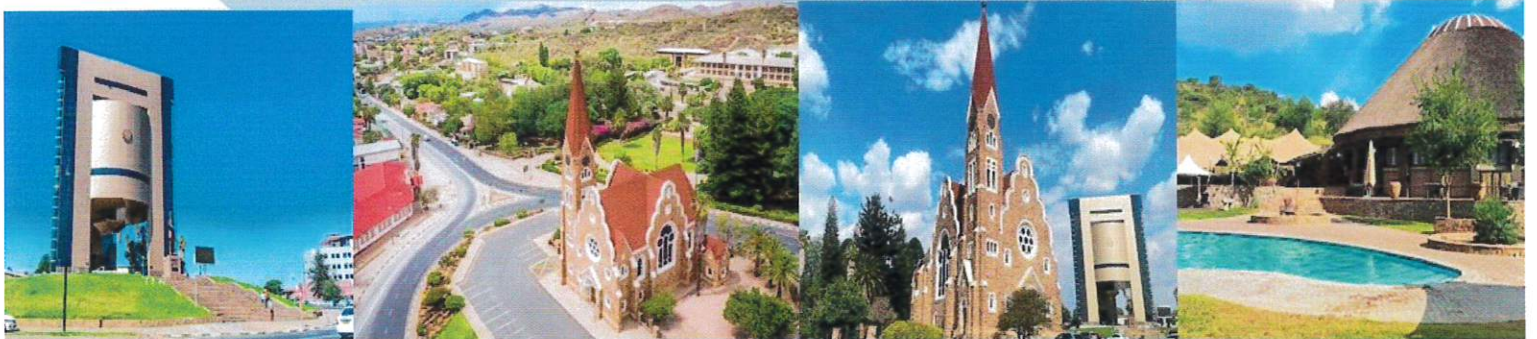




REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF WINDHOEK
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2022 AND 2023**

REPUBLIC OF NAMIBIA



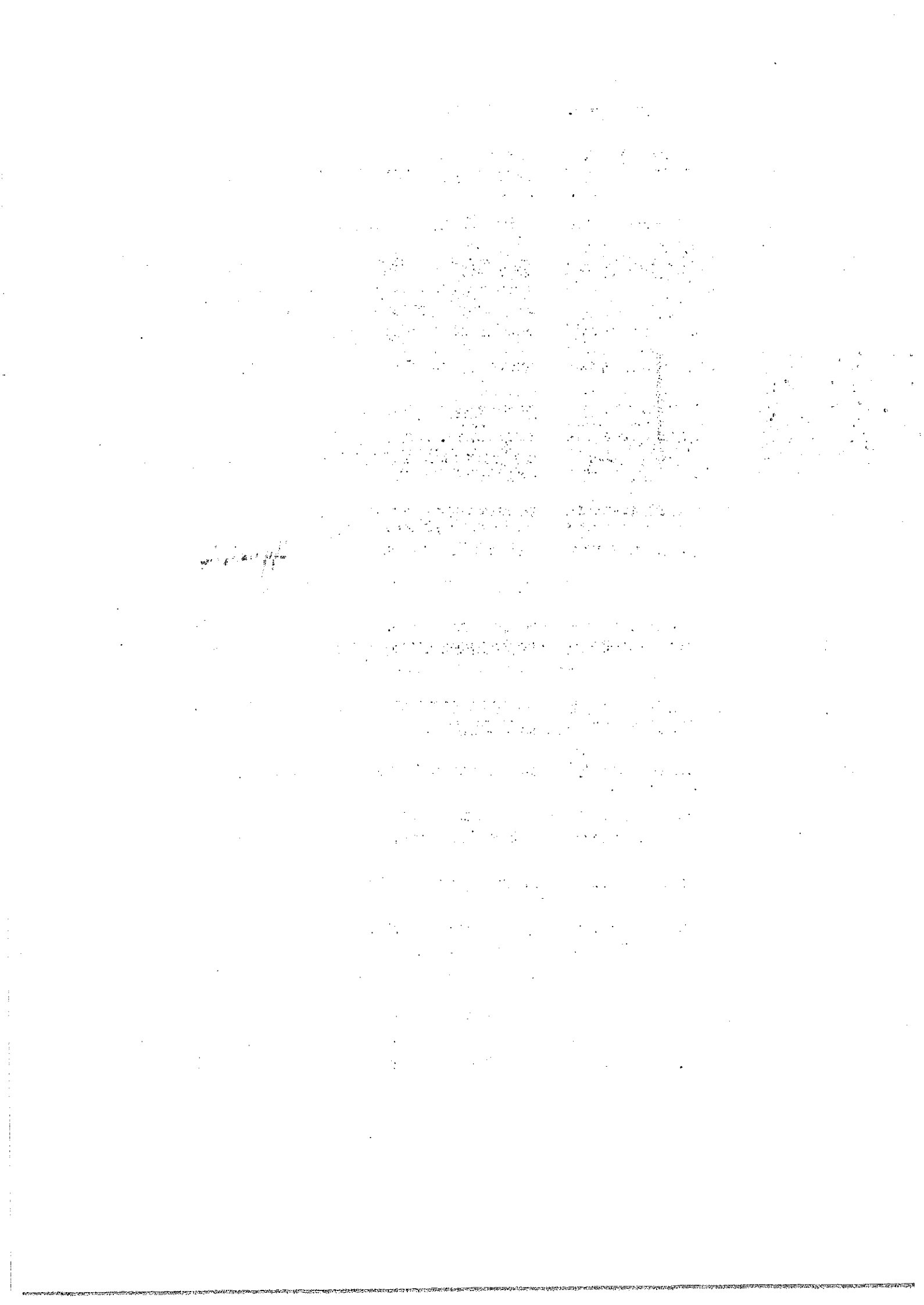
TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Municipality of Windhoek for the financial years ended 30 June 2022 and 2023 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 No. 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, September 2024

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF WINDHOEK FOR THE FINANCIAL YEARS
ENDED 30 JUNE 2022 AND 2023**

1. DISCLAIMER AUDIT OPINION

I have audited the financial statements of the Municipality of Windhoek for the financial years ended 30 June 2022 and 2023. These financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the annual financial statements.

Because of the significance of the matters described in the Basis for Disclaimer of 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 statements.

2. BASIS FOR DISCLAIMER AUDIT OPINION

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my 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 in Namibia, 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 being expressed due to the following:

2.1 Accounting of private public partnership transactions

As in prior years, the financial statements do not disclose the accounting policy for accounting for private public partnership (PPP) transactions. Secondly, the Municipality did not account for transactions and related balances of the PPP arrangements. Thus, auditors could not obtain sufficient appropriate audit evidence regarding the accounting for property, plant and equipment and loans payable related to private public partnership arrangements.

Consequently, auditors could not obtain sufficient appropriate evidence to satisfy themselves that the opening accumulated surplus and comparative figures in the current year statement of financial position, statement of financial performance, statement of changes in net assets, cash flow statement and notes to the financial statements for the year then ended are fairly presented. Furthermore, the auditors were also unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded opening balances for the relevant financial statement areas in the statement of financial position, statement of financial performance, statement of changes in net assets, cash flow statement and notes of the annual financial statements.

2.2 Compliance with ministerial directive

The employee costs incurred are overstated by N\$ 72 155 779 and N\$ 24 053 274 for 2023 and 2022 respectively since the municipality implemented a 5% salary increment agreed with the labour union, NAPWU instead of the ministerial approval of 3%. Consequently, auditors were not satisfied with the occurrence of the expenditure incurred.

2.3 Data manipulation

The preliminary investigation conducted by the Information Communication Technology (ICT) Department and Internal Audit Department after 30 June 2023 suggests possible data manipulation within the SOLAR (accounting) System. However, the investigation was high-level and not performed by professional forensic experts. Consequently, the full extent and impact of the potential data manipulation on the financial statements for 2023 cannot be accurately determined at this stage. The auditors therefore could not ascertain the impact of the data manipulation on the 2023 financial statements. Furthermore, the auditors were also unable to determine whether any adjustments might have been necessary in respect of the impact of the data manipulation on the relevant financial statement areas in the statement of financial position, statement of financial performance, statement of changes in net assets, cash flow statement and notes of the annual financial statements.

2.4 Land reconciliation

The Municipality did provide a land reconciliation detailing total land size under its jurisdiction and allocated to the relevant categories by land use. The auditors therefore could not confirm the accuracy and completeness of the land recognised under property, plant and equipment, investment property, and inventory.

