	-	1 497 543	-
Townlands	59 840	-	-	59 840	-
Water	8 136 305	-	-	8 136 305	5 698 450
	<b>10 914 244</b>	<b>-</b>	<b>-</b>	<b>10 914 244</b>	<b>17 095 656</b>

## 16. BURSARIES

There were no such expenses.

## 17. CONTRIBUTIONS GRANTS AND FINANCIAL AID.

No grants were received from the Government.

## 18. COMPENSATION PAYMENTS

There were no such expenses.

## 19. VISITS TO FOREIGN COUNTRIES

Municipality representatives spend N\$ 23 398 (2014 - N\$ 43 974) on visits to foreign countries.

## 20. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the local authority.

## 21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

No donations were made by the Municipality during the current year.

## 22. TRANSFER OF PROPERTY

There were no transfers of property to or from the Local Authority.

## 23. TRADE AND OTHER RECEIVABLES/ PAYABLES

### 23.1 Trade and other receivables at 30 June were:

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Services rates and taxes	6 927 065	5 361 807
Build Together advances	3 473 425	5 948 773
Housing Fund	753 644	-
Oasis Fund	660 385	-
Erven Sale Fund	124 246	-
Student loans	56 855	-
Sundry debtors	3 296	527 769
Difference on internal loans	6 621	-
VAT	818 322	133 853
	<b>12 823 859</b>	<b>11 972 202</b>
Consumer deposits	(343 160)	(326 970)
Provision for bad debts	(5 663 419)	(4 658 271)
<b>Total</b>	<b>6 817 280</b>	<b>6 986 961</b>

The average collection period of trade receivables before taking the provision for bad debts into account is 186 days (2014 - 157 days). The average collection period of trade receivables after taking the provision for bad debts into account is 34 days (2014 - 21 days).

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

	2015	2014
	N\$	N\$
Trade payables	2 795 499	1 851 635
Suspense accounts	-	1 225
Provisions	1 344 532	1 054 845
<b>Totals</b>	<b>4 140 031</b>	<b>2 907 705</b>

### 24. ASSESSMENT RATES

	2015	2014
	N\$	N\$
The proceeds from assessment rates were	2 504 011	2 423 947
<b>Residential</b>		
Tariffs per N\$1 valuation per annum - Site valuation	0.060	0.060
Tariffs per N\$1 valuation per annum - Improvements	0.014	0.014
<b>Business</b>		
Tariffs per N\$1 valuation per annum - Site valuation	0.060	0.060
Tariffs per N\$1 valuation per annum - Improvements	0.014	0.014

### 25. LOANS

#### 25.1 External loans

	2015	2014
	N\$	N\$
The Government of Namibia	1 728 295	1 851 660
Housing Fund Loans	270 314	270 314
	<b>1 998 609</b>	<b>2 121 974</b>

#### 25.2 Due to the Municipality

	2015	2014
	N\$	N\$
Build together advances - Included in trade and other receivables	3 473 425	5 948 773
Housing Fund advances - Included in trade and other receivables	753 644	-
Oasis Fund advances - Included in trade and other receivables	660 385	-
Erven Sale Fund advances - Included in trade and other receivables	124 246	-
	<b>5 011 700</b>	<b>5 948 773</b>

### 25.3 Loans written off

No loans were written off by the Council.

### 26. SALE OF ERVEN

During the current financial year erven to the value of N\$ 104 035 (2014 - Nil) were sold. The proceeds were allocated to the income statement.

### 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

The internal loans balance at 30 June 2015 were N\$ 8 774 565.78 (2014- N\$ 9 245 743). These loans were allocated to the Capital Development Fund.

#### 29.3 Revenue written off

None

### 30. INVENTORY AND EQUIPMENT

#### 30.1 Motor vehicles and values thereof:

	Sedan		LDV's 4x4 and Combi's		Other	
	Number	Value	Number	Value	Number	Value
Balance - 01/07/2014	2	N\$ 45 196	9	N\$ 662 954	10	N\$ 616 435
Additions	-	-	2	581 332	2	1 497 542
Sub-total	2	45 196	11	1 244 286	12	2 113 977
Depreciation	-	(9 039)	-	(22 968)	-	(2 025)
Balance - 30/06/2015	2	36 157	11	1 221 318	12	2 111 952

#### 30.2 Inventory

Inventories amounted to N\$ 224 496 (2014 - N\$ 83 476).

### **31. SPECIAL INVESTIGATIONS**

None

### **32. GENERAL**

There is an insufficient system of internal control at the Municipality. 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**

Formal queries are embodied in this report. Informal queries were raised with the Town Clerk. Audit differences and other comments are addressed in paragraph 5 of this report.

### **34. UNQUALIFIED AUDIT OPINION**

The accounts of the Municipality of Omaruru for the financial year ended 30 June 2015 summarized 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.

