



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

# **TOWN COUNCIL OF EENHANA**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

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**REPUBLIC OF NAMIBIA**



**TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY**

I have the honour to submit herewith my report on the accounts of the Town Council of Eenhana for the financial year ended 30 June 2011, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, September 2012**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
TOWN COUNCIL OF EENHANA  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

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**1. INTRODUCTION**

The accounts of the Town Council of Eenhana for the year ended 30 June 2011 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 ( Act 31 of 1991) and the Local Authorities Act, 1992 ( Act 23 of 1992).

The firm Mostert Landgrebe of Windhoek has been appointed in terms of Section 26 (2) of the State Finance Act, 1991, to audit the accounts of the Town Council on behalf of the Auditor-General and under his supervision.

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

**2. FINANCIAL STATEMENTS**

The Town Council'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 Town Council is responsible for the preparation and fair presentation of these financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

***Auditor's responsibility***

It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

**4. AUDIT OBSERVATION AND COMMENTS**

**4.1 Internal control and accounting records**

There was no sufficient system of internal control at the Town Council on which the auditors could rely upon for audit purposes.

#### **4.2 Trade and other receivables**

The average collection period of trade receivables is 304 days. As previously reported, the Council should attend to the arrears as a matter of urgency.

Based on an average collection period of 60 days, the auditors are of the opinion that the debtors provision is understated by at least N\$ 418 305 (2010: N\$ 54 679).

#### **4.3 Consumer deposits**

The Council could not provide a listing of consumer deposits. The existence, accuracy and completeness of this balance could thus not be ascertained.

Consumer deposits do not cover one months' consumption.

#### **4.4 Property, plant and equipment**

The items on the fixed asset register are not coded and dated as to when they were purchased. The descriptions are not adequate to enable identification of the assets. As a result the auditors could not trace selected assets to the fixed assets register.

#### **4.5 Long-term loans receivable**

The list of Build Together advances supplied by the Council reflect an amount of N\$ 2 699 936 more than the amount stated in the balance sheet. No explanation for the difference could be supplied by the Council.

#### **4.6 Investments**

The one investment at Standard Bank, amounting to N\$ 204 101, was not accounted for in the financial statements.

#### **4.7 Inventories**

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

#### **4.8 Value Added Tax (VAT)**

Included in trade and other receivables is an amount of N\$ 3 667 359 for VAT receivable. No reconciliation of this amount could be provided to the auditors to verify the accuracy, existence and valuation of the amount.

#### **4.9 Trade and other receivables**

Suspense accounts included under debtors amounted to N\$ 783 322 for R/D cheques and N\$ 1 925 559 for expenses. No lists or explanations for these amounts could be provided for audit purposes.

#### **4.10 Suspense - Amount not in receipts**

These are monies recorded in the cash-book or recorded as receipts which amounted to N\$ 1 777 406 (2010: N\$ 999 946), but could not be traced on the bank statements and could not be set off against the respective debtor accounts for the year.

#### **4.11 Provision for bonuses and severance pay**

No provision for bonuses or severance pay has been raised. The effect of this non provision could be material.

#### **4.12 VAT and P.A.Y.E. returns**

Not all VAT and P.A.Y.E. returns were submit timeously to the Directorate: Inland Revenue. No provision for penalties and interest has been made in the financial statements.

#### 4.13 Sale of erven

The proceeds of erven and plots sold were N\$ 2 094 746. The list provided reflects an amount of N\$ 4 006 329. The Council could not explain the difference of N\$ 1 911 583.

#### 5. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Town Council of Eenhana 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:

	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus/ (deficit)</b>	<b>Balance</b>
	N\$	N\$	N\$	N\$
Accumulated surplus on 01/07/2010				880 823
General accounts				
- Non-profitable services	14 988 025	12 085 084	2 902 941	
- Self-supporting services	1 620 689	1 731 078	(110 389)	
Trade accounts				
- Electricity	644 202	225 739	418 463	
- Water	2 656 726	1 819 008	837 718	
	19 909 642	15 860 909	4 048 733	4 048 733
Surplus for the year				4 929 556
Adjustments and utilisations				1 476 389
Accumulated surplus on 30/06/2011				<b>6 405 945</b>