2. EMPHASIS ON THE MATTER: FUTURE SUSTAINABILITY OF OPERATIONS AND COMMERCIAL INSOLVENCY

As at 30 June 2023, the Municipality's current liabilities of N\$ 1 899 579 384 (2022: N\$ 2 007 860 626) exceed its current assets of N\$ 1 176 056 023 (2022: N\$ 897 024 946) by N\$ 723 523 361 (2022: N\$ 1 110 835 680). The Municipality also incurred a deficit of N\$ 344 394 473 (2022: N\$ 734 408 914). These conditions indicate the existence of material uncertainties which may cast significant doubt on the Municipality's ability to settle its obligations and / or maintain the sustainability of the current service delivery level in the normal course of business for the foreseeable future. Management could not provide their plan on how they are going to turnaround the commercial insolvency and the deficit making position in the foreseeable future. My opinion is not modified in respect of these matters.

3. 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 and for such internal control as management determines it necessary to enable the preparation of the 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 Municipality'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 Municipality or to cease operations or has no realistic alternative but to do so. Those charged with governance are responsible of overseeing the Municipality's financial reporting process.

4. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE ANNUAL 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 an audit report that includes the audit 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 annual 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 Municipality'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 Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists. I am required to draw attention in the audit 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 the audit report. However future events or conditions may cause the Municipality 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;

- 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;
- 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; and
- 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 periods under review and are therefore the key audit matters. I describe these matters in the audit 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.

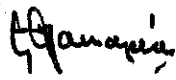
5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The financial statements were submitted by the Accounting Officer to the Auditor-General later than the dates set in terms of Section 87 (1) of the Local Authorities Act, 1992. The financial statements were submitted on 5 February 2024 and 15 August 2023 for 2023 and 2022 respectively, instead of 30 September 2023 and 2022 respectively.

6. ACKNOWLEDGEMENT

The co-operation and assistance by the management and staff of the Municipality of Windhoek during the audit is appreciated.

WINDHOEK, August 2024


JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

**MUNICIPALITY OF WINDHOEK FOR THE FINANCIAL YEARS
ENDED 30 JUNE 2022 AND 2023
GENERAL INFORMATION**

Country of incorporation and domicile	Republic of Namibia
Legal form of entity	Municipality in terms of section 3 of Local Authorities Act 23 of 1993
Nature of business and principal activities	Principal activities of the Municipal Council of City of Windhoek are: <ol style="list-style-type: none">1. Provide its residents with equitable municipal services;2. Ensure sustainable service delivery to all its inhabitants;3. Promote social and economic development
Council Mayor	Queen O. Kamati (1 December 2023 to present) J. Uapingene (20 January 2023 to 1 December 2023), Deputy Mayor from 1 December 2023 to present M. Piennar-Lombardt (Deputy Mayor - 20 January to 1 December 2023)
Councillors	A. Kwenani B. Araeb C. Hanases Dr. J. Amupanda Dr. O. Uukule FN. Kahungu I. Keister I. Skrywer J. Hecht N. Larandja SS. Gawanas
	The current council's 5 years' term runs from 1 December 2020 to 30 November 2025

**MUNICIPALITY OF WINDHOEK FOR THE FINANCIAL YEARS
ENDED 30 JUNE 2022 AND 2023
GENERAL INFORMATION**

Grading of local authority	Part of Schedule 1 of Local Authorities Act 23 of 1992
Chief Executive Officer (Accounting Officer)	Moses Matyayi (appointed 1 August 2023) Faniel Maanda (Acting 1 December 2022 to 31 July 2023)
Management team	Archie Nikanor (acting SE: Human Capital and Corporate Services) Faniel Maanda (SE: Housing, Property Management and Human Settlement) Obrien Hekandjo (SE: Electricity) Fillemon Neputa (SE: Information and Communication Technology) (appointed 1 August 2023) Jennifer Comalie (SE: Finance and Customer Service) Leevi S. Ileka (City Police) (appointed 1 August 2023) Ludwig Narib (SE: Infra. Water and Technical Services) Pierre van Rensburg (SE: Urban and Transport Planning) Zurilea Steenkamp (SE: Economic Development & Community Services) (appointed 1 November 2022)
Registered office Postal address	Windhoek P.O. Box 59 Windhoek Namibia
Bankers	First National Bank of Namibia
Auditors	Junias Etuna Kandjeke Auditor - General of Namibia 123 Robert Mugabe Avenue Private Bag 13299 Windhoek

**MUNICIPALITY OF WINDHOEK FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2022 AND 2023
GENERAL INFORMATION**

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MUNICIPALITY OF WINDHOEK
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

		2023	2022	2021
	Note	N\$	N\$	N\$
ASSETS				
Current assets		1 176 056 023	897 024 946	940 956 858
Cash and cash equivalents	22	268 840 617	261 515 390	217 024 011
Consumer debtors	23	234 877 097	251 941 583	339 544 625
VAT receivable	25	84 811 820	31 151 722	20 855 165
Receivable from exchange transaction	26	246 359 296	105 219 513	91 577 352
Receivable from non-exchange transaction	27	63 595 867	100 116 695	128 047 696
Current portion of long-term receivables	28	12 994 105	12 576 625	14 386 555
Inventory	29	264 577 221	134 503 418	129 521 454
Non-Current Assets		17 393 660 712	17 946 794 999	18 409 356 380
Investment property	31	4 878 885 055	5 025 852 353	5 029 366 790
Property, plant and equipment	32	12 399 318 466	12 820 807 945	13 301 215 261
Intangible assets	33	1 926 646	1 926 646	3 269 530
Non-current investments	30	16 787 680	14 974 622	14 982 578
Long-term receivables	28	96 742 865	83 233 433	60 522 221
TOTAL ASSETS		18 569 716 735	18 843 819 945	19 350 313 238
LIABILITIES				
Current Liabilities		1 899 579 384	2 007 860 626	1 895 827 902
Consumer deposits	35	61 382 351	60 886 571	60 047 350
Payables from exchange transactions	34	840 311 081	906 049 137	841 622 119
Payables from Non-exchange Transactions	39	64 865 271	50 511 396	44 176 153
Unspent conditional grants and receipts	40	13 906 424	8 494 404	4 950 073
Bank overdraft	22	113 108 946	187 350 163	154 212 909
Employee benefits obligations	24	60 114 000	61 257 000	54 275 000
Finance lease obligation	37	18 457 009	11 543 847	10 404 310
Long-term loans	38	727 434 302	721 768 108	726 139 988

MUNICIPALITY OF WINDHOEK
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE (continued)

	Note	2023 N\$	2022 N\$	2021 N\$
Non-Current Liabilities		1 175 223 967	1 127 064 970	1 064 523 940
Finance lease obligation	37	45 310 783	28 357 776	27 366 619
Long-term loans	38	145 949 754	98 961 884	111 968 504
Employee benefits obligations	24	883 743 000	905 648 000	849 118 000
Provisions	36	100 220 430	94 097 310	76 070 817
TOTAL LIABILITIES		3 074 803 351	3 134 925 596	2 960 351 842
NET ASSETS		15 494 913 384	15 708 894 349	16 389 961 396
Reserves				
Housing fund	41	132 881 733	114 597 217	252 663 773
Betterment fund	42	16 141 575	12 372 706	2 567 547
Accumulated surplus		15 345 890 076	15 581 924 426	16 134 730 076
NET ASSETS		15 494 913 384	15 708 894 349	16 389 961 396

MUNICIPALITY OF WINDHOEK
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDED 30 JUNE

		2023	2022	2021
	Note	N\$	N\$	N\$
REVENUE				
Revenue from non-exchange transactions				
		832 696 765	759 859 277	735 219 918
Property rates	2	726 325 414	675 713 954	621 276 378
Other government entities	3	26 857 640	21 298 644	52 710 017
Infrastructure developed under PPPs	57	-	-	30 931 622
Levies		24 156 030	10 071 822	-
Public contributions and donations	4	22 467 272	25 863 394	1 339 786
Fines penalties and levies		24 597 206	19 443 520	23 879 643
Licenses and permits		8 293 203	7 467 943	5 082 472
Revenue from exchange transactions				
		3 839 234 742	3 601 886 953	3 345 158 908
Service charges	5	3 619 329 015	3 319 010 709	3 163 097 145
Rental of facilities and equipment	6	35 537 404	32 130 068	26 356 951
Dividends		771 607	700 192	529 513
Gains on continued operations	12	2 776 391	143 453	30 263
Profit on sale of land		31 591 715	59 066 488	17 146 476
Other income	7	48 504 135	106 713 829	58 631 518
Interest on Investment	8	14 445 387	10 530 625	16 465 713
Interest on outstanding debtors	20	86 279 088	73 591 589	62 901 329
TOTAL REVENUE		4 671 931 507	4 361 746 230	4 080 378 826

MUNICIPALITY OF WINDHOEK
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDED 30 JUNE
(continued)

