



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

# REGIONAL COUNCIL OF THE KARAS REGION

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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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 2010, 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 2012**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE  
ACCOUNTS OF THE REGIONAL COUNCIL OF THE KARAS REGION  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010**

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**1. INTRODUCTION**

The Regional Council of the Karas region was established with effect from 31 August 1992 under Section 2(1) of the Regional Councils Act, 1992 (Act 22 of 1992). The Council became a legal entity on 31 December 1992 and is based in Keetmanshoop.

The financial powers, duties and functions of the Council are stipulated in Article 108 of the Namibian Constitution and in the Regional Council 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 Namibia 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 submitted on 30 January 2012 instead of three months after the end of the financial year as stipulated by the Act.** The abridged balance sheet, Annexure A, is a true reflection of the original.

The abridged balance sheet, Annexure A, is a true reflection of the original. The following annexures are also attached to this report:

- Annexure B: Income statement
- Annexure C: Cash flow statement
- Annexure D: Notes to the annual financial statement

**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 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 GOOD CORPORATE GOVERNANCE

For this audit perspective the auditors looked at three (3) best corporate practices that enhance Good Corporate governance and also looked at the IT infrastructure and overall control environment. Based on the best corporate practices the following were noted:

#### **Internal Audit**

The Council does have an internal audit unit but it does not have an approved internal audit charter and Audit Committee to outline its scope and responsibilities. The non-existence of an approved internal audit charter and audit committee bears the risk of limiting the functionality of the internal audit unit and its independence.

#### **Risk Management Framework**

The Council could not provide the risk assessment profiles in conjunction with the Council's strategic objectives. Furthermore, it was also observed that the Council does not have a disaster recovery plan in place to ensure business continuity in the event of any disaster.

#### **Information Technology Environment**

The IT functions of the Council were outsourced to a private service provider for the year under review. The Council did not do regular backups, therefore it was faced with the risk of information loss.

## ANALYSIS OF FINANCIAL INFORMATION

### 4.2 COMPARISON OF THE ANNUAL FINANCIAL STATEMENTS AND THE TRIAL BALANCE

#### 4.2.1 Income statement

4.2.1 A difference of N\$ 798 082 in respect of total expenditure was observed between the trial balance and the income statement.

#### 4.2.2 Balance sheet

4.2.2 The following differences were observed between the trial balance and the balance sheet:

<b>Details</b>	<b>Trial balance</b>	<b>Balance Sheet</b>	<b>Difference</b>
	N\$	N\$	N\$
Assets under construction	38 169 386	51 272 270	(13 102 884)
Accumulated funds	38 136 102	34 723 104	3 412 998
Other Liabilities	673 687	2 561 316	(1 887 629)

Furthermore, it was observed that long-term liabilities totaling N\$ 21 100 084 were reflected in the trial balance but not in the balance sheet.

#### **Recommendation**

The Council should ensure the correct disclosure of all information in the annual financial statements.

## Management comment

The Council took note of the findings and undertook to make appropriate adjustments to reconcile the financial statements with the trial balance.

### 4.3 COMPARISON OF YEAR OPENING BALANCES

#### 4.3.1 Fixed assets

The auditors observed the following differences when comparing the closing balances of the 2008/09 financial year with the opening balances of the 2009/2010 financial year:

Description	Balance at 31 March 2009	Balance at 01 April 2009	Difference
	N\$	N\$	N\$
Motor vehicles at cost	3 292 910	2 049 755	1 243 155
Other fixed assets at cost	66 750	612 422	(545 672)

#### Recommendations

The Council should ensure correct disclosure of all information in the submitted annual financial statements.

#### Management comment

The Council agreed with the finding and indicated that it was an error.

#### 4.3.2 Cash flow Statement

4.3.2.1 For cash on hand and bank, a difference of N\$ 35 225 720 is calculated when comparing the balance sheet balance and the closing balance reflected in the cash flow statement.

4.3.2.2 Furthermore a difference of N\$ 13 597 822 was observed by the auditors when they compared the closing balance of the cash flow statement for the 2008/2009 financial year with the opening balance of the 2009/2010 financial year.

4.3.2.3 Moreover, a difference of N\$ 4 609 168 was observed between the cash utilized by operations balance reflected in the cash flow statement when compared to the balance reflected in the notes to the annual financial statements.