I certify that in my opinion, the financial statements present fairly, in all material respects, the financial position for Municipality for the Municipality of Omaruru as at 30 June 2015 financial year ended, and their financial performance and cash flows for the year ended in accordance with the provision of Section 87 (1) of the Local Authority Act No 23 of 1992.



**WINDHOEK, November 2016**

**JUNIAS ETUNA KANDJEKE  
AUDITOR -GENERAL**

**THE MUNICIPALITY OF OMARURU  
BALANCE SHEET AT 30 JUNE**

<b>ASSETS</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
		N\$	N\$
<b>NON CURRENT ASSETS</b>			
		<b>80 438 347</b>	<b>72 214 839</b>
Property plant and equipment	2	68 428 283	61 360 862
Investments	3	12 010 064	10 853 977
<b>CURRENT ASSETS</b>			
		<b>7 041 776</b>	<b>7 070 437</b>
Trade and other receivables	4	6 817 280	6 986 961
Inventories	5	224 496	83 476
<b>TOTAL ASSETS</b>		<b>87 480 123</b>	<b>79 285 276</b>
<b>FUNDS AND LIABILITIES</b>			
<b>FUNDS AND RESERVES</b>			
		<b>79 128 292</b>	<b>73 635 292</b>
Capital outlay	7	57 925 422	50 263 459
Funds and accounts	8	21 202 870	23 371 833
<b>NON-CURRENT LIABILITIES</b>			
Long-term liabilities		1 998 609	2 121 974
<b>CURRENT LIABILITIES</b>			
		<b>6 353 222</b>	<b>3 528 010</b>
Trade and other payables	10	4 140 031	2 907 705
Bank overdraft	6	2 213 191	620 305
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>87 480 123</b>	<b>79 285 276</b>

**THE MUNICIPALITY OF OMARURU  
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE**

	<u>Note</u>	<u>2015</u>	<u>2014</u>
		N\$	N\$
INCOME		17 020 470	14 787 599
EXPENDITURE		<u>(21 170 792)</u>	<u>(21 605 388)</u>
NET OPERATING DEFICIT		(4 150 322)	(6 817 789)
INTEREST ON INVESTMENTS		<u>4 830</u>	<u>-</u>
NET DEFICIT AFTER INTEREST APPROPRIATION ACCOUNT		<u>(4 145 492)</u> 4 638 505	<u>(6 817 789)</u> 547 832
		493 013	(6 269 957)
REVENUE ACCOUNT - Beginning of year		(13 919 938)	(7 649 981)
<b>REVENUE ACCOUNT - End of year</b>		<u><b>(13 426 925)</b></u>	<u><b>(13 919 938)</b></u>

**THE MUNICIPALITY OF OMARURU**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE**

	<b>Note</b>	<b>2015</b> N\$	<b>2014</b> N\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		17 020 470	14 787 599
Cash paid to suppliers		(15 271 300)	(17 764 693)
Cash generated/(utilised) by operations	12	1 749 170	(2 977 094)
Interest received		4 830	-
Decrease in Fund accounts		(2 661 976)	(4 680)
Increase in Capital outlay		7 661 963	4 909 966
Net cash flow from operating activities		<u>6 753 987</u>	<u>1 928 192</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net capital expenditure		(7 067 421)	(14 811 058)
(Increase)/decrease in investments		(1 156 087)	12 262 600
		<u>(8 223 508)</u>	<u>(2 548 458)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Decrease in long-term loans		(123 365)	(130 312)
		<u>(123 365)</u>	<u>(130 312)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1 592 886)	(750 578)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		(620 305)	130 273
CASH AND CASH EQUIVALENTS - END OF YEAR	6	<u>(2 213 191)</u>	<u>(620 305)</u>



**THE MUNICIPALITY OF OMARURU  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

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## **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. Assets are depreciated over their estimated useful lives.

### **1.3 Internal Funds**

The following Fund were created by the Municipality:

#### **1.3.1 New Development Fund**

The purpose of this Fund is to make provision for future capital development projects of the Council. Income is obtained from the Revenue Account as well as a cash donation from Government.

#### **1.3.2 Housing fund**

The purpose of this Fund is to provide for housing loans. Income for this Fund is derived from interest earned on secured housing loans and investments as well as profits made on the resale of housing scheme houses. Interest paid on external housing loans is charged to the Fund.

#### **1.3.3 Capital reserve fund**

The purpose of this fund is to build up a general capital reserve to ensure a stable financial position. Income for this fund is derived from general revenue contributions and interest earned on internal loans and investments.

#### **1.3.4 Betterment fund**

The purpose of this fund is to provide for future improvements of municipal assets. Part of the proceeds of the sale of land as well as interest earned on internal loans and investments are allocated to this fund.