	Note	2023 N\$	2022 N\$	2021 N\$
EXPENSES		5 016 325 980	5 096 155 144	4 562 631 559
Bulk purchases	9	2 122 656 081	2 028 798 483	1 957 147 226
Employee cost	10	1 476 810 016	1 535 429 466	1 452 845 066
Remuneration of Councilors	11	8 673 316	8 624 528	9 672 249
Losses from other operations	12	9 218	1 066 888	471 430
Depreciation and amortization	13	523 296 639	552 601 979	552 796 889
Impairment of assets		168 709	-	5 347 085
Repairs and maintenance	14	261 645 220	211 624 236	230 688 790
Contracted services	15	112 970 780	96 861 948	92 603 232
Debt impairment	16	63 742 908	307 875 769	(13 518 199)
Grants and subsidies	17	3 642 450	5 368 929	1 594 342
General Expenses	18	287 038 296	235 553 670	155 260 755
Finance costs	19	143 024 467	112 335 332	105 920 067
Loss on disposal of assets and liabilities	21	12 645 908	-	11 799 138
Collection costs		1 972	13 916	3 489
DEFICIT FOR THE YEAR		(344 394 473)	(734 408 914)	(482 252 733)

**MUNICIPALITY OF WINDHOEK
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEARS ENDED 30 JUNE**

	Housing	Betterment	Total	Accumulated	Total
	Fund	Fund	Reserves	surplus	Net asset
	N\$	N\$	N\$	N\$	N\$
Balance at July 1, 2020	206 362 649	-	206 362 649	16 681 801 820	16 888 164 469
Changes in net assets/equity					
Actuarial Gains (losses) on Defined Benefits	-	-	-	(62 243 620)	(62 243 620)
Liabilities	-	-	-	(62 243 620)	(62 243 620)
Net income (losses) recognized directly in net assets	-	-	-	(62 243 620)	(62 243 620)
Deficit for the year	-	-	-	(482 252 733)	(482 252 733)
Total recognized income and expenses for the year	-	-	-	(544 496 353)	(544 496 353)
Funds introduced	46 293 280	-	46 293 280	-	46 293 280
Transfer of income surplus	-	2 511 276	2 511 276	(2 511 276)	-
Interest allocated to funds and reserves	7 844	56 271	64 115	(64 115)	-
Total changes	46 301 124	2 567 547	48 868 671	(547 071 744)	(498 203 073)
Balance at June 30, 2021	252 663 773	2 567 547	255 231 320	16 134 730 076	16 389 961 396

**MUNICIPALITY OF WINDHOEK
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEARS ENDED 30 JUNE (continued)**

ANNEXURE C

	Housing Fund	Betterment Fund	Total Reserves	Accumulated surplus	Total Net asset
	N\$	N\$	N\$	N\$	N\$
Balance at July 1, 2021	252 663 773	2 567 547	255 231 320	16 134 730 076	16 389 961 396
Changes in net assets/equity					
Actuarial Gains (losses) on Defined Benefits Liabilities	-	-	-	9 865 002	9 865 002
Net income (losses) recognized directly in net assets	-	-	-	9 865 002	9 865 002
Deficit for the year	-	-	-	(734 408 914)	(734 408 914)
Total recognized income and expenses for the year	-	-	-	(724 543 912)	(724 543 912)
Funds introduced	43 472 987	-	43 472 987	-	43 472 987
Correction	-	-	-	3 878	3 878
Reclassification to accumulated surplus	(181 545 778)	-	(181 545 778)	181 545 778	-
Transfer of income surplus	-	9 507 230	9 507 230	(9 507 230)	-
Interest allocated to funds and reserves	6 235	297 929	304 164	(304 164)	-
Total changes	(138 066 556)	9 805 159	(128 261 397)	(552 805 650)	(681 067 047)
Balance at June 30, 2022	114 597 217	12 372 706	126 969 923	15 581 924 426	15 708 894 349

ANNEXURE C

MUNICIPALITY OF WINDHOEK
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEARS ENDED 30 JUNE (continued)

	Housing Fund N\$	Betterment Fund N\$	Total Reserves N\$	Accumulated surplus N\$	Total Net asset N\$
Balance at July 1, 2022	114 597 217	12 372 706	126 969 923	15 581 924 426	15 708 894 349
Changes in net assets/equity					
Actuarial Gains (losses) on Defined Benefits	-	-	-	112 129 000	112 129 000
Liabilities	-	-	-	112 129 000	112 129 000
Net income (losses) recognized directly in net assets	-	-	-	(344 394 473)	(344 394 473))
Deficit for the year	-	-	-	(232 265 473)	(232 265 473)
Total recognized income and expenses for the year	18 347 863	-	18 347 863	-	18 347 863
Funds introduced	(68 279)	2 939 042	2 870 763	(2 934 117)	(63 354)
Transfer of income surplus	4 932	829 827	834 759	(834 760)	(1)
Interest allocated to funds and reserves	18 284 516	3 768 869	22 053 385	(236 034 350)	(213 980 965)
Total changes	132 881 733	16 141 575	149 023 308	15 345 890 076	15 494 913 384
Balance at June 30, 2023					
Note(s)		41			42

MUNICIPALITY OF WINDHOEK
STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 30 JUNE

	2023	2022	2021
Note	N\$	N\$	N\$
Cash flows from operating activities			
Receipts	4 562 942 154	4 148 190 573	4 147 731 950
Property taxes, levies and fines	819 892 681	740 628 240	667 248 432
Sale of goods and services	3 673 095 547	3 345 625 147	3 406 772 286
Government grants and subsidies	54 736 932	50 706 369	56 716 006
Interest	14 445 387	10 530 625	16 465 713
Dividends	771 607	700 192	529 513
Payments	(4 373 935 648)	(4 088 558 296)	(4 273 432 581)
Compensation of employees	(1 506 181 338)	(1 559 294 999)	(1 419 718 944)
Suppliers	(2 845 356 921)	(2 511 406 280)	(2 750 335 666)
Finance costs	(22 397 389)	(17 857 017)	(103 377 971)
Net cash flows from operating activities	43 189 006 506	59 632 277	(125 700 631)
Cash flows from investing activities			
Purchase of property, plant and equipment	(85 501 085)	(55 086 398)	(78 923 988)
Proceeds from sale of property, plant and equipment	(2 560)	-	-
Purchase of intangible assets	-	-	(1 697 298)
Proceeds from sale of financial assets	(1 813 058)	7 956	3 058 876
Issuance of Long-term Receivables	(17 642 314)	(27 121 023)	(20 255 707)
Proceeds from settlement of long-term receivables	11 110 666	24 326 905	-
Net cash flows from investing activities	(93 848 351)	(57 872 560)	(97 818 117)

MUNICIPALITY OF WINDHOEK
STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 30 JUNE (continued)

Cash flows from financing activities

Repayment of loans	(17 499 664)	(17 902 110)	(18 554 157)
Proceeds from Finance leases	-	-	18 712 390
Repayment of Finance lease	(14 439 910)	(15 976 469)	(17 291 888)
Contributions to housing fund received	18 347 863	43 472 987	46 293 279

Net cash flows from financing activities

	(13 591 711)	9 594 408	29 159 624
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Net (decrease)/increase in cash and cash equivalents

	81 566 444	11 354 125	(194 359 124)
Cash and cash equivalents at the beginning of the year	74 165 227	62 811 102	257 170 226

Cash and cash equivalents at the end of the year

22	155 731 671	74 165 227	62 811 102
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MUNICIPALITY OF WINDHOEK

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR END 30 JUNE

2023

	Approved Budget	Final budget	Actual amount on comparable basis	Difference between final budget and actual	Reference
	N\$	N\$	N\$	N\$	

Statement of financial Performance

Revenue from non-exchange transactions

Property rates	701 076 820	701 076 820	726 325 414	25 248 594	R1
Transfers from other government entities	23 282 500	23 282 500	26 857 640	3 575 140	
Public contribution and donations	3 120 919	3 120 919	22 467 272	19 346 353	R2
Fines Penalties and levies	7 865 412	7 865 412	24 597 206	16 731 794	R3
Levies	25 000 000	25 000 000	24 156 030	(843 970)	
Licenses and permits	6 350 000	6 350 000	8 293 203	1 943 203	
	766 695 651	766 695 651	832 696 765	66 001 114	

Revenue from exchange transactions

Service charges	3 806 222 502	3 806 222 502	3 619 329 015	(186 893 487)	R4
Rental of facilities and equipment	31 429 590	31 429 590	35 537 404	4 107 814	
Gains on continued operations	-	-	2 776 391	2 776 391	
Revenue from sale of properties	225 000 000	225 000 000	31 591 715	(193 408 285)	R5
Other revenue	79 979 045	79 979 045	48 504 135	(31 474 910)	
Interest - External investments	9 372 976	9 372 976	14 445 387	5 072 411	R6
Interest - Outstanding Debtors	63 786 538	63 786 538	86 279 088	22 492 550	R7
Dividends	555 000	555 000	771 607	216 607	
	4 216 345 651	4 216 345 651	3 839 234 742	(377 110 909)	