#### Recommendations

The Council is recommended to ensure correct disclosure of financial information in the financial statements to avoid misrepresentation.

#### Management comment

The Council agreed with the findings and indicated that they will disclose the committed funds of the work in progress as cash and bank in the balance sheet.

#### **4.4 PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS**

**4.4.1** The Council disclosed accounts receivable totaling N\$ 1 902 312 as operational income. This amount was supposed to be reflected as accounts receivable in the balance sheet under the accrual accounting concept and not as part of operational income actually received.

##### **Recommendations**

The Council should ensure compliance with the relevant disclosure framework when preparing the annual financial statements for submission.

**4.4.2** An adjustment of N\$ 21 562 103 was made to the accumulated fund. An explanation could not be provided at the time of the audit.

##### **Recommendations**

The Council is recommended to keep record of all journals passed and avail such evidence for audit purposes. An explanation of the audit observation is requested.

#### **4.5 ACCOUNTS RECEIVABLE**

The Council disclosed accounts receivable totalling N\$ 2 577 970. The auditors however could not verify the completeness and accuracy of this account area because the Council could not provide the auditors with the customer detailed ledger for audit purposes.

##### **Recommendations**

The Council is recommended to ensure that all relevant supporting documents are kept and submitted for audit purposes.

##### **Management comment**

The Council agreed with the finding and indicated that the recommendation will be implemented accordingly in the next financial year.

#### **4.6 PAYROLL**

##### **4.6.1 Salaries and wages**

The auditors compared the VIP bank deposit list (reflecting the net salaries) with the general ledger and observed a difference of N\$ 115 426.

##### **Recommendation**

The Council is recommended to regularly reconcile its payroll account and ensure that differences are followed up and corrected timeously.

##### **Management comment**

The Council agreed with the finding and indicated that a decision was taken to correct the situation.

**4.6.2** Furthermore the Council could not provide the auditors with the summary printouts of VIP salary and variance sheets to verify correctness of information reflected in the general ledger and annual financial statements.

### **Recommendations**

The Council is recommended to ensure that all relevant supporting documents are kept and submitted for audit purposes.

## **4.7 EXPENDITURE**

### **Non-submission of supporting documents**

Supporting documents to the amount of N\$ 361 042 were not submitted for audit purposes.

### **Recommendations**

The Council is recommended to ensure that all relevant supporting documents are kept and submitted for audit purposes.

### **Management comment**

The Council agreed to the finding and indicated that the filing system will be reviewed in order to ensure that supporting documents are available for audit purposes at all times.

## **4.8 ACCOUNTS PAYABLE**

It was observed that the Council disclosed accounts payable totalling N\$ 2 561 316 in the Balance sheet. The auditors however, could not verify the completeness and accuracy of this account area because the Council could not provide the supplier detailed ledger for audit purposes.

### **Recommendations**

The Council is recommended to ensure that all relevant supporting documents are kept and submitted for audit purposes.

### **Management comment**

The Council agreed to the finding and indicated that the recommendation will be implemented accordingly.

## **4.9 FIXED ASSETS**

**4.9.1** Land and building to the value of N\$ 8 245 824 could not be confirmed to the general ledger.

**4.9.2** Furthermore, it was observed that the Council adjusted Motor Vehicles at cost with N\$ 697 482, but this adjustment could not be verified/confirmed in the fixed asset register.

### **Recommendation**

The Council is recommended to ensure compliance with the relevant reporting framework when preparing the financial statements for audit purposes.

#### **4.10 INVENTORY**

The auditors observed that the Council did not reflect the value of consumable items held by the Council at financial year end. This is in contrast with the Financial Accounting and Procedures Manual for Regional Councils, paragraph 9.5, which states that a stocktaking report should be produced on the 31 March, reflecting the value of consumables held by the Regional Council at year end.

#### **Recommendations**

The Council is recommended to ensure compliance with the relevant reporting framework when preparing the financial statements for submission and audit purposes.

#### **Management comment**

The Council agreed to the finding and indicated that the Council will correctly disclose the opening and closing value in the financial statements.

#### **4.11 INVESTMENTS**

The Council had two (2) policies with an insurance company. These investments were not approved by the Minister in accordance with the Regional Councils Act.