#### 7. CURRENT BANK ACCOUNT

	<b>2011</b>	<b>2010</b>
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	1 056 119	(814 609)
Outstanding cheques	284 263	1 205 894
Outstanding deposits	(17 332)	-
Balance as per bank statement	<b>1 323 050</b>	<b>391 285</b>

## 8. INVESTMENTS

The investments as at 30 June were as follows:

<b>Institution</b>	<b>2011</b>	<b>2010</b>
	<b>Investment</b>	<b>Investment</b>
	N\$	N\$
Commercial banks	<b>9 966 940</b>	<b>7 119 394</b>
<b>Distribution</b>		
Mayoral Fund	97 612	97 836
Build Together Fund	4 098 025	3 435 898
Capital Development Fund	4 891 131	3 063 010
Revenue	15 520	339 642
Sport Complex Development Fund	28 856	29 197
Trade and Business Expo Fund	835 796	153 811
	<b>9 966 940</b>	<b>7 119 394</b>

## 9. FUND ACCOUNTS

The position of the Funds and accounts at year-end was as shown in note 9 in Annexure D.

## 10. TRADE ACCOUNT

### 10.1 The results of water operations were as follows:

	<b>Water</b>	
	<b>2011</b>	<b>2010</b>
	N\$	N\$
Sales	1 877 659	1 264 018
Cost of sales	1 628 648	1 522 645
Gross surplus/(loss)	249 011	(258 627)
Other income	588 707	663 331
<b>Net surplus</b>	<b>837 718</b>	<b>404 704</b>
Gross surplus percentage on sales	13.3%	(20.5%)
Net surplus percentage on sales	44.6%	32.0%

### 10.2 Distribution results were as follows

No distribution results were available.

## 11. SELF-SUPPORTING SERVICES

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

Service	Income 2011	Expenses 2011	Surplus/ (deficit) 2011	Surplus/ (deficit) 2010
	N\$	N\$	N\$	N\$
Civic buildings	9 576	81 906	(72 330)	(104 836)
Licenses and vehicle registration	335 635	407 528	(71 893)	(609 023)
Open market	19 428	483 975	(464 547)	-
Cleansing services	555 381	369 557	185 824	227 116
Sewerage	700 669	388 112	312 557	201 214
	<b>1 620 689</b>	<b>1 731 078</b>	<b>(110 389)</b>	<b>(285 529)</b>

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

A total amount of N\$ 1 777 406 (2010: N\$ 2 999 946) was received but could not be allocated to the respective debtor accounts.

A total amount of N\$ 783 322 (2010: N\$ 592 378) related to refer to drawer cheques and receipts that were cancelled which should have been reversed were not dealt with correctly for the year under review.

Allocated under suspense accounts is a debit balance of N\$ 1 925 559 for expenses.

## 14. IRREGULARITIES AND LOSSES

There were no such expenses.

## 15. CAPITAL PROJECTS

The following were spend on capital projects:

Nature of projects/acquisitions	Financial by	Total expenditure 2011	Total expenditure 2010
	Revenue account		
	N\$	N\$	N\$
Councils general expenses	401 986	401 986	207 856
Town planning and development	2 673 293	2 673 293	3 184 950
Streets and storm water	297 166	297 166	44 529
Cleaning services	-	-	34 783
Open market stalls	472 119	472 119	3 545 187
Town Treasurer	53 654	53 654	-
Water services	46 438	46 438	-
	<b>3 944 656</b>	<b>3 944 656</b>	<b>7 017 305</b>

## 16. STUDY LOANS/BURSARIES

An amount of N\$ Nil (2010: N\$ 26 800) was paid out as bursaries.

**17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID**

	<b>2011</b>	<b>2010</b>
	N\$	N\$
Contribution from Government	8 050 768	-

**18. COMPENSATION PAYMENTS**

An amount of N\$ 1 362 351 (2010: Nil) was paid out as crop fields compensation during the year under review.

**19. VISITS TO FOREIGN COUNTRIES**

No information could be provided by the Council.

**20. CLAIMS AGAINST THE LOCAL AUTHORITY**

There were no claims against the local authority.

**21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY**

An amount of N\$ 8 464 (2010: Nil) was paid as donations for the year under review.

**22. TRANSFER OF PROPERTY**

No property was transferred to or from Government.

