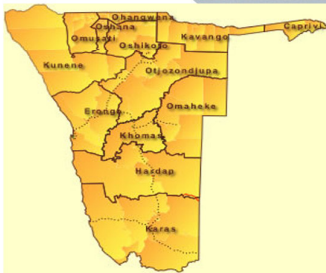




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

REGIONAL COUNCIL OF THE KARAS REGION

FOR THE FINANCIAL YEARS ENDED 31 MARCH 2008 AND 2009

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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 Regional Council of the Karas region for the financial years ended 31 March 2008 and 2009, 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 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE
ACCOUNTS OF THE REGIONAL COUNCIL OF THE KARAS REGION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2008 AND 2009**

1. INTRODUCTION

The Regional Council of the Karas region was established under Section 2(1) of the Regional Councils Act, 1992 (Act 22 of 1992).

The financial powers, duties and functions of the Council are stipulated in Article 108 of the Namibian Constitution and Section 28 of the Regional Councils Act. Sections 39 and 40 of the Act require that accounting records of the Council shall be kept and its financial statements shall be prepared by its Chief Regional Officer.

Figures in the report are rounded off to the nearest Namibian dollar.

2. FINANCIAL STATEMENTS

The Regional Council's financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 40(1) of the Regional Councils Act, 1992, **except that these were only completed on 12 December 2008 and 14 August 2009 respectively instead of three months after the end of the financial year as required by the Act.** The abridged balance sheet, Annexure A, is a true reflection of the original.

The following annexures are also attached to this report:

- Annexure B: Statements of income and expenditure
- Annexure C: Cash flow statement*
- Annexure D: Notes to the financial statements

* No cash flow statement has been compiled by the Council. The attached statement at annexure C has been compiled by the auditors in the required format.

3. SCOPE OF AUDIT

The Chief Regional Officer of the Regional Council is responsible for the preparation of the financial statements and of ensuring the regularity of the financial transactions. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

The audit as carried out by audit staff of his Office, included:

- Examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of the financial statements.

The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- The financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- in all material respects, expenditure and income have been applied to the purposes intended by the Regional Councils Act; and
- the financial transactions conform to the authorities, which govern them.

4. AUDIT OBSERVATIONS AND COMMENTS

4.1 Analysis of financial information

4.1.1 Financial statements

4.1.1.1 Balance Sheet

Differences amounting to a net figure of N\$ 21 011 302 were observed between the balance sheet and the trial balance for the 2008/2009 financial year. Details of these entries are shown at the table below:

Description	Balance sheet	Trial balance	Difference
	N\$	N\$	N\$
Capital Project	38 169 386	-	38 169 386
Long term liability	-	20 237 548	(20 237 548)
Long term liability	-	862 536	(862 536)
Current liability	-	(436 030)	436 030
Current liability	-	(402 224)	402 224
Current liability	-	1 328 014	(1 328 014)
Government Funds	21 562 103	17 130 343	4 431 760
TOTAL	59 731 489	38 720 187	21 011 302

4.1.1.2 Income Statement

A difference amounting to N\$ 21 921 290 was observed between the income statement and the trial balance for the 2008/2009 financial year. Detail of the entry is shown at the table below:

Description	Income statement	Trial balance	Difference
	N\$	N\$	N\$
Capital Project	23 043 311	1 122 021	21 921 290

4.1.2 Confirmation of opening balances

4.1.2.1 Assets under construction to the value of N\$ 16 248 096 was not reported in the 2007/2008 financial statements.

4.1.2.2 The opening balance for Land & buildings and Office furniture, equipment & computers for the 2008/09 financial year was incorrectly brought forward from the prior year financial statements.

Description	Closing balance 2007/08	Opening balance 2008/09	Difference More/(less)
	N\$	N\$	N\$
Furniture and fittings	574 424	650 702	76 278
Office equipment	280 674	278 097	(2 577)
Lands & buildings	8 245 824	6 495 824	(1 750 000)
TOTAL	9 100 922	7 424 623	(1 676 299)

4.1.2.3 Furthermore, the opening balances for accumulated depreciation on office furniture, equipment & computer for the 2008/09 financial year was incorrectly brought forward from the prior year financial statements.