#### **Recommendations**

The Council is recommended to ensure compliance with the relevant legislation at all times to avoid possible unauthorized activities in future.

#### **4.12 CAPITAL PROJECTS**

An unexplained difference of N\$ 2 943 666 was observed between the opening and closing balances of Capital Projects. This difference could not be confirmed to the capital projects register.

### **5. ACKNOWLEDEMENT**

The courtesy and assistance extended to the Auditors-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 year ended 31 March 2010 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 my opinion due to the following reasons:

- The total expenditure was misstated by N\$ 789 082 between the Income Statement and Trial Balance;
- The total long term liabilities was misstated by N\$ 21 100 084 between the Balance sheet and Trial Balance;
- A difference of N\$ 1 243 155 was observed between opening and closing balance of Motor Vehicles at cost;
- A difference of N\$ 35 225 725 was observed between the cash on hand balance in the balance sheet and the closing balance in the cash flow statement;
- A difference of N\$ 13 597 822 was observed between the closing balance (2008/2009) of the cash flow statement and opening balance (2009/2010) thereof;



- A differenced of N\$ 4 609 168 was observed for cash utilised by operations in the cash flow statement when compared to note 10;
- Income was overstated by N\$ 1 902 312;
- Unexplained adjustment of N\$ 21 562 103 was made by the Council;
- Supporting documents to the amount of N\$ 2 577 970 was not submitted for audit purposes in respect of Accounts receivable;
- Land and Building to the amount of N\$ 8 245 824 could not be confirmed in the General Ledger.
- Inventory is not accounted for; and
- An unexplained difference of N\$ 2 943 666 between opening and closing balances of capital projects.

**WINDHOEK, August 2012**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## REGIONAL COUNCIL OF THE KARAS REGION

## BALANCE SHEET AS AT 31 MARCH

	Notes	2010 N\$	2009 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	4	63 321 976	50 206 341
Investments	5	1 230 913	788 648
<b>Current assets</b>			
Accounts receivable		7 957 251	8 736 500
Cash and bank	7	2 577 970	992 213
		5 379 281	7 744 287
<b>Total assets</b>		<b>72 510 140</b>	<b>59 731 489</b>
<b>EQUITY AND LIABILITIES</b>			
Accumulated Funds	Annexure B	34 723 104	21 562 103
		34 723 104	21 562 103
<b>Current liabilities</b>			
Capital project fund	6	37 787 036	38 169 386
Accounts payable		35 225 720	38 169 386
		2 561 316	-
<b>Total equity and liabilities</b>		<b>72 510 140</b>	<b>59 731 489</b>

## REGIONAL COUNCIL OF THE KARAS REGION

## INCOME STATEMENT AS AT 31 MARCH

	Notes	2010 N\$	2009 N\$
<b>Income</b>	8	68 727 250	39 427 926
<b>Expenditure</b>	9	21 525 052	(41 473 482)
		<b>47 202 198</b>	<b>(2 045 556)</b>
<i>Less: Capital project expenditure</i>		(14 055 064)	-
<b>Nett operating surplus/(deficit)</b>		<b>33 147 134</b>	<b>(2 045 556)</b>
Interest earned		1 575 970	1 135 564
<b>Accumulated income/(deficit)</b>		<b>34 723 104</b>	<b>(909 992)</b>
<b>Accumulated funds</b>			
- Adjustments		(21 562 103)	2 086 196
- At the beginning of the year		21 562 103	20 385 899
<b>End of the year</b>		<b>34 723 104</b>	<b>21 562 103</b>

## REGIONAL COUNCIL OF THE KARAS REGION

## CASH FLOW STATEMENT AS AT 31 MARCH

	Note	2010 N\$	2009 N\$
<b>Cash flow from operating activities</b>			
Cash receipt from customers		66 824 938	39 427 926
Cash paid to suppliers		(35 580 116)	(22 428 393)
Cash utilised by operations	10	31 224 822	16 999 533
Interest earned		1 575 970	1 135 564
		32 800 792	18 135 097
Cash flow from investing activities		(13 557 900)	(20 657 238)
Nett Capital expenditure		(13 115 635)	(23 081 421)
(increase)/Decrease in investment		(442 265)	2 424 183
Nett (increase)/decrease in cash and Cash equivalents		19 262 892	(2 522 141)
<b>CASH AND CASH EQUIVALENTS</b>			
- At the beginning of the year		21 342 109	10 266 428
<b>End of the year</b>		<b>40 605 001</b>	<b>7 744 287</b>

## REGIONAL COUNCIL OF THE KARAS REGION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

**1. ACCOUNTING POLICIES**

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

The annual financial statements are prepared under the historic 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 expenditures 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 Line Ministry, this does not materially affect the Regional Council financial statements.