ANNEXURE E

**MUNICIPALITY OF WINDHOEK
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 30 JUNE (continued)**

2023

	Approved		Final budget	Actual amount		Difference	Reference
	budget	NS		on comparable basis	between final budget and actual		
	NS	NS	NS	NS	NS	NS	
Total revenue	4 983 041 302	4 983 041 302	4 671 931 507	(311 109 795)			
Expenditure	4 692 456 963	4 692 456 963	5 003 680 072	(311 223 109)			
Bulk purchases	2 263 686 605	2 263 686 605	2 122 656 081	141 030 524	E1		
Employee cost	1 505 555 234	1 505 555 234	1 476 860 800	28 694 434	E2		
Remuneration of councillors	9 667 438	9 667 438	8 622 532	1 044 906			
Losses from other operations	30 000	30 000	9 218	20 782			
Depreciation and amortization expenses	-	-	523 296 639	(523 296 639)			
Reversal of impairment	-	-	168 709	(168 709)			
Repairs and maintenance	336 514 948	336 514 948	261 645 220	74 869 728	E3		
Contracted services	168 677 245	168 677 245	112 970 780	55 706 465	E4		
Debt impairment	20 000 000	20 000 000	63 742 908	(43 742 908)	E5		
Grants and other transfer payments	4 064 809	4 064 809	3 642 450	422 359			
General expenses	360 741 009	360 741 009	287 038 296	73 702 713	E6		
Interest paid	23 430 870	23 430 870	143 024 467	(119 593 597)	E7		
Collection costs	88 805	88 805	1 972	86 833			
Loss on disposal of assets and liabilities	-	-	12 645 908	(12 645 908)			
Surplus/(Deficit)	290 584 339	290 584 339	(344 394 473)	(634 978 812)			

MUNICIPALITY OF WINDHOEK
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (continued)

2023

Note: Council is not required to prepare and publish Budgets for Financial Position and Cash flow, thus exempted in terms of IPSAS 24.5, and from preparing the Statement of Comparison of the Budget and Actual Amounts for those statement that are not published.

- R1: Actual exceeds budget as budget was under estimated.
- R2: Actual donations revenue is higher than budget due to council meeting conditions earlier than anticipated.
- R3: More traffic fines were collected than anticipated.
- R4: Only half of budget increase in electricity tariff was approved by the Electricity Control Board (ECB) thus causing a shortfall.
- R5: The unfavourable variance was caused by continued depression in the property market, and some transactions taking longer to complete than expected.
- R6: The favourable variance is due to increase in repo rate which in turn increased interest rate on investments. This was coupled with increased transfers to short term deposits.
- R7: Interest on outstanding debtors was under budgeted as debtors balance was projected to decrease due to improved collection and debt write off, however all did not take place.
- E1: It is over budget as the increase in Nampower tariff was less than anticipated. Further to that, water purchases from suppliers was reduce due to drought and opted to increase underground water extraction.
- E2: The savings were experienced as not all planned recruitment could not take place.
- E3: The favourable variance is largely due to savings as result of delayed projects implementation due to late approval of budget.
- E4: The favourable variance is largely due to savings as result delayed projects implementation due to late approval of budget.
- E5: Unfavourable variance is due to projected decrease in debtors balance not coming to fruition.
- E6: The favourable variance is largely due to savings as result delayed projects implementation due to late approval of budget,
- E7: Included is interest on unfunded Defined benefits obligation which is normally not budgeted for as it is future cash flow

**MUNICIPALITY OF WINDHOEK
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR END 30 JUNE**

2022

	Approved		Final budget	Actual amount on comparable basis	Difference between final budget and actual	Reference
	Budget	NS				
Statement of financial Performance						
Revenue from non-exchange transactions	700 127 697	700 127 697	759 859 277	59 731 580		
Property rates	596 188 803	596 188 803	675 713 954	79 525 151	R1	
Transfers from other government entities	89 000 000	89 000 000	21 298 644	(67 701 356)	R2	
Public contribution and donations	783 255	783 255	25 863 394	25 080 139	R2A	
Fines Penalties and levies	7 805 639	7 805 639	19 443 520	11 637 881		
Levies	-	-	10 071 822	10 071 822	R3	
Licenses and permits	6 350 000	6 350 000	7 467 943	1 117 943		
Revenue from exchange transactions	3 923 182 628	3 923 182 628	3 601 886 953	(321 295 675)		
Service charges	3 449 855 509	3 449 855 509	3 319 010 709	(130 844 800)	R4	
Rental of facilities and equipment	23 811 712	23 811 712	32 130 068	8 318 356	R5	
Gains on continued operations	500	500	143 453	142 953		
Revenue from sale of properties	300 000 000	300 000 000	59 066 488	(240 933 512)	R6	
Other revenue	71 410 835	71 410 835	106 713 829	35 302 994		
Interest - External investments	14 153 394	14 153 394	10 530 625	(3 622 769)	R7	
Interest - Outstanding Debtors	63 574 678	63 574 678	73 591 589	10 016 911	R8	
Dividends	376 000	376 000	700 192	324 192		

**MUNICIPALITY OF WINDHOEK
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 30 JUNE (continued)**

ANNEXURE E

2022

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 30 JUNE (continued)

	Approved budget	Final budget	Actual amount on comparable basis	Difference between final budget and actual	Reference
	N\$	N\$	N\$	N\$	
Total revenue	4 623 310 325	4 623 310 325	4 361 746 230	(261 564 095)	
Expenditure	4 91 252 365	4 391 252 365	5 096 155 144	(704 902 779)	
Bulk purchases	2 042 074 075	2 042 074 075	2 028 798 483	13 275 592	
Employee cost	1 555 438 202	1 555 438 202	1 535 471 998	19 966 204	
Remuneration of councilors	10 797 173	10 797 173	8 581 996	2 215 177	
Losses from other operation	1 521 542	1 521 542	1 066 888	454 654	
Depreciation and amortisation expense	-	-	552 601 979	(552 601 979)	
Repairs and maintenance	277 374 385	277 374 385	211 624 236	65 750 149	E1
Contracted services	131 084 725	131 084 725	96 861 948	34 222 777	E2
Debt impairment	-	-	307 875 769	(307 875 769)	
Grants and other transfer payments	3 340 381	3 340 381	5 368 929	(2 028 548)	
General expenses	322 696 549	322 696 549	235 553 670	97 142 879	E3
Interest paid	36 826 832	36 826 832	112 335 332	(75 508 500)	E4
Collection costs	98 502	98 502	13 916	84 585	
Surplus/(Deficit)	232 057 960	232 057 960	(734 408 914)	(966 466 874)	

MUNICIPALITY OF WINDHOEK
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (continued)

2022

Note: Council is not required to prepare and publish Budgets for Financial Position and Cash flow, thus exempted in terms of IPSAS 24.5, and from preparing the Statement of Comparison of the Budget and Actual Amounts for those statement that are not published.

- R1: Actual exceeds budget as budget was under estimated.
- R2: Government transfers did not materialise as budgeted.
- R2A: The significant variation is due to N\$ 20 million of farm Groot Aub donated by Government to City of Windhoek which was not recognised in prior years.
- R3: Emergency levy was approved mid-year and it was not part of approved budget.
- R4: Water revenue was over-budgeted while increase in electricity tariff was subsequently disapproved by the Electricity Control Board (ECB).
- R5: The favourable variance was caused by increase in outdoor advertising fees which exceeded expectation due to recovery from Covid-19.
- R6: The unfavourable variance was caused by continued depression in the property market, and some transactions taking longer to complete than expected.
- R7: The unfavourable variance was caused by banks offering lower interest rate.
- R8: The favourable variance is largely due to increase in debtors and defaulting debtors; - total debtors and debtors in arrears increased from N\$ 981m and N\$ 794m on 30 June 2021 to N\$ 1 248m and N\$ 967m on 30 June 2022.
- E1: The favourable variance is largely due to savings as result delayed projects implementation due to late approval of budget.
- E2: The favourable variance is due to savings as result of delayed projects implementation due to late approval and assignments not being completed by year-end as envisaged.
- E3: The favourable variance is due to savings as result of delayed projects implementation due to late approval and assignments not being completed by year-end as envisaged.
- E4: Included in the actual is N\$ 79m of interest on defined employee benefits which is not part budget, thus actual amounts to N\$ 29 181 067. Therefore, a favourable variance is mainly due to savings realised from cost-cutting measures which eased cash flow. At the same time, improved cash management resulted in reduced bank overdraft interest (see above), in addition to signed payment arrangement with NamPower which resulted in suspension of interest on overdue account.

MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE

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 the Auditor -General in accordance with Section 87 (1) of the Local Authorities Act 23 of 1992 as amended.

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.

Assets, liabilities, revenues and expenses were not offset except, where offsetting is either required or permitted by a Standard of 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.

These accounting policies are consistent with the previous period.

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 Municipality'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 Municipality.

**MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE (continued)**

Revenue recognition (continued)

In making their judgement the management considered the detailed criteria for the recognition of revenue asset out in IPSAS 9 (Revenue from Exchange Transactions) and IPSAS 23 (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 Municipality 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 Municipality is satisfied that recognition of the revenue in the current year is appropriate.

Estimation of Meter Readings:

Provisional estimates of consumption based on the consumption history are made monthly when meter readings have not been performed. 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 meters have 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.

Estimation of unused Prepaid Metered Services:

Estimates of unused consumption of prepaid metered services, based on the consumption history are made at year-end. Sales for prepaid metered services are recognised as revenue upon receipt of payment for these services except, at year-end when estimates for unused consumption up to year-end are reversed from revenue and accrued as payment for services received in advance. These accruals are reversed in the new financial year to revenue again deemed to be consumed after 30 June. In respect of estimates of consumption between the last date of purchase and the reporting date an accrual for payments received in advance is made based on the average monthly consumption of consumers.

Impairment of Financial assets

Accounting Policy 1.10 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 Municipality 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 Municipality is satisfied that impairment of financial assets recorded during the year is appropriate.

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.

**MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE (continued)**

Impairment of Traffic Fines:

Assessing and recognising impairment of Receivables for Traffic Fines is an event that takes place subsequent to the initial recognition of revenue charged. The Municipality assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not be made at the time of initial recognition.

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

As described in Accounting Policies 1.4 1.6 and 1.5 the Municipality 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 1.8 on Impairment of Assets, Accounting Policy 1.6 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment and Accounting Policy 1.11 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. 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 PPE 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 29, 32, 33 and 31 to the Annual Financial Statements, if applicable.

Water inventory

The estimation of the Water Inventory in reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs; which is then converted into volumes based on the total capacity of the reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to Accounting Policy 1.11.

**MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE (continued)**

Provisions and contingent liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations. Additional disclosure of these estimates of provisions are included in note 36 - Provisions.

Employee benefit obligations (Defined Benefit Plan Liabilities)

As described in Accounting Policy 1.13, Employee Benefits – Post-employment Benefits the Municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the Municipality that were identified are Post- retirement Health Benefit obligations Long-service Awards and Severance Pay Liability. The estimated liabilities are recorded in accordance with the requirements of IPSAS 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.2 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;
- 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.

Sale of Land

The sale of land is recognised when all parties have signed deed of sale (sale contract) and council has given the buyer the right to occupy and effect changes (or use) on the property, and the buyer has settled the purchase price or given council an irrevocable bank guarantees for the equivalent equal or more than the selling price of the property within prescribed period as per deed of sale agreement. The deed of sale defines the terms of the sale which include the selling price, the payment terms and the occupation date and rights of the buyer.

Service Charges

Service Charges are levied in terms of the approved tariffs.

Service Charges relating to electricity and 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.

MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE (continued)

Service Charges (continued)

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 Electricity and Water

Revenue from the sale of electricity and water prepaid meter cards are 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.

Rental income

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

Interest 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

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.

Dividends

Dividends are recognised on the date that the Municipality 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.

**MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE (continued)**

Revenue from Agency services

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

1.3 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.

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 Municipality 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 Municipality 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 Municipality'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 Municipality uses estimates to determine the amount of revenue that the Municipality 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.

MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE (continued)

1.4. Property, plant and equipment

Initial Recognition

Property, plant and equipment are initially recognised at cost.

Where an asset is acquired by the Municipality 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.

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

Item	Average useful life
Land	Infinite
Buildings	
Improvements	8 - 80
Leased	5 - 15
Motor Vehicles	10 - 50
Infrastructure	
Electricity	8 - 50
Roads and storm water	10 - 80
Sanitation	5 - 90
Solid waste	10 - 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
Specialized vehicles	5 - 15

**MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE (continued)**

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.

Leased Assets

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as property, plant and equipment controlled by the Municipality or where shorter the term.

De-recognition

The gain or loss arising from de-recognition 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 Investment property**Initial recognition**

At initial recognition the Municipality measures Investment Property at cost. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset but, directly recognised in surplus or deficit and measured at cost.

Subsequent Measurement

Investment Property is measured using the Cost model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-line method over the useful life of the property which is estimated at 10-80 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in surplus or deficit.

De-recognition

The gain or loss arising from de-recognition of an item of Investment Property is included in surplus or deficit when the item is derecognised. Gains are not classified as Revenue.

MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE (continued)

1.6 Intangible assets

Initial recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

For internally generated Intangible Assets, all research expenditure is recognised as an expense as it is incurred and costs incurred on development projects are recognised as Intangible Assets in accordance with IPSAS 31 (Intangible Assets). Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually.

Intangible Assets are initially recognised at cost.

Where an Intangible Asset is acquired by the Municipality 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.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable it's deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the assets, but directly recognised in surplus or deficit and measured at cost.

Subsequent Measurement, Amortisation and Impairment

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Amortisation is charged on a Straight-line Method over the Intangible Assets' useful lives. The residual value of intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test. Amortisation is provided to write down the intangible assets on a straight-line basis to their residual values as follows:

Asset class	Useful life
Computer software	3 - 5 years

**MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE (continued)**

De-recognition

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount it is recognised in surplus or deficit when the asset is derecognised. Gains are not classified as Revenue

1.7 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.

1.7.1 The Municipality 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 Municipality 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 de-recognition 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 Municipality 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.

1.7.2 The Municipality as a Lessor

Amounts due from lessees under Finance Leases or instalment sale agreements are recorded as receivables at the amount of the Municipality'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 Municipality'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.

MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE (continued)

1.8 Impairment of cash-generating assets

The Municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

**MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE (continued)**

1.9 Impairment of non-cash generating assets

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

1.10 Financial instruments

The Municipality 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.

**MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE (continued)**

Initial Recognition

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

The Municipality 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 Municipality 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 values of financial instruments are 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 Municipality 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:

Type of Financial asset	Classification in terms of IPSAS 41
Non-current Investments – Fixed Deposits	Financial assets measured at amortised Cost
Non-current Investments – Shares	Financial assets at fair value through Surplus or Deficit
Long-term Receivables	Financial assets measured at amortised Cost
Receivables from Exchange Transactions	Financial assets measured at amortised Cost
Receivables from Non-exchange Transactions	Financial assets measured at amortised Cost
Bank Cash and Cash Equivalents – Notice Deposits	Financial assets measured at amortised Cost
Bank Cash and Cash Equivalents – Call Deposits	Financial assets measured at amortised Cost

**MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE (continued)**

Type of Financial asset	Classification in terms of IPSAS 41
Bank Cash and Cash Equivalents – Bank	Financial assets measured at amortised Cost
Bank Cash and Cash Equivalents – Cash	Financial assets measured at amortised Cost
Current Portion of Non-current Investments	Financial assets measured at amortised Cost
Current Portion of Long-term Receivables	Financial assets measured at amortised Cost

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:

Type of Financial Liability	Classification in terms of IPSAS 41
Long-term Liabilities	Financial liability measured at amortised cost
Payables from 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
Short-term Loans	Financial liability measured at amortised cost
Current Portion of Long-term Liabilities	Financial liability measured at amortised cost

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

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 and 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.

**MUNICIPALITY OF WINDHOEK
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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.

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 Municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made where by 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.

MUNICIPALITY OF WINDHOEK
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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.

De-recognition

Financial assets

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

Financial liabilities

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

The Municipality 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.

1.11. Inventory

Initial Recognition

Inventories are initially measured at cost except where Inventories are acquired through a non-exchange transactions' and then their costs are their fair value as at the date of acquisition. The cost of Inventory comprises of all costs of purchases costs of conversion and other costs incurred in bringing the Inventory to their present location and condition.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

MUNICIPALITY OF WINDHOEK
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Subsequent Measurement

Consumable Stores Raw Materials, Work-in-Progress and Finished Goods

Inventory sold is valued at the lower of cost and net realisable value. The cost is determined using the FIFO method.

Consumable stores, raw materials, work-in-progress inventory distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and current replacement cost. The cost is determined using the FIFO method.

Water Inventory

Water is regarded as Inventory when the Municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally or where the Municipality has incurred purification costs on water obtained from natural resources (rain rivers springs boreholes etc.). However, water in dams that are filled by natural resources and that has not yet been treated that is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the Weighted Average Method at the lowest of purified cost and net realisable value in so far as it is stored and controlled in the distribution network at year-end.