**23. TRADE AND OTHER RECEIVABLES/PAYABLES****23.1 Trade and other receivables at 30 June were:**

	<b>2011</b>	<b>2010</b>
	N\$	N\$
Consumers	5 553 079	5 034 617
VAT receivable	3 667 360	3 199 178
Suspense accounts	2 708 881	592 378
Provision for bad debts	11 929 320 (4 038 674)	8 826 173 (3 552 633)
<b>Total</b>	<b>7 890 646</b>	<b>5 273 540</b>

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

	<b>2011</b>	<b>2010</b>
	N\$	N\$
Trade payables	512 057	107 802
Consumer and other deposits	170 476	139 567
Provisions	605 087	1 176 771
Suspense accounts	1 777 406	2 999 946
<b>Totals</b>	<b>3 065 026</b>	<b>4 424 086</b>



## 24. ASSESSMENT RATES

	2011	2010
	N\$	N\$
The net proceeds from assessment rates were	2 190 091	2 037 704
Tariffs per N\$1 valuation per month on site value	0.0300	0.0300
Tariffs per N\$1 valuation per month on improvement value	0.0200	0.0200

## 25. LOANS

### 25.1 External and internal loans

There were no external or internal loans.

### 25.2 Housing loans due to the Council

	2011	2010
	N\$	N\$
Interest rated between 9% and 12%	6 062 564	4 550 521

## 26. SALE OF ERVEN

The proceeds of erven and plots sold were N\$ 2 094 746 (2010: N\$ 1 565 484) and were allocated to the Revenue account. The list provided reflect an amount of N\$ 4 006 329.

## 27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

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

## 28. TARIFF ADJUSTMENTS

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

## 29. APPROVALS

All overspending were approved by the Council.

## 30. INVENTORY AND EQUIPMENT

### 30.1 Motor vehicles and values thereof:

	Sedan		LDV's, 4x4's and Combi's		Other	
	Number	Value	Number	Value	Number	Value
Balance - 01/07/2010	2	N\$ 134 697	5	N\$ 315 392	10	N\$ 1 046 010
Prior year adjustment	-	(71 381)	-	(308 084)	(2)	(503 406)
Additions	1	178 801	-	-	-	-
Sub-total	3	242 117	5	7 308	8	542 604
Depreciation	-	(83 265)	-	(7 303)	-	(185 419)
Balance - 30/06/2011	<b>3</b>	<b>158 852</b>	<b>5</b>	<b>5</b>	<b>8</b>	<b>357 185</b>

### 30.2 Inventory

According to the Council, stock comprising of stationery and consumables amounted to N\$ 508 684 (2010: N\$ 506 336).

### **31. SPECIAL INVESTIGATIONS**

There were no special investigations during the year under review.

### **32. GENERAL**

The accounting and internal controls are not satisfactory, except where indicated otherwise in this report. Proper segregation of duties is not feasible due to the small number of staff employed. While increased management involvement does reduce risks, the risk arises that management and Council override existing controls, a potentially dangerous practice which the Town Council 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 Town Council.

### **34. DISCLAIMED AUDIT OPINION**

The accounts of the Town Council of Eenhana for the financial year ended 30 June 2011, summarised 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 am unable to express an opinion on the financial statements due to the following reasons:

#### **Internal control and accounting records**

There was not a sufficient system of internal control at the Town Council on which the auditors could rely upon for audit purposes.

#### **Trade and other receivables**

Based on an average collection period of 60 days, the auditors are of the opinion that the debtors provision is understated by at least N\$ 418 305 (2010: N\$ 54 679).

#### **Property, plant and equipment**

The items on the fixed asset register are not coded and dated as to when they were purchased. The descriptions are not adequate to enable identification of the assets. As a result the auditors could not trace selected assets to the fixed assets register.

#### **Long-term loans receivable**

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#### **Investments**

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#### **Value Added Tax (VAT)**

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**Suspense - Amount not in receipts**

These are monies recorded in the cash-book or recorded as receipts which amounted to N\$ 1 777 406 (2010: N\$ 999 946), but could not be traced on the bank statements and could not be set off against the respective debtor accounts for the year.

**Provision for bonuses and severance pay**

No provision for bonuses or severance pay has been raised. The effect of this non provision could be material.

