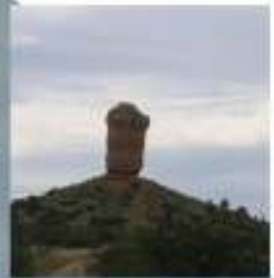




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MUNICIPALITY OF OUTJO

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 Municipality of Outjo 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, February 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
THE MUNICIPALITY OF OUTJO
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

1. INTRODUCTION

The accounts of the Municipality of Outjo 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 BDO 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. Deficits are indicated in brackets.

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. 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 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, 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 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\$ 2 551 072 (2012: N\$ 2 368 853).

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

4.2 Trade and other receivables - Provision for bad debts

The average collection period of trade receivables is 449 days (2012: 334 days). As previously reported, the Council should attend to the arrears as a matter of urgency.

4.3 Value Added Tax

An amount of N\$ 255 211 (including an amount of N\$ 317 for interest charged) was transferred by the Receiver of Revenue from the VAT account, period 11/2012, 01/2013 and 03/2013, to the PAYE outstanding as per the statement from the Receiver of Revenue, dated 31/05/2013. There was also an amount of N\$ 978 449 transferred from the VAT receivable account to set off the PAYE payable account in the prior year. The PAYE balance outstanding is in respect of interest charged on prior year late submission/payments of PAYE. There is an estimated VAT receivable amount of N\$ 333 125 not recorded in the Municipality's accounting records as at year-end. The VAT receivable or if deducted from PAYE liability is respectively understated and overstated with this amount. The current year deficit is thus also overstated by this amount.

4.4 Deposit on services

Deposits for services do not appear sufficient to cover monthly service fees.

4.5 Housing Fund Advances

The total advances outstanding as at year-end amounted to N\$ 7 025 926 (2012: 5 917 605). New advances were made during this year to the amount of N\$ 1 496 728 and the municipality could not provide the auditors with the supporting documentation for these housing loan advances: Accumulations. The existence, completeness, accuracy and valuation of these new advances could thus not be ascertained. The recoverability of the loans brought forward is doubtful. Thus the auditors could not obtain adequate assurance regarding the valuation of these advances.

5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Outjo 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 01/07/2012				(3 260 660)
General accounts				
- Non-profitable services	6 784 390	11 917 907	(5 133 517)	
- Self-supporting services	5 513 727	3 945 788	1 567 939	
Trade accounts				
- Electricity	1 157 940	91 748	1 066 192	
- Water	7 787 821	3 210 272	4 577 549	
Surplus for the year	21 243 878	19 165 715	2 078 163	2 078 163
Adjustments and utilisations (See Note 11, Annexure D)				(1 182 497)
				(2 240 962)
Accumulated deficit on 30/06/2013				(3 423 459)

7. CURRENT BANK ACCOUNT

	2013	2012
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	348 448	440 272
Outstanding cheques	1 091 879	763 139
Outstanding deposits	(36 238)	(54 107)
Adjustment	49 680	-
Balance as per bank statement	1 453 769	1 149 304

8. INVESTMENTS

The investments as at 30 June were as follows:

Institution	2013 Investment	2012 Investment
	N\$	N\$
Commercial banks	3 059 351	7 845 047
	3 059 351	7 845 047
Distribution		
Capital Reserve Fund	-	5 000
Housing/Build Together Fund	277 005	3 198 931
Ablutions Settlement Area Fund	132 010	129 090
Social Housing Program	634 087	2 615 217
Informal Settlement Upgrading	1 482 133	1 449 344
HIV/Aids Air Fund	30 345	-
Water Tower Restoration Fund	-	8 102
Income	503 771	439 363
	3 059 351	7 845 047

9. FUND ACCOUNTS

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

10. TRADE ACCOUNT

10.1 The results of water operations were as follows:

	Electricity		Water	
	2013	2012	2013	2012
	N\$	N\$	N\$	N\$
Surcharge/sales	1 157 940	1 157 940	7 787 821	8 125 976
Gross surplus	1 157 940	1 157 940	7 787 821	8 125 976
Other expenses	(91 748)	(91 398)	(3 210 272)	(2 861 376)
Net surplus	1 066 192	1 066 542	4 577 549	5 264 600
Net surplus percentage on sales	92%	92.1%	59%	64.8%

10.2 Distribution results

No distribution results were available as Cenored supply the electricity and the water are pumped from municipal boreholes.

