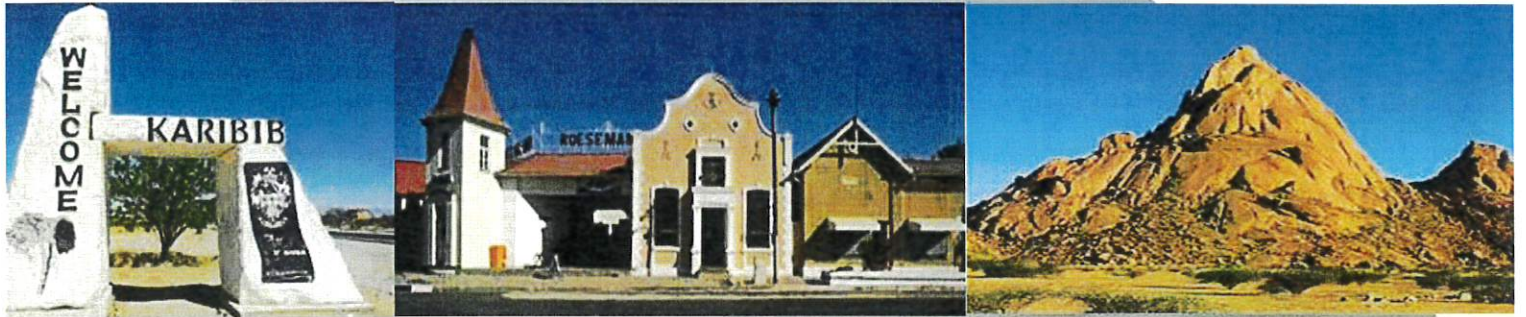




REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
TOWN COUNCIL OF KARIBIB**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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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 Karibib Town Council for the financial year ended 30 June 2022, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

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

WINDHOEK, July 2024

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
KARIBIB TOWN COUNCIL
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

1. DISCLAIMER OF OPINION

I have audited the financial statements of Karibib Town Council for the financial year ended 30 June 2022. These financial statements comprise the statement of financial position, statement of financial performance, statement of changes in net assets, the statement of cash flow for the year then ended, and a summary of significant accounting policies.

In my opinion, because of the significance of matters discussed in the Basis for Disclaimer of audit Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the annual financial statements.

2. BASIS FOR DISCLAIMER OF AUDIT OPINION

I conducted my audit in accordance with International Standards for Supreme Audits Institutions (ISSAI's). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section the audit report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is not sufficient and appropriate to provide a basis for my opinion. A disclaimer audit opinion is expressed due to the following:

2.1 INVENTORY

The auditors did not observe the counting of physical inventory to the value of N\$ 8 333 229 (2021: N\$ 200 987), therefore the auditors were unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the existence, completeness, accuracy and valuation of the inventory.

Council is recommended to ensure that inventory is accounted for correctly and that all stock counts are observed by the auditors.

2.2 GOVERNMENT LOAN

A variance of N\$ 2 043 491 was noted between the confirmed government loan balance N\$ 5 137 942 and the general ledger amount N\$ 7 181 434. Auditors could not obtain sufficient appropriate audit evidence regarding the completeness and accuracy of the government loan.

Council is recommended to ensure that government loans are reconciled periodically accounted for in the books of accounts.

2.3 Revenue

The auditors noted that there was a difference of N\$ 3 631 436 between revenue disclosed on the value added tax returns N\$ 14 001 805 for the year and the revenue from the sale of water, sewerage and refuse removal in the annual financial statements N\$ 17 633 241.

Council is recommended to ensure that the revenue is correctly accounted for with regards to disclosures to the tax authorities.

2.4 Lack of full IPSAS Adoption at end of the three-year transitional period

The Municipality has not fully adopted the IPSAS listed below at the end of the transitional period as required in terms of IPSAS 33 First-time Adoption of Accrual Basis International Public Sector Accounting Standards;

Land and buildings (Property, plant and equipment and Investment Property)

The Town Council has land and buildings to value of N\$ 159 017 548 (2021: N\$ 243 193 383). The auditors have identified that the fixed asset register for the land and buildings does not have sufficient disclosure for transfers between property, plant and equipment, inventory and investment property. The valuation roll of the Town Council is only dated 2011 and valid until 2016. Thus, the auditors could not perform any procedures to verify completeness, existence and valuation of land and buildings. Consequently, the auditors were unable to satisfy themselves as to the completeness, existence and valuation of property, plant and equipment, investment properties.