All fixed assets are stated at Historic 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 useful life.

The estimated useful lives for the year under review are as follows:

Buildings	50 Years
Machinery & equipment	5 Years
Vehicles	5 Years
Office furniture & equipment	3 Years
Computer equipment	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 Decentralisation Enabling Act of 2000.

Under delegation, the Regional Council acts as an agent on behalf of the relevant line ministries. The relevant line Ministries, however, retain overall responsibilities to approve the related budget. Their budget allocations are transferred to the Regional Council via cash transfers.

## REGIONAL COUNCIL OF THE KARAS REGION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH  
(continued)

	<u>2010</u>	<u>2009</u>
	N\$	N\$
<b>3. DELEGATED FUNDS</b>		
<b>Monies received</b>	852 510	128 415
Delegated funds	852 510	128 415
<b>Monies paid out</b>	(150 996)	(314 200)
HIV - Expenses	-	(189 784)
Draught relief	(25 445)	(52 857)
Early Childhood Development Fund	(64 451)	(71 559)
Cash for work	(61 100)	-
<b>Nett delegated funds</b>	<b>701 514</b>	<b>(185 785)</b>

## 4. FIXED ASSETS

<b>2010</b>	<b>Land and buildings</b>	<b>Motor vehicles</b>	<b>Office furniture, equipment &amp; computers</b>	<b>Other fixed assets</b>	<b>Assets under Construc- tion</b>	<b>Total</b>
	N\$	N\$	N\$	N\$	N\$	N\$
<b>Cost as at 1 April 2009</b>	8 245 824	2 049 755	1 839 082	612 422	38 169 386	50 916 469
Less: Written off	-	(151 579)	(2 550)	-	-	(154 129)
Adjustments 2009	-	697 482	-	-	-	697 482
Additions	-	460 000	208 692	20 566	13 102 884	13 792 142
<b>Cost as at 31 March 2010</b>	<b>8 245 824</b>	<b>3 055 658</b>	<b>2 045 224</b>	<b>632 988</b>	<b>51 272 270</b>	<b>65 251 964</b>
<b>Less Depreciation</b>						
<b>Balance as at 1 April 2009</b>	-	697 483	694 393	15 735	-	1 407 611
Adjustment	-	-	(6 910)	-	-	(6 910)
Charge for the year	-	287 548	179 373	62 366	-	529 287
<b>Accumulated depreciation</b>	<b>-</b>	<b>985 031</b>	<b>866 857</b>	<b>78 101</b>	<b>-</b>	<b>1 929 988</b>
<b>Net book value as at</b>						
<b>31 March 2010</b>	<b>8 245 824</b>	<b>2 070 627</b>	<b>1 178 367</b>	<b>554 887</b>	<b>51 272 270</b>	<b>63 321 976</b>

## REGIONAL COUNCIL OF THE KARAS REGION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (continued)

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

\* Asset cost total as at 1 April 2008 is misstated by N\$ 73 700. Total Asset additions as at 1 April 2008 was misstated by N\$ -73 700.

	<b>2010</b>	<b>2009</b>
	N\$	N\$
<b>5. INVESTMENTS</b>		
Insurance companies	1 230 913	788 648
	<b>1 230 913</b>	<b>788 648</b>
<b>6. CAPITAL PROJECT</b>		
Balance b/f	38 169 386	20 237 548
Interest capitalized	-	862 536
	<b>38 169 386</b>	<b>21 100 084</b>
Unexplained difference	(2 943 666)	17 069 302
	<b>35 225 720</b>	<b>38 169 386</b>