Description	Closing balance 2007/08	Opening balance 2008/09	Difference More/(less)
	N\$	N\$	N\$
Furniture and fittings	145 991	145 517	(474)
Office equipment	135 263	135 410	147
Lands & buildings	235 448	252 268	16 820
TOTAL	516 702	533 195	16 493

Council should rectify these mistakes during the next financial year.

4.1.3 Journal entries

The appropriateness of journal entries for the 2008/2009 financial year could not be confirmed due to the fact that differences noted between the trial balance and annual financial statement could not be rectified by the journals passed. Furthermore, approvals of journal entries could not be confirmed. Council should in future ensure that proper journal vouchers are prepared to explain the purpose of a journal. All journals should be authorized by the appropriate officials.

4.2 Rate charges (Settlement income) (2007/2008)

4.2.1 For the selected audit sample, supporting documents were not available at the Council for audit purposes. In some cases, proper reconciliation and management checks were not performed.

4.2.2 Furthermore, settlement income to the amount of N\$ 15 793 applicable to the previous financial year were only deposited and reflected in the 2007/2008 financial year.

4.2.3 Supporting documents to the value of N\$ 445 553: 2008 and N\$ 36 622: 2009 were not provided for audit purposes and proper reconciliations were not exercised.

4.3 Income: Interest & Royalties

4.3.1 Noordoewer Settlement Area - Account number: 3000376365 (2007/2008)

4.3.1.1 An amount of N\$ 1 700 reflected as interest received in the general ledger was for cash deposit made. Another nett difference of N\$ 1 359 was detected between the bank statement and the general ledger.

4.3.1.2 Furthermore, the bank statements reflects interest and royalties as N\$ 5 217 while the general ledger reflects an amount of N\$ 6 326, resulting in a difference of N\$ 1 109.

4.4 Fixed asset register

Differences were noted between the asset register and the annual financial statements.

4.4.1 2007/2008 financial year

Annual financial statement	N\$ 10 876 822
Assets register	10 872 762
Difference	4 060

4.4.2 2008/2009 financial year

	N\$
Annual financial statement	12 036 955
Assets register	11 836 674
Difference	200 281

The fixed asset register should be updated regularly and also be reconciled with the general ledger.

4.5 Capital projects (2008/2009)

Private contractor

Audit tests to confirm that tender procedures were followed could not be carried out due to the unavailability of the tender numbers. Services provided by private contractors amounted to N\$ 482 969.

4.6 Expenditures

4.6.1 General expenditure (2007/2008)

Supporting documents to the value of N\$ 274 767 could not be obtained although cheques were issued and banked.

4.7 Funds

4.7.1 Funds – Income (2007/2008)

The bank statement for the ECD Project reflects a receipt of N\$ 26 800. This transaction was not reflected in the general ledger.

4.7.2 Expenditure (2007/2008)

4.7.2.1 Supporting documents for expenditure to the value of N\$5 314 could not be obtained for audit purposes.

4.7.2.2 It was further observed that cheque nr 6441 to the amount of N\$ 11 515 was cancelled although it was found that the payment was processed in the general ledger. Expenditure is therefore overstated by the said amount.

4.8 Cash & bank

4.8.1 The following differences were found between the cash-book and the bank reconciliations performed by the Council for the 2007/2008 financial year

Account details	Bank reconciliation	Cash-book	Differences
	N\$	N\$	N\$
Drought Relief Account	-	(5 029)	(5 029)
5% Rates levy Call Account	385 986	665 989	(280 003)
KRC Disaster & Drought Relief Account	-	(131)	131
FNB Call Account	11 177	1 411 177	(1 400 000)
Independence Celebration Account	6 194	208	5 986
Traditional Authority Account	38 321	1 705	36 616
Karas Investment	18 898	957	17 941
Ariamsvlei Call Account	28 507	1 918	26 589
Noordoewer Call Account	14 363	966	13 397
Kutenhaus S/H	12 240	(195)	12 435

4.8.2 The following amounts were reflected in the general ledger, although the bank accounts were closed.

4.8.2.1 2007/2008 financial year

Account details	Amount
	N\$
Drought Relief Call Account	5 160
KRC Current Account	(147)

4.8.2.2 2008/2009 financial year

Account details	Amount
	N\$
Drought Relief Call Account	5 160

4.8.3 Stale cheques to the amount of N\$ 198 427 were not written back at the end of the 2007/2008 financial year.

4.8.4 The existence of a call account was confirmed by the bank but not reflected in the trial balance. This bank account had a closing balance of N\$ 3 068 418: 2007/2008 and N\$ 3 347 428: 2008/2009 respectively.