Severance provision

The Town Council valued the severance provision of N\$ 1 278 968 (2021: N\$ 16 676 860) based on future value principle; however, in terms of the IPSAS 39 Employee Benefits, post-employment benefits must be valued based on actuarial assumptions. Consequently, the auditors were unable to satisfy themselves as to the existence, completeness, valuation and accuracy of severance provision.

Sale of erven

The Town Council recognised sales of erven to private individuals only when the deeds of transfer are lodged with the Deed Office and the selling price fully paid, and not when the deed of sales agreement is signed by both parties. This is not in accordance with the accrual accounting principle and IPSAS 9 that stated that revenue should be recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. Consequently, the auditors were unable to satisfy themselves as to the completeness, existence and accuracy of sales of erven.

Financial Instruments Disclosures

The Town Council did not make disclosures that enable financial statement users to evaluate the significance of financial instruments to an entity, the nature and extent of their risks, and how the entity manages those risks as prescribed by IPSAS 30 financial instruments disclosures. Consequently, the auditors were unable to satisfy themselves as to the compliance of the annual financial statements with the requirements of the IPSAS 30 financial instruments disclosures.

Investment property

Investment property is recorded at cost less accumulated depreciation; however, the auditors were unable to obtain sufficient appropriate audit evidence to satisfy themselves as to valuation of the Investment property specifically in relation to the depreciation of properties, the auditors were not presented with evidence to confirm that they were appropriately depreciated. The useful lives have not been indicated in order to recalculate the impact. Investment property disclosures as required by IPSAS were not included in the annual financial statements

Council is recommended to ensure that all the relevant and applicable IPSAS's to the Karibib Town Council are fully adopted going forward, as the three years' grace period as prescribed by IPSAS's 33 have lapsed.

3. OTHER INFORMATION

Management is responsible for the other information. The other information does not include the financial statements and the audit report thereon. My opinion on the financial statements does not cover the other information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon. In connection with the audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

4. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS) and legislation, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the entity's financial reporting process.

5. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit. I also;

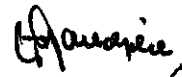
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

6. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The financial statements for the financial year ended 30 June 2022 were submitted by the Accounting Officer of the Auditor-General in compliance with Section 85 of the Local Authorities Act, 1992 (Act No. 23 of 1992) on the 28 February 2024 instead of three months after year end.

WINDHOEK, July 2024



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

KARIBIB TOWN COUNCIL
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

| | Note | 2022 N\$ | 2021 N\$ |
|-------------------------------------------|------|--------------------|--------------------|
| ASSETS | | | |
| Current assets | | 21 074 699 | 14 080 235 |
| Cash and cash equivalents | | 5 502 279 | 2 651 252 |
| Value added tax receivable | | 746 529 | 1 553 451 |
| Receivables from exchange transactions | 8 | 6 487 194 | 9 628 681 |
| Inventories | | 8 333 229 | 200 987 |
| Staff low-cost housing loans receivable | | 5 468 | 45 864 |
| Non-current assets | | 237 388 848 | 248 539 710 |
| Property, plant and equipment | 9 | 159 017 558 | 243 193 383 |
| Investment property | | 73 507 313 | - |
| Equity investment in Erongo Red (Pty) Ltd | | 3 129 079 | 3 129 079 |
| Staff low-cost housing loans receivable | | 281 226 | 675 870 |
| Long-term receivables | | 1 453 672 | 1 541 378 |
| Total assets | | 258 463 547 | 262 619 945 |
| FUNDS AND LIABILITIES | | | |
| Current liabilities | | 14 587 397 | 14 654 664 |
| Payables from exchange transactions | 10 | 14 273 791 | 13 166 532 |
| Payables from non-exchange transactions | | 39 550 | - |
| Finance lease obligations | | 274 056 | - |
| Bank - overdraft | | - | 1 488 132 |
| Non-current liabilities | | | |
| Long-term loans | | 588 284 | 736 203 |
| Total liabilities | | 15 175 681 | 15 390 867 |
| Net assets | | 243 287 866 | 247 229 078 |
| Reserves | | | |
| Housing fund | 11 | 4 707 905 | 4 637 050 |
| Accumulated surplus | | 238 579 951 | 242 592 028 |
| Total net assets and equity | | 243 287 856 | 247 229 078 |