Other Arrangements

Redundant and slow-moving Inventory identified are written down from cost to current replacement cost if applicable.

Inventory identified to be sold by public auction are written down from cost to net realisable value with regard to their estimated economic or realisable values. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

Differences arising on the measurement of such Inventory at the lower of cost and current replacement cost or net realisable value are recognised in surplus or deficit in the year in which they arise. The amount of any reversal of any write-down of Inventory arising from an increase in current replacement cost or net realisable value is recognised as a reduction in the amount of Inventory recognised as an expense in the period in which the reversal occurs.

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The carrying amount of Inventory is recognised as an expense in the period that the Inventory was sold, distributed, written off, or consumed unless, that cost qualifies for capitalisation to the cost of another asset.

1.12. Provisions and contingencies

The best estimate of the expenditure required to settle the present obligation is the amount that the Municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the Municipality supplemented by experience of similar transactions and in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

De-commissioning, restoration and similar liability

Estimated long-term environmental provisions comprising rehabilitation and landfill site closure are based on the Municipality's policy taking into account current technological environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to surplus or deficit.

MUNICIPALITY OF WINDHOEK
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Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 47.

1.13. 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 pays 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 Municipality recognises the expected cost of performance bonuses only when the Municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Post-employment benefits

The Municipality provides retirement benefits for its employees, councillors and both has defined benefit 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.

The Municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in surplus or deficit in the period in which the service is rendered by the relevant employees. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Post-retirement Health Care Benefits

The Municipality has an obligation to provide Post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the Municipality is associated a member (who is on the current Conditions of Service) on retirement is entitled to remain a continued member of the Medical Aid Fund in which case the Municipality is liable for a certain portion of the

**MUNICIPALITY OF WINDHOEK
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medical aid membership fee. Not all Medical Aid Funds with which the Municipality is associated provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in surplus or deficit.

Past-service costs are recognised immediately in surplus or deficit.

Long-service Allowance

The Municipality has an obligation to provide long-service allowance benefits to its qualifying employees. According to the rules of the long-service allowance scheme which the Municipality instituted and operates, an employee (who is on the current Conditions of Service) is entitled to a cash allowance calculated in terms of the rules of the scheme after 20, 25, 30, 35 and 40 years of continued service. The Municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through surplus or deficit.

Severance Allowance

The Municipality has an obligation to provide severance benefits to its qualifying employees. According to legislation and the rules of the Severance benefits scheme which the Municipality instituted and operates an employee (who is on the current conditions of service) is entitled to a severance payment in the event of death-in-service resignation retrenchment or retirement. The Municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities.

The benefit provided is one week's fixed remuneration per year of uninterrupted service, subject to at least one year's completed service. Annual fixed remuneration is equal to annual Basic salary plus annual Housing allowance plus annual Transport allowance plus annual Scarcity allowance plus Bonus (13th Cheque).

Actuarial gains or losses are recognised immediately in surplus or deficit.

Past-service costs are recognised immediately in surplus or deficit.

**MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
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1.14. Translation of foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Municipality at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost and fair value in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in surplus or deficit.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Cash flows arising from transactions in a foreign currency are recorded in Namibia Dollar by applying to the foreign currency amount, the exchange rate between the Namibia Dollar and the foreign currency at the date of the cash flow.

1.15. Borrowing costs

The Municipality 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.

1.16. 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 Strategic Executive Officers reporting directly to the Chief Executive Officer or as designated by the Chief Executive Officer.

1.17. 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, and additional financial statements, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the

**MUNICIPALITY OF WINDHOEK
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statement giving reasons for overall growth or decline in the budget and motivations for over-or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the Municipality 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 2022 to 30 June 2022 and from 1 July 2022 to 30 June 2023.

1.18. Segmental information

The mandate of the Municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective and also considered separately for each of the areas within the municipal jurisdiction. The components described below have been identified as individually significant segments for purposes of reporting in terms of IPSAS 18 (Segment Reporting).

The following services are considered significant to the Municipality and is accordingly managed separately:

- The provision of electricity and infrastructure to ensure delivery of Electricity.
- The provision of roads and infrastructure to ensure a comprehensive and safe Roads Network.
- The provision of equipment and infrastructure to ensure removal and treatment of Solid Waste.
- The provision of infrastructure for removal of excess water and sewerage through a Storm water and Sewerage Network
- The provision of water and infrastructure to ensure delivery of Water.
- The provision of Ambulance, Development Emergency & Fire and Transport Services.
- The provision of Town Planning and Property Management Services.
- The provision of services for Crime Prevention, Disaster and Traffic Management.
- The provision of Business Licencing, Economic Development, Health Parks & Facilities and Burial & Cremation Services.
- The provision of efficient Communication, Customer and Tourism Services to public.
- The provision of Administrative and Technology Services to enable execution of this mandate.

All other sources of income and expenditure is aggregated through means of the administrative function as these services are not significant to the other services of the Municipality as a whole.

The Municipality only operates in a single geographical location and accordingly does not report separately on each location within its jurisdiction.

Inter-segmental transfers are per the Municipality's approved tariff policy. The reconciliation clearly describes the effects of all internal transfers between segments.

MUNICIPALITY OF WINDHOEK
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The accounting policies for segmental reporting in the management accounts are aligned to the requirements of IPSAS as described in these accounting policies.

No changes from were made from prior periods measurement methods used to determine reported segment surplus or deficit.

1.19. Going concern assumption

At 30 June 2023 the Municipality's current liabilities exceeded its Current Assets. However, the Municipality have prepared the annual financial statements under the going concern assumption based on management assumptions as set out in Note 48 to the annual financial statements:

1.20 Net assets

Housing fund

The Housing Fund was established in terms of Section 58 of the Local Authorities Act, 1992 (Act No. 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.

Moneys 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.

Betterment Contribution Fund

The Betterment Contribution Fund was established in terms of Section 59 of the Urban and Regional Planning Act (act No. 5 of 2018).

The Betterment Contribution Fund contains all proceeds from betterment contributions and sale of land. Money standing to the credit of the Betterment Contribution Fund shall be applied in such manner as the Minister may approve towards the discharge of any debt of the Municipality or otherwise for any purpose for which capital money may be applied.

Accumulated Surplus

The accumulated surplus contains accumulated surplus after appropriations to and from the Statutory Funds.

**MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
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1.21. Grants-In-Aid

The Municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Municipality 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.

1.22. Value Added Tax

The Municipality accounts for Value Added Tax in accordance with Section 18 of the Value-Added Tax Act (Act No. 10 of 2000).

1.23. Material losses

Due to their significance, the complete calculation of water and electricity losses is provided including the opening balances, purchases, sales and closing balances where applicable. For electricity the unit rate is the rate per the last purchase for the financial year. For water the unit rate is measured based on the Weighted Average Method as defined by IPSAS 12 (Inventory).

1.24. Commitments

Commitments are future expenditure to which the Municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in surplus or deficit, but, are included in the disclosure notes. A distinction is made between capital and current commitments.

1.25. 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.

1.26 Heritage assets

Heritage assets are resources controlled by an entity as a result of past events from which future economic benefits are expected to flow to the entity.

MUNICIPALITY OF WINDHOEK
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE (continued)

1.27 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or in the case of a main division not in accordance with the purpose of the main division.

1.28 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

MUNICIPALITY OF WINDHOEK
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

	2023	2022	2021
	N\$	N\$	N\$
2. Property rates			
Rates received	726 325 414	675 713 954	621 276 378
State	25 119 602	23 796 722	24 305 152
Other	701 205 812	651 917 232	608 170 945
Less: Income forgone	-	-	(11 199 719)
Valuations	113 059 018 161	113 059 018 161	111 713 087 313
Agricultural	37 138 400	37 138 400	35 840 000
Commercial	22 852 748 176	22 852 748 176	18 229 772 737
Farm	1 260 128 103	1 260 128 103	673 971 203
Industrial	6 949 929 005	6 949 929 005	6 609 821 702
Institutional	6 933 817 302	6 933 817 302	7 940 952 917
Municipal	7 568 527 616	7 568 527 616	11 107 929 134
Residential	57 592 954 268	57 592 954 268	55 520 474 379
State	2 931 491 801	2 931 491 801	3 042 746 141
Other	6 932 283 490	6 932 283 490	8 551 579 100

MUNICIPALITY OF WINDHOEK**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**

2. Property rates (continued)

Property Rates are levied on the value of land and improvements; which valuation is performed every five years. The last valuation came into effect on 1 September 2018.

Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions/consolidations.

Brakwater Areas and extended boundaries:

Rates on Site Value of 0,00230736 c/N\$ (2022: 0,0022080 c/N\$) and on Improvement value of 0,0013669 c/N\$ (2022: 0,0013080 c/N\$) are applied to property valuations to determine assessment rates.