4.9 Inventory (2007/2008 & 2008/2009)

The Council did not prepare a stock-taking report for consumables for the financial years under review and the values thereof have not been included in the balance sheet.

4.10 Investment (2007/2008 & 2008/2009)

4.10.1 During the years under review, the Council had three policies with an insurance company. These investments were not approved by the Minister in accordance with the Regional Council Act.

4.11 Adjustments

Adjustments of N\$ 2 086 196: 2008/2009 and (N\$ 236 700): 2007/2008 was made in the financial statements of the Council to balance the accounts. This was mainly due to a closing balance that was not carried forward correctly.

5. ACKNOWLEDGEMENT

The courtesy and assistance extended to the Auditor-General's staff by the Chief Regional Officer and his staff during the audit is appreciated.

6. DISCLAIMED AUDIT OPINION

The accounts of the Regional Council of the Karas region for the financial years ended 31 March 2008 and 2009 have been audited in terms of Section 38 of the Regional Councils Act, 1992 (Act 22 of 1992) and Section 25 (1) (b) of the State Finance Act, 1991 (Act 31 of 1991).

I am unable to express an opinion on the financial statements, results of operations and the cash flows of the Council for the years ended 31 March 2008 and 2009 due to the following reasons:

- The balance sheet of 2008/09 of the Council differs with a net figure of N\$ 21 011 302 with the trial balance.

- The income statement for the 2008/09 financial year differs with an amount of N\$ 21 921 290 from the trial balance.
- The closing and opening balances between 2007/08 and 2008/09 financial years related to furniture and fittings, office equipment and land and buildings differs with a net amount of N\$ 1 676 299.
- The opening and closing balances between the two financial years related to accumulated depreciation also differs with a net amount of N\$ 16 493.
- Settlement income to the amount of N\$ 15 793 related to the 2006/07 financial year was only deposited and accounted for in the 2007/08 financial year.
- Supporting documents for the rate charges (settlement income) to the value of N\$ 445 553: 2008 and N\$ 36 622: 2009 could not be submitted for audit purposes.
- The annual financial statement for 2007/08 and the asset register differs with an amount of N\$ 4 060 while the difference for 2008/09 increased to N\$ 200 281.
- Expenditure vouchers for 2007/08 to the value of N\$ 274 767 could not be submitted for audit purposes.
- The bank statement for the ECD project reflects receipts of N\$ 26 800 which is not reflected in the general ledger.
- Several bank accounts reflect differences between the bank reconciliation and the cash-book balance.
- Stale cheques to the amount of N\$ 198 427: 2007/2008 were not written back.
- Bank confirmation was received for a bank account that exist with a balance of N\$ 3 068 418: 2008 which increased to N\$ 5 347 428: 2009 but is not reflected in the trial balance of the Council.
- Inventories are not disclosed in the financial statements of the Council.
- Adjustments of N\$ 2 086 196: 2009 and N\$ 236 700: 2008 had to be made in the financial statements to balance the accounts of the Council.