ANNEXURE B

**KARIBIB TOWN COUNCIL
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE**

| | Note | 2022 N\$ | 2021 N\$ |
|------------------------------------------------------------|------|-------------------|-------------------|
| Revenue from non-exchange transactions | | 17 006 664 | 18 718 747 |
| Property rates and taxes | | 11 167 671 | 11 941 732 |
| Transfers from government and related entities | 2 | 5 838 993 | 6 777 015 |
| Revenue from exchange transactions | | 24 289 578 | 23 547 008 |
| Sale of erven | | 2 300 502 | 1 741 132 |
| Service charges | 3 | 17 633 241 | 16 569 251 |
| Surcharges and interest | | 1 284 563 | 1 328 322 |
| Rental of facilities and equipment | 4 | 777 963 | 1 336 303 |
| Other revenue | 5 | 807 276 | 1 387 597 |
| Interest earned on investments | | 108 362 | 67 618 |
| Gain on disposal of assets and liabilities | | 135 005 | - |
| Interest earned on outstanding trade and other receivables | | 1 242 666 | 1 116 785 |
| Total Revenue | | 41 296 242 | 42 265 755 |
| Expenses | | 39 211 568 | 36 281 719 |
| Bulk purchases | | 8 142 898 | 7 125 988 |
| Employee costs | 6 | 11 808 385 | 12 203 799 |
| Depreciation and amortisation expenses | | 4 176 914 | 3 969 029 |
| Repairs and maintenance | | 1 277 971 | 1 888 465 |
| Contracted services | | 113 814 | 80 466 |
| Debt impairment | | 5 684 018 | 3 907 355 |
| General expenses | 7 | 7 980 721 | 6 531 739 |
| Interest expense | | 26 847 | 574 898 |
| Surplus/(deficit) for the year | | 2 084 674 | 5 984 036 |

KARIBIB TOWN COUNCIL

ANNEXURE C

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

| | General reserve N\$ | Housing fund N\$ | Accumulated surplus N\$ | Total net assets/equity N\$ |
|----------------------------------------------------|---------------------------|------------------------|-------------------------------|-----------------------------------|
| Balance 1 July 2020 | | | | |
| Changes in net assets/equity | | | | |
| Surplus for the year | - | - | 5 984 036 | 5 984 036 |
| Interest on the fund | | 73 637 | - | 73 637 |
| Total changes in net assets Adjustments | - | 4 637 050 | 242 592 028 | 247 229 078 |
| Prior year adjustments | - | - | (6 096 753) | (6 096 753) |
| Balance at 01 July 2021 as Restated* | - | 4 637 050 | 236 495 275 | 241 132 325 |
| Changes in Net assets/equity | | | | |
| Surplus for the year | - | - | 2 084 674 | 2 084 674 |
| Interest on the fund | - | 70 855 | - | 70 855 |
| Balance at 30 June 2022 | - | 4 707 905 | 238 579 949 | 243 287 854 |

**KARIBIB TOWN COUNCIL
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE**

| | 2022 | 2021 |
|-------------------------------------------------------------|---------------------|---------------------|
| Note | N\$ | N\$ |
| Cash flows from operating activities | | |
| Receipts | 39 895 529 | 35 054 430 |
| Property taxes and other | 11 167 671 | 11 941 732 |
| Sale of goods and services | 22 780 503 | 16 268 065 |
| Government grants and subsidies | 5 838 993 | 6 777 015 |
| Interest received | 108 362 | 67 618 |
| Payments | (31 470 520) | (30 653 190) |
| Compensation of employees | (11 808 385) | (12 203 798) |
| Suppliers | (19 635 288) | (17 874 494) |
| Interest paid | (26 847) | (574 898) |
| Net cash flows from operating activities | 8 425 009 | 4 401 240 |
| | 12 | |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (4 869 748) | (4 446 556) |
| Sale of property, plant and equipment | 135 015 | - |
| Loans advanced to staff | 435 040 | (721 734) |
| Proceeds from sale of long-term receivable | 87 706 | 134 991 |
| Net cash flows from investing activities | (4 211 987) | (5 033 299) |
| | 9 | |
| Cash flows from financing activities | | |
| Repayment of loans | (147 919) | (165 512) |
| Finance lease payments | 274 056 | |
| Net cash flows from financing activities | 126 137 | (165 512) |
| Net increase/(decrease) in cash and cash equivalents | (4 339 159) | (797 571) |
| Cash and cash equivalents at the beginning of the year | 1 163 120 | 1 960 691 |
| Cash and cash equivalents at the end of the year | 5 502 279 | 1 163 120 |

KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS), as approved by the line minister in consultation with Auditor-General in accordance with Section 87 (1) of the Local Authorities Act 23 of 1992 as amended. The Karibib Town Council adopted accrual basis International Public Sector Accounting Standards (IPSAS) on 1 July 2019, having previously prepared its financial statements in accordance with D3 format directed by the Auditor General. In the adoption of accrual basis IPSAS's, it has elected to utilise some of the transitional exemptions allowed by IPSAS 33, "**First Time Adoption of Accrual Basis IPSAS**".