Windhoek Areas:

Rates on Site Value of 0,011537 c/N\$ (2022: 0,011040 c/N\$) and on Improvement value of 0,006836 c/N\$ (2022: 0,006541 c/N\$) are applied to property valuations to determine assessment rates.

Rebates of 75% (2022: 75%) on agricultural properties, 50% (2022: 50%) on residential properties and 20% (2022: 20%) on properties owned by the State were granted in terms of section 73(4) of the Local Authorities Act (1992, as amended).

Organisations described in section 75 of The Local Authorities Act (1992, as amended) may be exempted from the payment of rates on annual application.

Organisations and Individuals not covered in section 75 of The Local Authorities Act (1992, as amended) may apply for a reduction in rates on an annual basis. Set criteria is used to evaluate whether they qualify for exemption, and to what extent.

Rates are levied monthly on property owners and are payable by the 15th and 20th of each month depending on the billing cycle. Interest is levied at a rate determined by council on outstanding rates amounts.

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

	2023	2022	2021
	N\$	N\$	N\$
3. Other government entities	26 857 640	21 298 644	52 710 017
Operating grants			
Road Fund Administration	22 970 534	18 833 092	30 493 515
Capital grants			
Government - Water and related subsidies	-	2 465 552	13 571 013
Government - Informal Settlement Upgrade	-	-	2 145 693
Government - Informal Settlement Electrification	3 887 106	-	6 499 796

Conditions still to be met and related remaining liabilities (see note 40).

4. Public contributions and donations	22 467 272	25 863 394	1339 786
Public contributions and donations	20 416 513	24 408 611	1 339 786
United Nations Development Programme (UNDP)	-	1 454 783	-
Public contributions and donations - Bremen	1 471 900	-	-
Public contributions and donations - EU Solid Waste Project	578 859	-	-

Conditions still to be met - remain liabilities (see note 40).

MUNICIPALITY OF WINDHOEK

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

	2023	2022	2021
	N\$	N\$	N\$
5. Service charges	3 619 329 015	3 319 010 709	3 163 097 145
Sale of electricity	2 070 937 627	1 848 928 612	1 807 325 947
Sale of water	886 469 090	843 619 377	786 275 084
Solid waste	383 687 249	358 442 536	310 484 289
Sewerage and sanitation charges	269 131 372	259 035 967	250 937 066
Other service charges	9 103 677	8 984 217	8 074 759

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

6. Rental of facilities and equipment	35 537 404	32 130 068	26 356 951
Rental income - amenities	20 215 016	23 373 826	15 609 348
Rental of Premises and related	2 899 594	2 369 742	2 345 913
Rental of other facilities	12 422 794	6 386 500	8 401 690

Rental revenue earned on Facilities and Equipment is in respect of non-financial assets rented out.

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

	2023 N\$	2022 N\$	2021 N\$
7. Other income	48 504 135	106 713 829	58 631 518
Betterment fees	4 039 042	10 412 169	9 728 750
Bus tickets	6 800 989	5 189 318	5 814 873
Endowment fees	632 284	307 943	619 695
Building plans and related	6 938 951	7 501 764	6 671 582
Advertising fees	3 655 647	3 715 491	3 701 831
Cemetery fees	1 599 074	4 031 199	1 961 234
Duplicate accounts and cards	833 615	1 127 474	1 030 826
Sale of Documents Materials & Stores	1 320 194	1 177 406	3 226 209
Swimming Pool Tickets	1 410 356	737 223	731 565
Forfeited Moneys	2 275 319	6 033 041	4 660 927
Ambulance Fees	323 378	701 387	762 753
Interdepartmental Charges	2 931 337	3 033 728	3 566 973
Fire Brigade Fees	398 893	969 381	524 773
Bad Debt Recovered	1 210 861	156 304	-
Telephone Cost Recovered	313	-	4 690 196
Parking Meter Fees	394 099	527 554	-
Town Planning Fees	1 638 316	25 512 745	522 766
Recovery of Cost	1 552 494	26 455 510	160 001
Sundry income	-	-	1 974 589
Health care waste risk fees	10 548 973	9 124 192	8 281 975

MUNICIPALITY OF WINDHOEK

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

	2023	2022	2021
	N\$	N\$	N\$
8. Interest received - investment	14 445 387	10 530 625	16 465 713
Housing and land loans	1 256 603	1 492 747	1 329 908
Call deposits	12 372 719	7 737 661	8 576 342
Fixed deposits	-	-	4 850 274
Land, sales	687 600	1 280 780	1 693 657
Bank	128 465	19 437	15 532
9. Bulk purchases	2 122 656 081	2 028 798 483	1 957 147 226
Electricity	1 618 515 010	1 479 531 583	1 415 011 709
Water	504 141 071	549 266 900	542 135 517

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from NamPower whilst Water is purchased from NamWater and WINGCOG. Included in Bulk Purchases for Electricity is an amount of N\$ 8 898 211 (2022 N\$ 7 151 552), being purchases made from Independent Power Producers.

Electricity Losses occur due to inter alia, technical and non-technical losses (Technical losses- inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses- the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported. Distribution losses amounted to 8.03% (2022: 6.61%), see below table for volumes.

MUNICIPALITY OF WINDHOEK
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30
JUNE (continued)

9. Bulk purchases

Water Losses occur due to inter alia, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported. Distribution losses amounted to 16% (2022: 14.46%), see below table for volumes.

	2023	2022	2021
	Units	Units	Units
Electricity (Volumes in kWh/year:)			
System Input Volume	894 950 000	870 237 022	-
Billed Consumption	(812 715 000)	(812 714 551)	-
Distribution Loss	82 235 000	57 522 471	-

Water (Volumes in kl/year:)

System Input Volume	25 390 211	26 740 654	-
Billed Consumption	(20 011 871)	(20 072 228)	-
Aquifer Recharge	(1 345 513)	(1 890 682)	-
	4 032 827	4 777 744	-

	2023	2022	2021
	N\$	N\$	N\$
10. Employee related costs	1 476 810 016	1 535 429 466	1 452 831 566
Basic	688 100 755	722 508 118	696 490 735
Medical aid - company contributions	150 704 135	138 915 302	129 024 574
Social Security	2 100 013	2 128 415	2 136 273
Defined contribution plans	123 677 902	132 028 855	125 734 543
Overtime payments	41 575 286	39 791 649	29 223 731
Transport allowance	93 525 540	100 086 288	94 059 615
Housing benefits and allowances	241 379 958	257 892 824	244 144 865
Other allowances	95 187 427	103 044 015	95 711 230
Defined Benefit Plan Expense: current service cost	40 559 000	39 034 000	36 306 000
Chief Executive Officer	348 599	481 890	2 673 616
Annual Remuneration	348 599	481 890	2 673 616

MUNICIPALITY OF WINDHOEK
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30
JUNE (continued)

Annual remuneration includes acting allowance. Since the substantive CEO left in October 2020, no substantive CEO was appointed until 1 August 2023, thus the remuneration paid in 2022/23 is consisting of Acting Allowance only.

	2023	2022	2021
	N\$	N\$	N\$
10. Employee related costs (continued)			
Strategic Executives	19 944 002	25 290 244	27 005 713
Annual Remuneration	9 582 126	11 109 754	12 310 562
13 th cheque	918 834	950 627	986 275
Contributions to UIF Medical and Pension Funds	2 535 038	2 661 626	3 205 241
Other allowances	6 908 004	9 702 324	8 178 362
Termination benefits	-	533 033	2 325 273
Long service award	-	332 880	-

The Strategic Executives of Economic Development and Community Services, and Information and Technology were vacant since 2020/21 financial year and were only filled in November 2022 and August 2023 respectively. The annual remuneration includes acting allowance in some Strategic Executive positions due to vacancies or annual leave of one month and more.

Advance to employees

Advances are made to employees in terms of the municipality's policy to assist them with medical expenses and in the event of the death of a dependant. Loans to employees are set out in Note 28.

MUNICIPALITY OF WINDHOEK
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30
JUNE (continued)

	2023	2022	2021
	N\$	N\$	N\$
10. Employee related costs (continued)			
Head of Procurement Management unit	1 750 522	1 639 147	-
Annual Remuneration	820 980	763 964	-
13 th cheque	68 415	68 415	-
Contributions to UIF Medical and Pension Funds	283 005	257 657	-
Other allowances	578 122	549 111	-
	8 673 316	8 624 528	9 672 249
11. Remuneration of councilors			
Mayor	484 700	539 254	564 096
Deputy Mayor	438 493	479 088	514 787
Management Committee Chairperson	323 252	448 252	470 028
Management Committee Members	1 326 616	1 428 437	1 710 017
Councilors	4 952 871	4 648 689	5 254 334
Councilors' Gratuity plan	1 096 600	1 038 276	1 158 987
Audit committee members (sub-committee)	50 784	42 532	

In-kind benefits

Councillors may utilise official Council transportation when engaged in official duties.