WINDHOEK, August 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

BALANCE SHEETS AS AT 31 MARCH

	Notes	2009 N\$	2008 N\$	2007 N\$
ASSETS				
Non-current assets		50 994 989	30 337 751	31 018 379
Fixed assets	4	50 206 341	27 124 920	25 739 708
Investments	5	788 648	3 212 831	5 278 671
Current assets		8 736 500	11 148 233	5 441 097
Accounts receivable		992 213	881 805	803 779
Cash on hand and bank	7	7 744 287	10 266 428	4 637 318
Total assets		59 731 489	41 485 984	36 459 476
EQUITY AND LIABILITIES				
Accumulated Funds	Annexure B	21 562 103	20 385 899	14 522 886
Current liabilities		38 169 386	21 100 085	21 936 590
Capital Project Fund	6	38 169 386	20 237 548	21 100 084
Other liabilities		-	862 537	836 506
Total equity and liabilities		59 731 489	41 485 984	36 459 476

REGIONAL COUNCIL OF THE KARAS REGION

INCOME STATEMENTS FOR THE YEARS ENDED 31 MARCH

	Notes	2009 N\$	2008 N\$	2007 N\$
INCOME	8	39 427 926	29 242 519	22 302 320
EXPENDITURE	9	41 473 482	23 875 984	18 048 195
Net operating surplus/(loss)		(2 045 556)	5 366 535	4 254 125
Interest earned		1 135 564	733 178	812 272
Accumulated income/(deficit)		(909 992)	6 099 713	5 066 397
Accumulated Funds				
~ adjustments		2 086 196	(236 700)	20 858
~ at the beginning of the year		20 385 899	14 522 886	9 435 631
~ at the end of the year		21 562 103	20 385 899	14 522 886

REGIONAL COUNCIL OF THE KARAS REGION

CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 MARCH

	Note	2009	2008	2007
		N\$	N\$	N\$
Cash flow from operating activities				
Cash receipt from customers		39 427 926	29 242 519	22 302 320
Cash paid to suppliers		(22 428 393)	(25 027 215)	(4 247 329)
Cash utilized by operations	9	16 999 533	4 215 304	18 054 991
Interest earned		1 135 564	733 178	812 272
Net cash flow from operating activities		18 135 097	4 948 482	18 867 263
Cash flow from investing activities		(20 657 238)	680 628	(23 508 169)
Net capital expenditure		(23 081 421)	(1 385 212)	(23 346 689)
(Increase)/decrease in investments		2 424 183	2 065 840	(161 480)
Net (increase)/decrease in cash and Cash equivalents		(2 522 141)	5 629 110	(4 640 906)
Cash and cash equivalents				
- At the beginning of the year		10 266 428	4 637 318	9 278 224
- At the end of the year		7 744 287	10 266 428	4 637 318

REGIONAL COUNCIL OF THE KARAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with the Namibian statements of General Accepted Accounting Practice.

The annual financial statements are prepared under the historical cost convention. The following accounting policies are consistent, in all material respects, with those of the previous year. The annual financial statements are prepared in line with the accrual concept. It should be noted, however, that income and expenditure in relation to Delegated functions is accounted for during the year on a cash accounting concept, in line with the State Finance Act, 1992, however, since all liability in relation to Delegated functions remains with the relevant Line Ministry, this does not materially affect the Regional Council financial statements.

All fixed assets are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write-off the cost of each asset to its residual value over its estimated useful life. The estimated useful lives for the years under review are as follows:

Buildings	50 years
Machinery & equipment	5 years
Vehicles	5 years
Office furniture	3 years
Office equipment	5 years
Computer	3 years
Other fixed assets	5 years

2. GRANTS AND DONATIONS

The Regional Council is currently performing the following functions (under certain conditions) delegated by central governmental line ministries, as indicated, in accordance with the Decentralisation enabling Act, 2000.

Under delegation, the Regional Council acts as an agent on behalf of the relevant line ministry. The relevant line ministry, however, retains overall responsibility to approve the related budget. Their budget allocation is transferred to the Regional Council via cash transfers.

REGIONAL COUNCIL OF THE KARAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

Grants and donations received by the Regional Council throughout the period are summarized as follows:

	2009	2008	2007
	N\$	N\$	N\$
3. DELEGATED FUNDS			
Monies received	128 415	464 706	82 745
Delegated Fund	128 415	464 706	82 745
Monies paid out	(314 200)	58 998	(316 331)
HIV - expenses	(189 784)	(163 828)	(229 934)
Drought relief	(52 857)	-	(390)
Traditional Authority	-	(106 997)	-
Early Childhood Development Fund	(71 559)	(69 388)	(86 007)
Disbursement Build Together Project	-	(789)	-
Karas investors conference	-	400 000	-
Nett delegated funds	(185 785)	523 704	(233 586)