Some of the transitional exemptions utilised do affect the fair presentation of the financial statements, as well as compliance with accrual basis IPSAS's, during the period of transition and therefore town council cannot assert full compliance with accrual basis IPSAS's. During this transition period the financial statements will be known as the Transitional IPSAS Financial Statements and certain disclosures, and reconciliations are required to provide sufficient and relevant information to the users of the financial statements.

The Town Council adopted accrual basis IPSAS's for the first time at 1 July 2019 and is making use of some of the transitional provisions for the 2021/2022 financial year. Details of the exemptions in adopting accrual basis IPSAS's are provided below.

The Town Council choose to utilise the following transitional exemptions that do affect the fair presentation of the financial Statements:

IPSAS 5 Borrowing Costs

IPSAS 12 Inventories

IPSAS 16 Investment Property

IPSAS 17 Property, Plant and Equipment

IPSAS 19 Provision, Contingent legalities and Contingent Assess

IPSAS 20 Related Party Disclosure

IPSAS 30 Financial Instruments

IPSAS 31 Intangible Assets

IPSAS 32 Services Concession Arrangements: Grantor

IPSAS 35 Consolidated Financial Statements

IPSAS 36 Investments in Associates and Joint Ventures

IPSAS 39 Employee Benefits

KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)

Transitional exemptions utilised that do not affect fair presentation of financial statements:

- IPSAS 4 The Effects of Changes in Foreign Exchange Rates
- IPSAS 10 Financial Reporting in Hyperinflationary Economies
- IPSAS 13 Leases
- IPSAS 21 Impairment for Non cash Generating Assets
- IPSAS 26 Impairment of Cash Generating Assets
- IPSAS 28 Financial Instruments: Disclosure
- IPSAS 29 Financial Instruments: Recognition and Measurement
- IPSAS 37 Joint Arrangements

IPSAS's to be adopted in full during 2021/2022 financial period:

- IPSAS 1 Presentation of Financial Statements
- IPSAS 2 Cash Flow Statements
- IPSAS 3 Accounting Policies, Changes in Accounting Estimates and Errors
- IPSAS 9 Revenue from Exchange Transaction
- IPSAS 14 Events after Reporting Date
- IPSAS 22 Disclosure of information about the General Government Sectors
- IPSAS 24 Presentation of Budget Information in the Financial Statements

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in Namibia Dollar.

In the absence of an issued and effective Standard of IPSAS, accounting policies for material transactions, events or conditions were developed in accordance with paragraph 12 of IPSAS 3.

Assets, Liabilities, Revenues and Expenses were not offset, except where offsetting is either required or permitted by IPSAS.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below. Certain accounting policies are supported by reasonable and prudent judgements and estimates.

**KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)**

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the Town Council's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

Revenue recognition

Accounting Policy 1.3 on revenue from exchange transactions and accounting policy 1.2 on revenue from non-exchange transactions describes the conditions under which revenue will be recorded by the management of the Town Council.

In making their judgement, the management considered the detailed criteria for the recognition of revenue asset outing IPSAS9 (Revenue from Exchange Transactions) and IPSAS23 (Revenue from Non exchange Transactions). As far as revenue from non-exchange transactions is concerned (see Basis of Preparation above), and, in particular, whether the Town Council, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the Town Council is satisfied that recognition of the revenue in the current year is appropriate.

Impairment of financial assets

Accounting Policy 1.6 on Financial Instruments sub paragraph impairment of financial assets describes the process followed to determine the value at which financial assets should be impaired. In making the estimation of the impairment, the management of the Town Council considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the Town Council is satisfied that impairment of financial assets recorded during the year is appropriate.

**KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)**

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their credit worthiness. This is performed per service identifiable categories across all classes of debtors.