11. SELF-SUPPORTING SERVICES

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

Service	Income 2013	Expenses 2013	Surplus/ (Deficit) 2013	Surplus/ (Deficit) 2012
	N\$	N\$	N\$	N\$
Abattoir	9 184	11 353	(2 169)	7 026
Cleansing services	1 607 023	2 516 368	(909 345)	(882 398)
Sewerage and plunger	3 897 520	1 418 067	2 479 453	2 318 872
Sidings and industrial plots	-	-	-	(19 304)
	5 513 727	3 945 788	1 567 939	1 424 196

As reported in the previous year, the Council must turn the loss making services into self-supporting 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 irregularities or losses during the period under review.

15. CAPITAL PROJECTS

The following were spend on capital projects:

Nature of projects/acquisitions	Financed by		Total expenditure 2013	Total Expenditure 2012
	Revenue account	General capital		
	N\$	N\$	N\$	N\$
Cleansing services	-	-	-	4 696
Council's general expenses	-	-	-	151 739
Housing	-	-	-	1 958 267
Streets, roads and storm water	-	-	-	1 083 207
Sport grounds and parks	413 999	-	413 999	-
Sewerage and Pluger	5 540	1 594 229	1 599 769	-
Town Clerk/Treasurer	8 722	134 901	143 623	9 766
Town planning	329 423	-	329 423	42 221
Public Buildings	37 633	-	37 633	-
Water works	46 983	-	46 983	-
Housing	250 161	2 040 294	2 290 455	-
Water supply	-	-	-	673 354
Workshop	-	-	-	35 226
	1 092 461	3 769 424	4 861 885	3 958 476

16. STUDY LOANS/BURSARIES

No bursaries were granted during the year.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

No amount was received or given as contributions or grants during the year under review.

18. COMPENSATION PAYMENTS

No compensation payments were made during the year under review.

19. VISITS TO FOREIGN COUNTRIES

No amount was incurred on visits to other countries during the year under review.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the Municipality.

21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

The Municipality made the following gifts/donations:

Nature of gift/donation	Value
	N\$
Donation: High School	567
Donation: Primary School	567
Donation: Private School	567
Donation: Ugab School	567
Donations: Other	28 318
Free services	9 600
Subsidies to pensioners and indigent people	610 885
	651 071

22. TRANSFER OF PROPERTY

No transfer of property has been made to / from Government for the period under review.

23. TRADE AND OTHER RECEIVABLES/PAYABLES

23.1 Trade and other receivables at 30 June were:

	2013	2012
	N\$	N\$
Consumers	19 177 715	14 843 176
Cash not banked	-	-
VAT receivable	-	39 373
Sundries	939 847	1 274 067
Provision for bad debts	20 117 562 (16 131 740)	16 156 616 (12 856 153)
Total	3 985 822	3 300 463
Analysis of services and general debtors:		
Average monthly levy	1 300 286	1 352 057
Debtors	19 177 715	14 843 176
Average credit terms in days	449	334

23.2 Trade and other payables at 30 June were:

	2013	2012
	N\$	N\$
Trade payables	197 451	339 082
Provisions	2 806 107	2 803 104
Amounts received in advance	627 814	368 368
Loan instalments in arrears	2 551 072	2 368 853
Debtors consumers	266 808	-
Sundry payables	821 726	1 367 303
Totals	7 270 978	7 246 710

24. ASSESSMENT RATES

	2013	2012
	N\$	N\$
The net proceeds from assessment rates were	2 427 357	1 521 662
Paid to the Regional Council	121 368	76 083
Tariffs per N\$1 valuation per month		
- Land	0.0300	0.1100
- Improvements	0.0030	0.0160

25. LOANS

25.1 External loans

	2013	2012
	N\$	N\$
External loans – Government	1 170 251	1 211 119
Instalment sale agreements	92 814	191 143
	1 077 437	1 402 262

25.2 Internal loans

There are no internal loans.