**THE MUNICIPALITY OF OMARURU**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

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**1.3.5 Renewal fund**

Its purpose is to provide for replacement of assets and for additional depreciation on assets which abnormally decreased in value. Income for this account is derived from general revenue contributions as well as interest earned on investments.

**1.3.6 Capital Redemption Fund**

Capital redemptions on external and internal loans are charged against income. A similar amount is credited to the Loan Redemption Fund for the duration of the loan. As and when the loan is fully redeemed the Loan Redemption Fund is transferred to the Revenue Contribution.

	<b>2015</b>	<b>2014</b>
	N\$	N\$
<b>2. PROPERTY PLANT AND EQUIPMENT</b>	<b>68 428 283</b>	<b>61 360 862</b>
<b>3. INVESTMENTS</b>		
Commercial Banks	5 784 964	10 853 977
Equity - Erongo RED	6 225 100	-
	<b>12 010 064</b>	<b>10 853 977</b>

## THE MUNICIPALITY OF OMARURU

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

	2015	2014
	N\$	N\$
<b>ALLOCATED AS FOLLOWS</b>		
Capital Development Fund	2 816 661	7 123 874
Housing Fund	-	1 935 066
Build Together Fund	2 968 303	1 795 037
Revenue	6 225 100	-
	<b>12 010 064</b>	<b>10 853 977</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
Services rates and taxes	6 927 065	5 361 807
Build Together advances	3 473 425	5 948 773
Housing Fund advances	753 644	-
Oasis Fund advances	660 385	-
Erven Sale Fund advances	124 246	-
Student loans	56 855	-
Sundry debtors	3 296	527 769
Difference on internal loans	6 621	-
VAT	818 322	133 853
	12 823 859	11 972 202
Consumer deposits	(343 160)	(326 970)
Provision for bad debts	(5 663 419)	(4 658 271)
	<b>6 817 280</b>	<b>6 986 961</b>
<b>5. INVENTORIES</b>		
Materials	224 496	83 476
<b>6. CASH AND BANK BALANCES</b>		
Current account	(2 213 191)	(620 305)
	<b>(2 213 191)</b>	<b>620 305</b>

**THE MUNICIPALITY OF OMARURU**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

	<b>2015</b>	<b>2014</b>
	N\$	N\$
<b>7. CAPITAL OUTLAY</b>		
Loans redeemed	5 330 946	4 736 403
Revenue contributions	49 469 566	42 156 689
General Capital contributions	3 124 910	3 370 367
	<b>57 925 422</b>	<b>50 263 459</b>
<b>8. FUNDS AND ACCOUNTS</b>		
Capital Development Fund	24 802 901	27 129 564
Housing Fund	2 418 396	2 418 396
Oasis Fund	660 385	-
Erven Sale Fund	124 246	-
Build Together Fund	6 623 867	7 743 811
Revenue account kept in compliance with Section 86 (1) of the Local Authority Act 1992.	(13 426 925)	(13 919 938)
	<b>21 202 870</b>	<b>23 371 833</b>
<b>9. LONG-TERM LIABILITIES</b>		
The Government of Namibia	1 728 295	1 851 660
Housing fund	270 314	270 314
	<b>1 998 609</b>	<b>2 121 974</b>
<b>10. TRADE AND OTHER PAYABLES</b>		
Trade payables	2 795 499	1 851 635
Suspense accounts	-	1 225
Provisions	1 344 532	1 054 845
	<b>4 140 031</b>	<b>2 907 705</b>

**THE MUNICIPALITY OF OMARURU**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

**11. ADJUSTMENTS TO APPROPRIATION ACCOUNT**

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Prior year adjustments	5 643 653	2 897 621
Provision for bad debts and leave	(1 005 148)	(2 348 563)
Difference on opening balance	-	(1 226)
	<b>4 638 505</b>	<b>547 832</b>

**12. CASH GENERATED /UTILISED BY OPERATIONS**

Net operating deficit before transfers	(4 145 492)	(6 817 789)
Adjustments for:		
Adjustments to appropriation account	4 638 505	547 832
Investment income	(4 830)	-
<b>OPERATING SURPLUS/(DEFICIT) BEFORE CHANGE IN WORKING CAPITAL</b>	<b>488 183</b>	<b>(6 269 957)</b>
<b>CHANGES IN WORKING CAPITAL</b>		
Change in trade and other receivables	169 681	2 121 953
Change in inventories	(141 020)	114 878
Change in trade and other payables	1 232 326	1 056 032
	<b>1 260 987</b>	<b>3 292 863</b>
<b>CASH GENERATED/(UTILISED) BY OPERATIONS</b>	<b>1 749 170</b>	<b>(2 977 094)</b>