4. FIXED ASSETS

2009	Land & buildings	Motor & vehicles	Office furniture, equipment & computers	Other fixed assets	Assets under construction	Total
	N\$	N\$	N\$	N\$	N\$	N\$
Cost as at 1 April 2008	6 495 824	2 004 578	1 650 709	27 752	16 248 096	26 353 259
Additions	1 750 000	1 288 332	188 373	38 998	21 921 290	25 260 693
Cost as at 31 March 2009	8 245 824	3 292 910	1 839 082	66 750	38 169 386	51 613 952
Depreciation as at 1 April 2008	-	457 178	533 195	4 460	-	994 833
Charge for the year	-	246 734	161 198	4 846	-	412 778
Depreciation as at 31 March 2009	-	(703 912)	(694 393)	(9 306)	-	(1 407 611)
Net book value as at 31 March 2009	8 245 824	2 588 998	1 144 689	57 444	38 169 386	50 206 341

REGIONAL COUNCIL OF THE KARAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

2008	Land & buildings	Motor & vehicles	Office furniture, equipment & computers	Other fixed assets	Assets under construction	Total
	N\$	N\$	N\$	N\$	N\$	N\$
Cost as at 1 April 2007	6 495 824	1 492 632	1 337 804	27 752	17 033 444	26 387 456
Additions/(disposals)	1 750 000	511 946	239 205	-	(785 348)	1 715 803
Cost as at 31 March 2008	8 245 824	2 004 578	1 577 009	27 752	16 248 096	28 103 259
Depreciation as at 1 April 2007	-	265 135	380 929	1 685	-	647 749
Charge for the year	-	192 043	135 772	2 775	-	330 590
Depreciation as at 31 March 2008	-	(457 178)	(516 701)	(4 460)	-	(978 339)
Net book value as at 31 March 2008	8 245 824	1 547 400	1 060 308	23 292	16 248 096	27 124 920
2007	Land & buildings	Motor & vehicles	Office furniture, equipment & computers	Other fixed assets	Assets under construction	Total
	N\$	N\$	N\$	N\$	N\$	N\$
Cost as at 1 April 2006	307 824	1 492 632	977 805	-	-	2 778 261
Additions	6 188 000	-	360 000	27 752	17 033 444	23 609 196
Cost as at 31 March 2007	6 495 824	1 492 632	1 337 805	27 752	17 033 444	26 387 457
Depreciation as at 1 April 2006	-	115 872	269 370	-	-	385 242
Charge for the year	-	149 263	111 559	1 685	-	262 507
Depreciation as at 31 March 2007	-	265 135	380 929	1 685	-	647 749
Net book value as at 31 March 2007	6 495 824	1 227 497	956 876	26 067	17 033 444	25 739 708

REGIONAL COUNCIL OF THE KARAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

	2009	2008	2007
	N\$	N\$	N\$
5. INVESTMENTS			
32 day call	-	1 474 683	1 834 683
Insurance company	788 648	1 738 148	3 443 988
	788 648	3 212 831	5 278 671
6. CAPITAL PROJECTS			
Balance b/f	20 237 548	21 100 084	6 295 150
Capital received	-	-	13 942 398
Interest capitalized	862 536	862 536	862 536
	21 100 084	21 962 620	21 100 084
Unexplained difference	17 069 302	(1 725 072)	-
	38 169 386	20 237 548	21 100 084
7. CASH AND BANK			
Karas Investors Congress	19 918	957	-
5% Assessment rates	128 103	665 989	504 180
Stannic fleet	84 032	83 980	34 436
Early Childhood Development	70 058	76 817	1 405
Main account	74 600	(158 164)	-
Build Together	17 010	40 041	87 638
Rural electricity	11 087	34	6 232
Regional Drought Aid Fund	4 029	(5029)	-
Gutenhaus SH project	12 042	(195)	-
Aus settlement area	51 595	57 283	8 073
Noordoewer settlement area	3 100	(111)	4 946
Grünau settlement area	1 174	72	475
Ariamsvlei settlement area	(1 483)	(112)	352
Capital projects	50 430	46 447	142 816
Karas Investors Conference	881	1 087	1 290
Disbursement Build Together Project:			
Receipt account	73 566	55 913	50 505