26. SALE OF ERVEN

There were no proper records to test the sale of erven.

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

No properties were sold on an instalment basis during the year under review.

28. TARIFF ADJUSTMENTS

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

29. APPROVALS

All overspending was approved by the Council.

30. INVENTORY AND EQUIPMENT

30.1 Motor vehicles and values thereof

The auditors could not obtain satisfactory information regarding the movement of motor vehicles.

30.2 Inventory

Adequate systems of control over and recording of inventory were maintained.

Inventory counts are performed twice per annum.

Slow moving inventory was identified and adequate provision has been made for obsolete items.

Housekeeping is up to standard.

31. SPECIAL INVESTIGATIONS

There were no special investigations during the period under review.

32. GENERAL

The accounting and internal controls are not satisfactory, except where indicated otherwise in this report. Proper segregation of duties does exist. While increased management involvement does reduce risks, the risk arises that management and Council override existing controls, a potentially dangerous practice which the Municipality should vigilantly guard against. The integrity of staff in appropriate positions should however be reviewed to ensure that qualified personnel are employed in respective positions.

33. FORMAL AND INFORMAL QUERIES

33.1 Formal queries are embodied in this report.

33.2 Informal queries were discussed with the Municipality.

34. QUALIFIED AUDIT OPINION

The accounts of the Outjo Municipality 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.

A qualified audit opinion is being expressed due to the following reasons:

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\$ 2 551 072.

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

Consumer deposits

The auditors could not obtain satisfactory assurance that consumer deposits are sufficient/ adequate.

Trade and other receivables – Provision for bad debts

The average collection period of trade receivables was 449 (2012: 334) which is alarmingly high. The Municipality does not appear to be putting measures in place to ensure debts are collected within the allocated time limit.

Value added Tax

An amount of N\$ 255 211 (including an amount of N\$ 317 for interest charged) was transferred by the Receiver of Revenue from the VAT account, period 11/2012, 01/2013 and 03/2013, to the PAYE outstanding as per the statement from the Receiver of Revenue, dated 31/05/2013. There is also an estimated VAT receivable amount of N\$ 333 125 not recorded in the Municipality's accounting records. The VAT receivable or if deducted from PAYE liability is respectively understated and overstated with this amount. The current year deficit is thus also overstated by this amount.

Housing Fund Advances

Total advances outstanding as at year end amounted to N\$ 7 025 926. (2012: N\$ 5 917 605) New advances were made during this year to the amount of N\$ 1 496 728. However, the Municipality could not provide the auditors with the supporting documents. The existence, completeness, accuracy and valuation of these new advances could thus not be ascertained. The recoverability of the loans brought forward is doubtful. Thus the auditors could not obtain adequate assurance regarding the valuation of these advances.

Except for the above-mentioned remark of the matter referred to in the proceeding paragraph, I certify that, in my opinion, the financial statements fairly present the financial position of the municipality at 30 June 2013 and the results of its operations and cash flow for the year then ended in the manner required by the Local Authorities Act, 1992, and the State Finance Act, 1991.

WINDHOEK, February 2014

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

MUNICIPALITY OF OUTJO

BALANCE SHEET AS AT 30 JUNE

	Notes	2013 N\$	2012 N\$
ASSETS			
Non-current assets			
Property, plant and equipment	2	20 605 954	17 620 837
Loans Receivables - Housing Funds		7 025 927	5 917 605
Investments	3	3 059 351	7 845 047
Current assets			
Trade and other receivable	4	3 985 822	3 300 463
Inventories	5	180 618	185 720
Bank	6	350 322	442 237
TOTAL ASSETS		35 207 994	35 311 909
FUNDS AND LIABILITIES			
Funds and reserves			
Capital outlay	7	19 342 889	16 218 575
Funds and accounts	8	6 919 244	10 062 630
Non-current liabilities			
Long term loans	9	1 674 883	1 783 994
Current liabilities			
Trade and other payable	10	7 270 978	7 246 710
TOTAL FUNDS AND LIABILITIES		35 207 994	35 311 909