Useful lives of property, plant and equipment, intangible assets, and investment property

As described in accounting policies 1.4, and the Town Council depreciates its property, plant & equipment and investment property, and amortises its intangible assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Impairment: write down of property, plant & equipment, intangible assets, investment property and inventories

Accounting policy on impairment of assets, accounting policy on intangible assets – subsequent measurement, amortisation and impairment and accounting policy on inventory – subsequent measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the Town Council. Significant estimates and judgements are made relating to impairment testing of property, plant and equipment, impairment testing of intangible assets and write down of inventories to the lowest of cost and net realisable value.

In making the above mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for property, plant and equipment and intangible assets and the net realisable value for inventories involves significant judgment by management.

Estimated impairments during the year to inventory, property, plant and equipment, intangible assets and investment property are disclosed in notes, 11, and to the annual financial statements, if applicable.

1.2 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the entity, which represents an increase in net assets, other than increases relating to contributions from owners.

KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)

Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Government Grants and Receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the Town Council has complied with any of the criteria, conditions or obligations embodied in the agreement

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Town Council with no future related costs, are recognised in surplus or deficit in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Town Council's interest, it is recognised as interest earned in surplus or deficit.

Fines

Fines constitute both spot fines and summonses.

Revenue for fines is recognised when the fine is issued at the full amount of the receivable. The Town Council uses estimates to determine the amount of revenue that the Town Council's is entitled to collect that is subject to further legal proceedings.

Public contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

1.3 Revenue from exchange transactions

Sale of goods (including houses)

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- * the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- * the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- * the amount of revenue can be measured reliably;

KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)

- * it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- * the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service charges

Service charges are levied in terms of the approved tariffs.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been taken. The provisional estimates of consumption are recognised as revenue when invoiced, except at year end when estimates of consumption up to year end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meter shave been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties that have improvements. Tariffs are determined per category of property usage, and are levied based on the number of bins on each property.

Service charges relating to sewerage for residential properties are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are levied based on the extent and / or zoning of each property. All other properties are levied based on the water consumption, using the tariffs approved by council, and are levied monthly.

Prepaid water

Revenue from the sale of water prepaid meter cards is recognised at the point of sale. Revenue from the prepaid sales is recognised based on an estimate of the prepaid service consumed as at the reporting date.

Rentals received

Revenue from the rental of facilities and equipment is recognised on a straight line basis over the term of the lease agreement.

Finance income

Interest earned on investments is recognised in surplus or deficit on the time proportionate basis that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in surplus or deficit:

- Interest earned on Councillors' Gratuity Fund is allocated directly to the creditor: Councillors' Gratuity Fund. Additional text
- Interest earned on unutilised conditional donations is allocated directly to the creditor: unutilised public donations, if the unutilised donations are kept in a dedicated separate bank account.

**KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)**

Dividends

Dividends are recognised on the date that the Town Council becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

Tariff charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

Revenue from agency services

Revenue for agency services is recognised on a monthly basis; once their venue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

1.4 Property, plant and equipment**Initial recognition**

Property, plant and equipment are initially recognised at cost.

Where an asset is acquired by the Town Council for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Subsequent measurement

Subsequently all property plant and equipment are measured at cost, less accumulated depreciation, and accumulated impairment losses.

Depreciation

Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Average Useful Life |
|------------------------|----------------------------|
| Buildings | |
| Improvements | 8 - 80 |
| Infrastructure | |
| Roads and storm water | 8 - 80 |
| Sanitation | 10 - 90 |
| Solid waste | 5 - 80 |
| Water | 10 - 90 |
| Community | |
| Facilities | 8 - 80 |
| Other | |
| Computer equipment | 4 - 8 |
| Emergency equipment | 5 - 6 |
| Furniture and fittings | 5 - 8 |
| Motor vehicles | 5 - 15 |
| Office equipment | 4 - 15 |
| Plant and equipment | 4 - 15 |
| Specialised vehicles | 5 - 15 |

Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

Incomplete construction work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

Derecognition

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)

The council as lessee

Finance leases

Property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the town council uses the interest rate that exactly discounts the lease payments to the fair value of the asset, plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the effective interest rate method. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases

The Town Council recognises operating lease rentals as an expense in surplus or deficit on a straight line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

The council as a lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Town Council's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the Town Council's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from operating leases is recognised on a straight line basis over the term of the relevant lease.

1.6 Financial instruments

The Council has various types of financial instruments, and these can be broadly categorised as financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement.

KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)

Initial recognition

Financial assets and financial liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The Town Council does not offset a financial asset and a financial liability unless a legally enforceable right to set-off the recognised amounts currently exist and the Town Council intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair value methods and assumptions

The fair value of Financial instruments is determined as follows:

- * The fair values of quoted investments are based on current bid prices;
- * The market for a Financial Asset is not active (and for unlisted securities), the Town Council establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

| Class | Category |
|--------------------------------|--------------------------------------------|
| Receivables from exchange | Financial asset measured at amortised cost |
| Receivables from non-exchange | Financial asset measured at amortised cost |
| Long term receivable | Financial asset measured at amortised cost |
| Bank, cash and cash equivalent | Available for sale investment |

Trade and other receivables (excluding value added taxation, prepayments and operating lease receivables), loans to municipal entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as financial assets at amortised cost.

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks, net of bank overdrafts.

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

| Class | Category |
|-----------------------------------------|------------------------------------------------|
| Payables under exchange transactions | Financial liability measured at amortised cost |
| Payables from non-exchange transactions | Financial liability measured at amortised cost |
| Bank overdraft | Financial liability measured at amortised cost |

Bank Overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)

Initial and subsequent measurement of financial assets and financial liabilities

Financial assets:

At fair value through surplus or deficit

Financial assets at fair value through surplus or deficit are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in surplus or deficit.

Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial Liabilities:

At amortised Cost

Any other financial liabilities are classified as other financial liabilities (all payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in surplus or deficit by applying the effective interest rate.

Bank borrowings, consisting of interest bearing short term bank loans, repayable on demand and over drafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)

Impairment of Financial Assets:

Financial assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated, and an impairment loss is recognised through the use of an allowance account.

Financial assets at amortised cost

A provision for impairment of accounts receivables is established when there is objective evidence that the town council will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short term receivables are not discounted where the effect of discounting is immaterial.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets carried at amortised cost with the exception of consumer debtors, where the carrying amount is reduced through the use of an allowance account. When a consumer debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

Financial assets available for sale

When a decline in the fair value of an available for sale financial asset has been recognised directly in net assets and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in net assets shall be removed and recognised in surplus or deficit even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from net assets and recognised in surplus or deficit is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit.

Impairment losses recognised in surplus or deficit for an investment in an equity instrument classified as available for sale are not reversed through surplus or deficit.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss is recognised in surplus or deficit, the impairment loss must be reversed, with the amount of the reversal recognised in surplus or deficit.

KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- * a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- * non exchange revenue, in accordance with the Standard of IPSAS on Revenue from Non exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Derecognition

Financial assets

The Council derecognises financial assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write off of financial assets due to non-recoverability.

If the Council neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Town Council recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Town Council retains substantially all the risks and rewards of ownership of a transferred financial asset, the council continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Council derecognises financial liabilities when, and only when, the council's obligations are discharged, cancelled or they expire.

The Council recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred, or liabilities assumed, in surplus or deficit.

1.7 Employee Benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Short term employee benefits

The costs of all short term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The Town Council recognises the expected cost of performance bonuses only when the council has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

**KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)**

Post-employment benefits

The council provides retirement benefits for its employees. There are all defined contribution post-employment plans.

Post-employment benefits: defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

1.8 Borrowing costs

The Council uses the Benchmark treatment of Borrowing costs as such borrowing costs are recognised as an expense in the period in which they are incurred regardless of how the borrowing costs were applied.

1.9 Related parties

Individuals as well as their close family members, and or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and or operating decisions. Management is regarded as a related party and comprises the Mayor, management committee members, Council members, Chief Executive Officer and all other head of department Officers reporting directly to the Chief Executive Officer or as designated by the Chief Executive Officer.

1.10 Budget information

The annual budget figures have been prepared in accordance with the IPSAS's and are consistent with the accounting policies adopted by the Council for the preparation of these annual financial statements. The amounts are scheduled as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over or under spending online items. The annual budget figures included in the annual financial statements are for the Town Council and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation.

The approved budget covers the period from 1 July 2021 to 30 June 2022.

1.11 Going concern assumption

At 30 June 2022 the council's current assets exceeded its current liabilities. Though the council was not spared from the impact of Covid-19 and related effects, the council have prepared the annual financial statements under the going concern assumption, based on management assumptions as set out in note 28 to the annual financial statements.

**KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)**

1.12 Equity investment in Erongo Red (Pty) Ltd

An investment in an associate is carried at cost less any accumulated impairment.