## REGIONAL COUNCIL OF THE KARAS REGION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH  
(continued)

	2010	2009
	N\$	N\$
<b>7. CASH AND BANK</b>		
Karas Investors Congress	29 115	19 918
5% Assessment rates	518 121	128 103
Stannic fleet management	95 786	84 032
Early Childhood Development	96 243	70 058
Main Account	52 554	74 600
Build Together	6 093	17 010
Rural Electricity	198 060	11 087
Regional Draught Aid Fund	6 823	4 029
Gutenhaus SH project	11 803	12 042
Aus Settlement Area	105 149	51 595
Noordoewer Settlement Area	-	3 100
Grunau Settlement Area	-	1 174
Ariamsvlei Settlement Area	-	(1 483)
Capital Projects	35 225 720	50 430
Karas Investors Conference	680	881
BTP Disbursement Receipt Account	79 755	73 566
KRC BTP Disbursement	1 331 616	1 099 309
Karas Draught Relief	261 410	5 160
Traditional Authority Fund	21 146	33 175
Karas Development Trust	291 834	1 022 364
Karas Regional Council Account	20 642	36 618
FNB Call Account	1 355 587	4 160 957
Independence Celebration Account	6 129	6 385
Noordoewer Call Account	16 164	15 569
Ariamsvlei Call Account	32 083	30 901
Warembad FNB Account	10 215	26 410
Grunau FNB Account	9 868	10 952
Call Contingency Account	729 125	544 240
Noordoewer settlement area	25 941	46 313
Kosis Settlement Area	21 733	5 614
Ariamsvlei FNB Account	45 606	100 178
	<b>40 605 001</b>	<b>7 744 287</b>
<b>Total cash and bank in hand</b>	<b>40 605 001</b>	-
<i>Less: Capital project funds</i>	<i>(35 225 720)</i>	-
<b>NETT: BANK AND CASH IN HAND</b>	<b>5 379 281</b>	<b>7 744 287</b>



## REGIONAL COUNCIL OF THE KARAS REGION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH  
(continued)

	<b>2010</b>	<b>2009</b>
	N\$	N\$
<b>8. INCOME</b>		
Government transfers - MRLGHRD	16 499 751	12 825 000
Grant - MRLGHRD - Capital projects	43 070 000	18 790 000
Assessment rates	650 497	803 743
Build Together Project	4 974	20 499
Rates, charges & fees (Settlement areas)	2 552 596	3 905 726
Delegated Functions	852 510	128 415
Sundry income	3 194 610	2 954 543
Accrued income	1 902 312	-
<b>Total income</b>	<b>68 727 250</b>	<b>39 427 926</b>
<b>9. EXPENDITURE</b>		
Advertising	-	77 535
Property rental	207 350	305 282
Transport expenses	1 840 393	1 437 014
Build Together expenses	253 983	228 802
Bank charges	-	91 995
Depreciation	529 288	412 779
Electricity, water & utilities	4 606 297	3 993 003
Entertainment	-	284 831
Materials & supplies	206 704	279 741
Repairs & maintenance	369 809	308 531
Salaries & wages	10 456 375	8 569 448
Sundry expenses	947 332	22 814 255
Travel & accommodation	1 956 524	2 005 284
Contribution/settlements	-	-
Training/workshops	-	84 130
Delegated funds	150 997	314 200
Printing	-	11 787
Security services	-	254 865
<b>Total expenditure</b>	<b>21 525 052</b>	<b>41 473 482</b>
<b>NETT OPERATING SURPLUS/ (DEFITIT) FOR THE YEAR</b>	<b>47 202 198</b>	<b>(2 045 556)</b>
Interest received	1 575 970	1 135 564
<b>SURPLUS/ (DEFICIT) FOR THE YEAR</b>	<b>48 778 168</b>	<b>(909 992)</b>

## REGIONAL COUNCIL OF THE KARAS REGION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH  
(continued)

	<u>2010</u>	<u>2009</u>
	N\$	N\$
<b>10. CASH UTILISED BY OPERATIONS</b>		
Surplus/(deficit) for the year	48 778 168	(909 992)
Adjustments for:		
Unexplained differences	(21 562 103)	2 086 196
Interest earned	<u>(1 575 970)</u>	<u>(1 135 564)</u>
Operating income before changes in working capital	25 640 095	40 640
Changes in working capital:		
(Increase)/decrease in debtors	(1 585 757)	(110 408)
(Decrease)/increase in creditors	<u>2 561 316</u>	<u>17 069 301</u>
	<u>26 615 654</u>	<u>16 999 533</u>