MUNICIPALITY OF OUTJO

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	<u>Note</u>	<u>2013</u>	<u>2012</u>
		N\$	N\$
INCOME		21 243 878	20 822 296
EXPENDITURE		<u>(19 165 715)</u>	<u>(16 399 055)</u>
OPERATING LOSS FOR THE YEAR		2 078 163	4 423 241
Interest earned		-	-
NET SURPLUS FOR THE YEAR		<u>2 078 163</u>	<u>4 423 241</u>
Add : Appropriation and adjustments	11	<u>(2 240 963)</u>	743 406
RETAINED INCOME FOR THE YEAR		(162 800)	5 166 647
30 June 2012		<u>(3 260 660)</u>	<u>(8 427 307)</u>
30 June 2013		<u>(3 423 460)</u>	<u>(3 260 660)</u>

MUNICIPALITY OF OUTJO

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	<u>Note</u>	<u>2013</u>	<u>2012</u>
		N\$	N\$
Cash flow from operating activities			
Cash receipts from customers		21 243 878	20 822 296
Cash paid to suppliers		(22 062 666)	(9 167 775)
Cash generated from operations	12	(818 788)	11 654 521
Interest received		-	-
Increase in fund accounts		(2 980 587)	(9 096 746)
Increase in capital outlay		3 124 314	2 216 338
Net cashflow from operating activities		(675 060)	4 774 113
Cash flow from investing activities			
Net capital (expenditure)/ revenue		(2 985 117)	(2 090 310)
(Increase)/Decrease in investments		4 785 696	(2 311 124)
Decrease in loans receivable		(1 108 321)	244 983
Net cash flow from investing activities		692 257	(4 156 451)
Cash flow from financing activities			
Decrease in long-term liabilities		(109 112)	(83 779)
Net increase/(decrease) in cash and cash equivalents		(91 915)	533 883
Cash and cash equivalents at the beginning of the year		442 237	(91 646)
Cash and cash equivalents at the end of the year		350 322	442 237

MUNICIPALITY OF OUTJO

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 acquired with loan funds are stated at cost and no depreciation is provided thereon until the loan is fully redeemed. All other items of property, plant and equipment are stated at cost or valuation, and except fixed property, the cost or valuation of these items of property, plant and equipment is depreciated on the reducing-balance basis over their expected useful lives.

1.3 Fund accounts

The following Funds were maintained:

1.3.1 Housing Fund

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

1.3.2 Capital Reserve Fund

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

1.3.3 Water Tower Restoration Fund

The purpose of this Fund is to accumulate reserves to restore the water tower.

1.3.4 Decentralized Single Quarter Fund

The purpose of this Fund is to upgrade the single quarters in Etoshapoort. Income is derived from Government grants.

1.3.5 Sport and Social Fund

The purpose of this Fund is to utilize available funds for sport recreational purposes for staff employed by the Municipality.

1.4 Capital redemption on loans

Capital redemption on external and internal loans is charged against income. A similar amount is credited to the Loan Redemption account for the duration of the loans. As and when the loan is fully redeemed, the loan amount is to be transferred to the Revenue Contribution Capital Account.

MUNICIPALITY OF OUTJO

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**1.5 Inventory**

Fuel inventory is valued at cost on the first-in first-out basis. Consumables are valued at the average landed costs.