REGIONAL COUNCIL OF THE KARAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

CASH AND BANK (continued)

	2009	2008	2007
	N\$	N\$	N\$
Karas Regional Council:			
Disbursement Build Together Project	1 099 309	1 193 670	1 269 824
Karas Drought Relief	5 160	5 160	5 160
Traditional Authority Fund	33 175	1 705	-
Karas Development Trust	1 022 364	13 245	1 483
Karas Regional Council Account	36 618	1 411 177	9 617
Disaster & Draught relief	-	(131)	5 029
First National Bank Call Account	4 160 957	6 473 591	2 402 403
Warmbad Development Project	-	-	97
KCR Current Account	-	(147)	-
Independence Celebration Account	6 385	208	-
Noordoewer Call Account	15 569	966	-
Ariamsvlei Call Account	30 901	1 918	-
Warmbad First National Bank Account	26 410	13 865	7 783
Grunau First National Bank Account	10 952	14 102	29 874
Call Contingency Account	544 240	237 078	38 838
Noordoewer Settlement Area	46 313	13 267	13 607
Kosis Settlement Area	5 614	3 387	10 166
Ariamsvlei First National Bank Account	100 178	18 358	1 089
	7 744 287	10 266 428	4 637 318

8. INCOME

Government transfers - MRLGHRD	12 825 000	12 125 000	11 122 677
Grant from MRLGHRD			
– Capital Projects	18 790 000	13 000 000	5 700 000
Assessment rates	803 743	740 527	1 442 217
Build Together Project	20 499	8 214	11 774
Rates, charges and fees (settlement areas)	3 905 726	1 678 613	1 659 817
Delegated functions	128 415	464 706	82 745
Sundry income	2 954 543	1 225 459	2 283 090
Total income	39 427 926	29 242 519	22 302 320

REGIONAL COUNCIL OF THE KARAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

	2009	2008	2007
	N\$	N\$	N\$
9. EXPENDITURE			
Advertising	77 535	30 722	54 873
Property rental	305 282	256 828	205 818
Transport expenses	1 437 014	1 045 930	1 206 150
Build Together expenses	228 802	518 622	-
Bank charges	91 995	83 453	82 933
Depreciation	412 779	330 590	262 507
Electricity, water & utilities	3 993 003	3 224 603	3 638 059
Entertainment	284 831	195 881	259 949
Materials and supplies	279 741	247 976	251 622
Repairs & maintenance	308 531	161 201	302 188
Salaries & wages	8 569 448	8 428 765	7 593 201
Sundry expenses	22 814 255	7 386 683	1 695 702
Travel & accommodation	2 005 284	1 770 599	1 366 458
Contribution/settlements	-	-	569 141
Training / workshops	84 130	93 476	126 017
Delegated funds	314 200	(58 998)	316 331
Printing	11 787	15 292	13 394
Security services	254 865	144 361	103 852
Total expenditure	41 473 482	23 875 984	18 048 195
NET OPERATING SURPLUS/ (DEFICIT) FOR THE YEAR	(2 045 556)	5 366 535	4 254 125
Interest received	1 135 564	733 178	812 272
SURPLUS/(DEFICIT) FOR THE YEAR	(909 992)	6 099 713	5 066 397

REGIONAL COUNCIL OF THE KARAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

	2009	2008	2007
	N\$	N\$	N\$
10. CASH UTILISED BY OPERATIONS			
Net operating profit before transfers	(909 992)	6 099 713	5 066 397
Adjustments for:			
Unexplained differences	2 086 196	(236 700)	20 858
Interest	(1 135 564)	(733 178)	(812 272)
Operating income before changes In working capital	40 640	5 129 835	4 274 983
Changes in working capital			
(Increase)/decrease in debtors	(110 408)	(78 026)	(516 709)
(Decrease)/increase in creditors	17 069 301	(836 505)	14 296 717
	16 999 533	4 215 304	18 054 991