1.13 Net assets

Statutory fund

The Housing Fund was established in terms of Section 58 of the Local Authorities Act, 1992 (Act 23 of 1992). The Housing Fund contains all proceeds from housing developments, which include proceeds of loans raised, rental income, redemption of loans granted, sale of houses, interest from investments and other moneys accruing to the fund. Unexpended moneys in the Housing Fund which are not required for immediate use may be invested with such financial institution as may be approved by the Minister.

Monies standing to the credit of the Housing Fund are used only for purposes of the construction, acquisition or maintenance of dwellings; loans granted; repayment of loans raised; costs incurred in connection with the administration of housing schemes and any other purpose approved in writing by the Minister.

Accumulated surplus

The accumulated surplus contains accumulated surpluses, after appropriations to and from statutory funds.

1.14 Grants-In-Aid

The Council transfers money to individuals, organisations and to the sectors of Government from time to time. When making these transfers, the Town Council does not:

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- (b) Expect to be repaid in future; or
- (c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in surplus or deficit as expenses in the period that the events giving rise to the transfer occurred.

1.15 Value Added Tax

The Council accounts for Value added tax in accordance with section 18 of the Value added tax Act (Act No 10 of 2000).

**KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)**

1.16 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in notes to the annual financial statements

KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)

| | 2022 | 2021 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| | N\$ | N\$ |
| 2. Transfer from government and related entities | 5 838 993 | 6 777 015 |
| Road fund administration | 1 040 563 | 1 220 083 |
| Business forum contribution | 5 000 | 302 450 |
| Government grants for infrastructure | 4 793 430 | 5 254 482 |
| 3. Service charges | 17 633 241 | 16 569 251 |
| Sale of water | 11 930 877 | 11 388 286 |
| Sewerage and sanitation charges | 2 925 791 | 2 570 302 |
| Refuse removal | 2 776 573 | 2 610 663 |
| The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs. | | |
| 4. Rental of facilities and equipment | 777 963 | 1 336 303 |
| Rental income - amenities | 14 303 | 10 709 |
| Premises | 763 660 | 1 325 594 |
| Rental revenue earned on facilities and equipment is in respect of non-financial assets rented out. | | |
| 5. Other income | 807 276 | 1 387 597 |
| Building plans fees | 165 452 | 85 379 |
| Council reimbursement | 83 131 | 28 453 |
| Land poles fees | 16 129 | 45 161 |
| Prepaid meters and cards | 161 031 | 660 068 |
| Registration of business | 179 481 | 212 734 |
| Sale of sand | 78 679 | 331 964 |
| Tender documents | 35 170 | 9 753 |
| Other income | 88 203 | 14 085 |

KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)

| | 2022 | 2021 |
|-----------------------------------------|-------------------|-------------------|
| | N\$ | N\$ |
| 6. Employee related costs | 11 808 385 | 12 203 799 |
| Basic | 6 257 857 | 6 309 030 |
| Medical aid - company contributions | 1 275 985 | 1 045 401 |
| Social security | 35 075 | 33 424 |
| Leave pay provision charge | | 126 953 |
| Defined contribution plans | 1 202 481 | 1 209 218 |
| Overtime payments | 186 776 | 242 516 |
| Long-service awards | (202 786) | 283 224 |
| 13th cheques | 488 502 | 428 319 |
| Transport allowance | 285 690 | 276 060 |
| Car allowance | 394 908 | 438 739 |
| Housing benefits and allowances | 1 883 897 | 1 810 915 |
| | 7 980 721 | 6 531 739 |
| 7. General expenses | | |
| Water meters | 998 959 | 1 492 640 |
| Advertising | 85 357 | 49 269 |
| Bank charges | 114 101 | 155 541 |
| Catering & entertainment cost | 126 784 | 77 745 |
| Cleaning | 151 000 | 77 616 |
| Consulting and professional fees | 172 775 | 816 404 |
| Department charges | 1 702 761 | 572 672 |
| Fuel and oil | 572 213 | 392 400 |
| Hiring of facilities & equipment | 61 594 | 44 208 |
| Insurance | 268 263 | 263 155 |
| Levies - Regional Council Levy | 896 968 | 597 087 |
| Medical expenses | 119 359 | 128 679 |
| Motor vehicle expenses | 134 103 | 152 981 |
| Promotional materials | 91 859 | 30 650 |
| Postage, courier and telephone | 64 483 | 68 611 |
| Pre-paid services tokens | - | 28 463 |
| Printing and stationery | 166 565 | 100 253 |
| Property only | | 22 167 |
| Protective clothing | 138 771 | 5 277 |
| Vet levy | - | 100 000 |
| Security (guarding of Council property) | 648 710 | 515 097 |
| Service connections | 13 303 | - |
| Staff welfare | 20 469 | 11 287 |
| Subscriptions and membership fees | 55 900 | 52 700 |
| Telephone and fax | 338 939 | 303 575 |