	2013	2012
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
Consists of :		
Income assets	5 709 943	5 381 217
Loan assets	1 866 278	1 866 278
General capital assets	13 029 734	10 373 342
	20 605 954	17 620 837
3. INVESTMENTS		
Commercial banks	3 059 351	7 845 047
	3 059 351	7 845 047
Allocated as follows:		
Capital Reserve Fund	-	5 000
Housing/ Build Togheter Fund	277 005	3 198 931
Ablution Settlement Area Fund	132 010	129 090
Social Housing Program	634 087	2 615 217
Informal settlement upgrading	1 482 133	1 449 344
Tipeeg Fund	503 771	-
HIV	30 345	-
Water Tower Restoration Fund	-	8 102
Income	-	439 363
	3 059 351	7 845 047
4. TRADE AND OTHER RECEIVABLES		
Consumers	19 177 715	14 843 176
Cash not banked	-	-
VAT receivable	-	39 373
Sundry debtors	-	1 274 067
Natis Refund of Expenses	112 242	-
Cenored Surcharges	96 495	-
Retired personenel medical aid	5 930	-
Suspense account	191 840	-
Legal expenses	248 564	-
Deposits	284 776	-
	20 117 562	16 156 616
Less :		
Provision for doubtful debts	(16 131 740)	(12 856 153)
	3 985 822	3 300 463

MUNICIPALITY OF OUTJO

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

	2013	2012
	N\$	N\$
5. INVENTORIES		
Fuel and stores	180 618	185 720
	180 618	185 720
6. BANK AND CASH		
Current account - Municipality operating account	348 448	440 272
Petty cash	1 874	1 965
	350 322	442 237
7. CAPITAL OUTLAY		
Loans redeemed	603 212	464 016
Revenue contributions	5 709 943	5 381 217
General capital contributions	13 029 734	10 373 342
	19 342 889	16 218 575
8. FUNDS, ACCOUNTS AND RESERVES		
Capital Reserve Fund	10 113	5 000
Water Tower Restoration Fund	8 286	8 103
Tipeeg Fund	503 771	-
HIV/AIDS Fund	37 744	-
Fire Damage Fund	231 628	-
Ablution Settlement Area Fund	132 010	129 090
Informal Settlement Upgrading Fund	1 482 133	1 449 344
Housing/ Build Togheter Fund	7 302 931	9 116 536
Social Housing Fund	634 087	2 615 217
Sub total	10 342 703	13 323 290
Revenue account kept in compliance with section 86(1) of the Local Authorities Act, 1992	(3 423 459)	(3 260 660)
	6 919 244	10 062 630
9. LONG-TERM LIABILITIES		
Loan from the Government:		
External loans	1 170 251	1 211 119
Installment sale agreement	92 814	191 143
Consumer deposits	411 817	381 732
	1 674 883	1 783 994

MUNICIPALITY OF OUTJO

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

	2013	2012
	N\$	N\$
10. TRADE AND OTHER PAYABLES		
Trade payables	197 451	339 082
Provisions	2 806 107	2 803 104
Amount received in advance	627 814	368 368
Loan installments in arrears	2 551 072	2 368 853
Debtors consumers	266 808	-
Sundries	821 726	1 367 303
	7 270 978	7 246 710
11. ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Adjustments - Provision for leave pay	-	-
Subsidy over provision	-	-
Debtors adjustments	9 384	9 581
Debts written off	(280 259)	-
Previous year legal expenses	77 362	-
Other expenses/income	-	30 447
Provision for bad debts	(3 345 809)	(8 236 881)
Provison for PAYE	-	(3 049 492)
Provious year expenditure	(336 091)	(332 867)
Privious year income	-	389 691
Regional Council	-	566 450
Stale cheque previous year	-	28 853
Transfer from Capital Reserve Fund	-	11 337 624
Transfer from Housing Fund	2 311 432	-
VAT dismissed	(676 982)	-
	(2 240 962)	743 406
12. CASH UTILISED IN OPERATIONS		
Net profit/(deficit) before interest and transfers	2 078 163	4 423 241
Adjustments to appropriation account	(2 240 962)	743 406
Operating surplus before changes in working capital	(162 799)	5 166 647
Changes in working capital		
(Increase)/decrease in trade and other receivables	(685 359)	3 842 911
(Increase)/decrease in inventories	5 102	(85 488)
(Decrease)/ Increase in trade and other payables	24 268	2 730 451
	(655 989)	6 487 874
CASH GENERATED BY OPERATIONS	(818 788)	11 654 521