**VAT and P.A.Y.E. returns**

Not all VAT and P.A.Y.E. returns were submit timeously to the Directorate: Inland Revenue. No provision for penalties and interest has been made in the financial statements.

**Sale of erven**

The proceeds of erven and plots sold were N\$ 2 094 746. The list provided reflect an amount of N\$ 4 006 329. The Council could not explain the difference of N\$ 1 911 583.

**WINDHOEK, September 2012**

**JUNIAS ETUNA KANDJEKE  
AUDITOR- GENERAL**

## TOWN COUNCIL OF EENHANA

## BALANCE SHEET AT 30 JUNE

	Note	2011 N\$	2010 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>		45 348 761	39 535 685
Property, plant and equipment	2	29 319 257	27 865 770
Investments	3	9 966 940	7 119 394
Long-term loans receivable	4	6 062 564	4 550 521
<b>Current assets</b>		9 455 449	5 779 876
Inventory	5	508 684	506 336
Trade and other receivables	6	7 890 646	5 273 540
Bank account	7	1 056 119	-
<b>TOTAL ASSETS</b>		<b>54 804 210</b>	<b>45 315 561</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>		51 739 184	40 076 866
Capital outlay	8	29 319 256	27 865 770
Funds and accounts	9	22 419 928	12 211 096
<b>Current liabilities</b>		3 065 026	5 238 695
Trade and other payables	10	3 065 026	4 424 086
Bank overdraft	7	-	814 609
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>54 804 210</b>	<b>45 315 561</b>

## TOWN COUNCIL OF EENHANA

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2011 N\$	2010 N\$
INCOME		19 656 849	14 758 388
EXPENDITURE		15 860 909	16 459 243
NET OPERATING SURPLUS/(DEFICIT)		3 795 940	(1 700 855)
INTEREST ON INVESTMENTS		252 793	782 750
NET OPERATING SURPLUS AFTER INTEREST/(DEFICIT)		4 048 733	(918 105)
APPROPRIATION ACCOUNT	11	1 476 389	(738 796)
NET SURPLUS/(DEFICIT) AFTER APPROPRIATIONS		5 525 122	(1 656 901)
REVENUE ACCOUNT - Beginning of the year		880 823	2 537 724
REVENUE ACCOUNT - End of the year		<b>6 405 945</b>	<b>880 823</b>

## TOWN COUNCIL OF EENHANA

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	<u>Note</u>	<u>2011</u>	<u>2010</u>
		N\$	N\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		19 656 849	14 758 388
Cash paid to suppliers		<u>(18 363 034)</u>	<u>(15 974 769)</u>
Cash generated/(utilised) by operations	12	1 293 815	(1 216 381)
Investment income		252 793	782 750
Increase in Fund accounts		4 683 710	4 224 293
Increase in Capital outlay		<u>1 453 486</u>	<u>3 432 477</u>
Net cash flow from operating activities		7 683 804	7 223 139
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net capital expenditure		(1 453 487)	(3 432 477)
Increase in investments		(2 847 546)	(2 187 891)
Increase in advances		<u>(1 512 043)</u>	<u>(2 366 411)</u>
		<u>(5 813 076)</u>	<u>(7 986 779)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		1 870 728	(763 640)
<b>CASH AND CASH EQUIVALENTS</b>			
- BEGINNING OF THE YEAR		<u>(814 609)</u>	<u>(50 969)</u>
<b>CASH AND CASH EQUIVALENTS - END OF THE YEAR</b>		<u><b>1 056 119</b></u>	<u><b>(814 609)</b></u>

## TOWN COUNCIL OF EENHANA

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

**1. ACCOUNTING POLICIES****1.1 Introduction**

The annual financial statements set out in Annexures A to C were prepared on the historical cost basis and incorporate the following principal accounting policies, which are consistent in all material aspects with those applied in the previous year.

**1.2 Property, plant and equipment**

Property, plant and equipment are stated at cost or valuation where assets have been acquired by grant or by donation. No provision for depreciation is made.

**1.3 Investments**

Investments are reflected at face value.

**1.4 Trade receivables**

Accounts receivable are recorded at originated cost less an allowance for bad debts.

**1.5 Cash and cash equivalents**

It consists of cash on hand and the current account with banks, all of which are available for immediate use by Council.