ANNEXURE E

KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)

| | 2022 | 2021 |
|--------------------------------------------------|------------------|------------------|
| | N\$ | N\$ |
| 7. General expenses (continued) | | |
| Title deed search fees | 4 809 | 888 |
| Tourism development | 389 549 | 217 188 |
| Training | 101 907 | 165 631 |
| Travel - local | 280 891 | 204 975 |
| Uniforms | - | 13 043 |
| Other expenses | 305 329 | - |
| 8. Receivables from exchange transactions | 6 487 194 | 9 628 681 |
| Trade debtors | 6 487 194 | 9 628 681 |
| Accruals | - | - |

The Town Council did not pledge any of its receivables as security for borrowing purposes.

Allowance for impairment:

At 30 June 2022 receivables from exchange transactions of N\$45 528 641 (30 June 2021: N\$39 951 892) were impaired and fully provided for.

KARIBIB TOWN COUNCIL
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
 30 JUNE 2022 (Continued)

| 9. Property, plant and equipment | 2022 | | 2021 | | | |
|----------------------------------|-------------|------------------------------------|--------------------------|-------------|------------------------------------|--------------------------|
| | Cost N\$ | Accumulated depreciation N\$ | Carrying value N\$ | Cost N\$ | Accumulated Depreciation N\$ | Carrying value N\$ |
| Property, plant and equipment | 163 194 462 | 4 176 914 | 159 017 548 | 247 162 412 | 3 969 029 | 243 193 383 |

Property, plant and equipment can be reconciled as follows

| | Carrying value beginning of year N\$ | Transfers and other movements N\$ | Additions N\$ | Depreciation N\$ | Carrying value end of year N\$ |
|---------------------------------------|--------------------------------------------------|--------------------------------------------|------------------|---------------------|-----------------------------------------|
| 2022 Property, plant and equipment | 243 193 383 | (84 868 659) | 4 869 748 | (4 176 914) | 159 017 558 |
| 2021 Property, plant and equipment | 242 715 857 | - | 4 446 556 | (3 969 030) | 243 193 383 |

KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)

| | 2022 | 2021 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| | N\$ | N\$ |
| 10. Payables under exchange transactions | 14 273 791 | 13 166 532 |
| Trade payables | 1 559 811 | 338 813 |
| Leave provision | 2 524 749 | 2 027 781 |
| Employees related payables | 1 354 746 | 1 481 700 |
| Deposits received | 374 083 | 313 062 |
| Low-cost housing payable | - | 760 000 |
| Severance pay | 1 278 968 | 1 247 550 |
| Government loans in arrears | 7 181 434 | 6 997 626 |
| Staff Leave: | | |
| Leave accrues to the staff of the council on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date. | | |
| 11. Housing fund | 4 707 905 | 4 637 050 |
| Opening balance | 4 637 050 | 4 563 413 |
| Interest income | 70 855 | 73 637 |
| 12. Cash generated from operations | | |
| Surplus | 2 084 674 | 5 984 036 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 4 176 914 | 3 969 029 |
| Debt impairment | (135 005) | - |
| Direct adjustments to net assets (cash) | 5 684 018 | 3 907 355 |
| Changes in working capital: | (2 893 349) | (3 145 964) |
| Inventories | 96 556 | (113 825) |
| Receivables from exchange transactions | - | 9 290 |
| Debt impairment | (2 542 531) | (7 400 390) |
| Payables under exchange transactions | 1 107 260 | 1 016 223 |
| Value added tax | 806 922 | 96 157 |
| Payables under non-exchange transactions | 39 550 | (4 290) |
| Cash generated from operations | 8 425 009 | 4 401 240 |

**KARIBIB TOWN COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2022 (Continued)**

13. Going concern

Management considered the following matters relating to the Going Concern:

(i) Strict daily cash management processes are embedded in the Council's operations to manage and monitor all actual cash inflows and cash outflows in terms of the Budget.

(ii) As the Council has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

14. Events after the reporting date

No events having financial implications requiring disclosure occurred subsequent to 30 June 2022.