**1.6 Trade and other payables**

All financial liabilities are recorded at cost.

**2. PROPERTY, PLANT AND EQUIPMENT**

	<b>2011</b>	<b>2010</b>
	N\$	N\$
Revenue	21 656 098	19 592 196
General capital	7 663 159	8 273 574
Total	<b>29 319 257</b>	<b>27 865 770</b>

## TOWN COUNCIL OF EENHANA

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

	<b>2011</b>	<b>2010</b>
	N\$	N\$
<b>3. INVESTMENTS</b>		
INVESTMENTS		
Commercial banks	<b>9 966 940</b>	<b>7 119 394</b>
ALLOCATED AS FOLLOWS		
Mayoral Fund	97 612	97 836
Build Together Fund	4 098 025	3 435 898
Capital Development Fund	4 891 131	3 063 010
Revenue	15 520	339 642
Sport Complex Development Fund	28 856	29 197
Trade and Business Expo Fund	835 796	153 811
	<b>9 966 940</b>	<b>7 119 394</b>
<b>4. LONG-TERM LOANS RECEIVABLE</b>		
Build Together advances to buyers	<b>6 062 564</b>	<b>4 550 521</b>
<b>5. INVENTORY</b>		
Consumable stores	<b>508 684</b>	<b>506 336</b>
<b>6. TRADE AND OTHER RECEIVABLES</b>		
Consumers	5 553 079	5 034 617
VAT receivable	3 667 360	3 199 178
Suspense accounts	2 708 881	592 378
	11 929 320	8 826 173
Provision for bad debts	(4 038 674)	(3 552 633)
	<b>7 890 646</b>	<b>5 273 540</b>
<b>7. BANK AND CASH</b>		
Current account	<b>1 056 119</b>	<b>(814 609)</b>
<b>8. CAPITAL OUTLAY</b>		
Revenue contributions	21 656 098	19 592 196
General capital contributions	7 663 158	8 273 574
	<b>29 319 256</b>	<b>27 865 770</b>



## TOWN COUNCIL OF EENHANA

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

	<b>2011</b>	<b>2010</b>
	N\$	N\$
<b>9. FUNDS, ACCOUNTS AND RESERVES</b>		
Mayoral Fund	97 612	97 835
Build Together Fund	10 160 588	7 986 419
Capital Development Fund	4 891 131	3 063 011
Sport Complex Development Fund	28 856	29 197
Trade and Business Expo Fund	835 796	153 811
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	6 405 945	880 823
	<b>22 419 928</b>	<b>12 211 096</b>
<b>10. TRADE AND OTHER PAYABLES</b>		
Trade payables	512 054	107 802
Consumer and other deposits	170 476	139 567
Provisions	605 087	1 176 771
Suspense accounts	1 777 406	2 999 946
	<b>3 065 026</b>	<b>4 424 086</b>
<b>11. ADJUSTMENTS TO APPROPRIATION ACCOUNT</b>		
Adjustment for accrued leave	63 858	(224 394)
Adjustment for salary control	7 254	(15 298)
Provision for bad debts	(486 041)	(505 083)
Previous year transactions	1 807 568	-
Stale cheques reversed	83 750	5 979
	<b>1 476 389</b>	<b>(738 796)</b>

## TOWN COUNCIL OF EENHANA

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

	<u>2011</u>	<u>2010</u>
	N\$	N\$
<b>12. CASH GENERATED/(UTILISED) BY OPERATIONS</b>		
Net operating surplus/(deficit) before interest and transfers	3 795 940	(1 700 855)
Adjustments for:		
- Adjustments to appropriation account	<u>1 476 389</u>	<u>(738 796)</u>
OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL	<u>5 272 329</u>	<u>(2 439 651)</u>
CHANGES IN WORKING CAPITAL		
Increase in inventories	(2 348)	(860)
Increase in trade and other receivables	(2 617 106)	(1 003 121)
(Decrease)/increase in trade and other payables	<u>(1 359 060)</u>	<u>2 227 251</u>
	<u>(3 978 514)</u>	<u>1 223 270</u>
CASH GENERATED/(UTILISED) BY OPERATIONS	<u><b>1 293 815</b></u>	<u><b>(1 216 381)</b></u>