The Mayor has use of a Council owned vehicle for official duties, and another municipal vehicle which also may be used by the Deputy Mayor when representing the Mayor.

MUNICIPALITY OF WINDHOEK
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30
JUNE (continued)

	2023	2022	2021
	N\$	N\$	N\$
12. Gain and losses from operations			
Other gain	2 776 391	143 453	30 263
Gains in Net Foreign Exchange	-	595	-
Gains on Disposal of Investments	2 776 391	142 858	30 263
Losses	9 218	1 066 888	471 430
Losses in net Foreign Exchange	9 218	26 309	-
Losses on Disposal of Investments	-	1 040 579	471 430

Foreign Exchange gains and losses disclosed above are attributable to continuing operations.

Gains and losses on **Fair Value Investments** disclosed above are attributable to continuing operations.

13. Depreciation and amortization	523 296 639	552 601 979	552 796 889
Property plant and equipment	519 470 610	547 392 701	548 355 502
Investment property	3 826 029	3 866 393	3 866 393
Intangible assets	-	1 342 885	574 994
14. Repairs and maintenance			
Property, plant and equipment	261 645 220	211 624 236	230 688 790

Though repairs and maintenance does not represent the nature of expenses as per IPSAS 109, separate disclosure is necessary as Ministry of Urban and Rural Development includes specific directive of compliance in annual budget directive. Therefore, it is important that it is evident on the face of the statement of financial performance.

MUNICIPALITY OF WINDHOEK

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

	2023	2022	2021
	N\$	N\$	N\$
15. Contracted services	112 970 780	96 861 948	92 603 232
Outsourced Services	81 416 882	65 801 164	70 112 648
Professional Services	3 648 546	4 182 617	1 927 467
Other Contracted Services	27 905 352	26 878 167	20 563 117
16. Debt impairment			
Debt impairment	63 742 908	307 875 769	(13 518 199)
17. Grants and other transfer payments	3 642 450	5 368 929	1 594 342
Benevolent Organization	918 861	174 640	26 079
Community Projects	1 884 683	4 719 456	1 038 111
Public Festivals	283 532	12 016	28 179
Other Grants and Subsidies Paid	510 703	462 817	501 973
Katutura Old Age Home	44 671	-	-

Benevolent Organisations are in respect of donations made to charitable organisations, or activities related to charitable organisations, within the municipality's area of jurisdiction.

Community Projects are in respect of the benefit and wellbeing of the general public and social responsibility with the municipality's area of jurisdiction.

Public Festivals are in respect of events, festivals and functions hosted or held by the municipality for the benefit of the general public within the municipality's area of jurisdiction.

Other Grants and Subsidies are in respect of grants made available by the mayor on own discretion.

MUNICIPALITY OF WINDHOEK

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

(continued)

	2023	2022	2021
	N\$	N\$	N\$
18. General expenses	287 038 296	235 553 670	155 260 755
Accreditation	231 461	199 710	181 735
Ad hoc Allowances	322 529	278 243	250 176
Administration costs	387 418	56 183	18 837
Advertising	1 118 621	1 226 327	1 082 000
Bank charges	7 049 504	6 174 528	4 887 391
Catering & Entertainment Cost	765 239	940 333	772 143
Ceremonies	85 720	147 682	-
Chemicals and Poison	2 495 524	2 162 950	1 863 213
Cleaning	913 794	312 931	216 826
Community and public participation	312 202	298 843	357 979
Consulting and professional fees	24 354 265	12 055 081	8 847 797
Convention bureau	2 411 631	264 491	124 428
Disaster Expenditure	244 309	1 072 264	390 937
Fire Fighting Expenses	108 998	386 441	464 751
Fuel and oil	36 500 255	25 855 967	21 132 393
Gifts	262 529	300 000	
Hiring of Facilities & Equipment	8 221 242	7 166 933	3 448 197
Inspections carried out	298 913	760 524	823 220
Insurance	5 297 655	27 403 220	5 211 010

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

	2023	2022	2021
	N\$	N\$	N\$
18. General expenses (continued)			
Inter-departmental Transfers	(1 899 674)	(6 978 957)	(6 332 353)
Internship expenditure	17 941 060	18 639 543	12 848 482
Land invasion	109 143	1 370 469	273 378
Marketing	2 233 599	758 989	727 658
Motor vehicle expenses	9 034 514	6 650 959	6 127 925
Other expenses	-	-	4 331 186
Pest control	5 772 905	1 535 420	1 457 510
Policies and Strategies	100 443	37 000	174 080
Postage and courier	3 709 470	2 583 610	2 449 248
Pre-paid Services Tokens	959 431	499 005	1 053 894
Printing and stationery	5 432 694	4 325 860	4 999 749
Refund Service Charges	3 220 000	2 760 000	2 760 000
Refuse	5 659 285	3 927 190	5 092 847
Regional Council 5% rates and taxes	28 278 738	24 828 187	24 146 303
Research and development costs	2 196 760	1 157 517	-
Royalties and license fees	2 518 067	5 492 492	3 137 558
Cost of properties sold	35 240 991	25 778 756	
Sample Tests	44 806	293 707	288 850
Service Connections	10 712 987	8 049 654	1 136 361

MUNICIPALITY OF WINDHOEK

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

	2023	2022	2021
	N\$	N\$	N\$
18. General expenses (continued)			
Software expenses	7 593 913	10 301 914	11 349 267
Staff welfare	674 254	317 179	107 028
Subscriptions and membership fees	422 262	334 993	335 385
Telephone and fax	5 949 103	6 451 757	7 547 733
Training	8 086 947	4 124 794	2 184 805
Transport and freight	1 978	2 658	16 040
Travel -local	3 348 961	996 952	5 338
Uniforms	3 045 005	5 104 550	4 572 678
Venue expenses	739 508	896 096	-
Vocational Training Levy	17 366 634	12 327 791	14 617 133
Work orders	355 514	45 336	(220 361)
Other expenses	16 807 189	5 877 598	-
19. Finance costs	143 024 467	112 335 332	105 920 067
Defined benefits liabilities	109 779 000	88 618 000	76 739 000
Trade and other payables	-	-	1
Finance leases	5 233 983	4 177 293	2 542 096
Bank	8 670 611	7 111 231	13 496 775
Current borrowings	9 148 409	7 092 103	8 309 669
Landfill Sites	10 192 464	5 336 705	4 832 526

MUNICIPALITY OF WINDHOEK

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

(continued)

	2023	2022	2021
	N\$	N\$	N\$
20. Interest on outstanding debtors			
Interest earned on outstanding debtors	86 279 088	73 591 589	62 901 329
21. Loss on Disposal of Asset and Liabilities			
Property plant and equipment	12 645 908	-	11 799 138
22. Cash and cash equivalents	155 731 671	74 165 227	62 811 102
Cash on hand	36 475	30 300	31 451
Bank balances	11 946 513	11 897 891	11 270 136
Short-term deposits	256 857 629	249 587 199	205 722 424
Bank overdraft	(113 108 946)	(187 350 163)	(154 212 909)
	155 731 671	74 165 227	62 811 102
Current assets	268 840 617	261 515 390	217 024 011
Current liabilities	(113 108 946)	(187 350 163)	(154 212 909)

22. Cash and cash equivalents (continued)

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

The municipality pledged of its Cash and Cash Equivalents as collateral for its financial liabilities. Cessions to the amounts of N\$ 146 617 410 (2022: N\$ 146 617 410) exist in favour of First National Bank in respect of accounts held by the municipality at First National Bank Namibia and Bank Windhoek Limited respectively. The amounts include a Guarantee in favour of Windhoek Goreangab Operating Company (Pty) Ltd (WINGOC) in relation to a Performance Guarantee in a Private Management Agreement between the two parties. A further unlimited amount exists in favour of First National Bank in respect of credit balances held by the municipality at the bank.

No other restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents. Short term deposits consist of Call Deposits and Fixed deposits: Call and Notice Deposits

Short term deposits (in this case call deposits) are investments with a maturity period of less than 3 months and earn interest rates varying from 3.4% to 4.85% (2022: 3.4% to 3.85%) per annum.

MUNICIPALITY OF WINDHOEK

ANNEXURE G

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

	2023	2022	2021
	N\$	N\$	N\$
23. Consumer debtors			
Gross balance	1 107 083 198	1 081 890 824	916 976 878
Electricity	170 269 575	188 333 361	161 488 511
Water	332 802 058	312 743 073	251 674 716
Sewerage	67 356 717	70 355 905	63 312 534
Refuse	122 271 851	123 472 133	92 895 220
Housing rental	11 014 807	8 785 801	7 697 651
Other	403 368 190	378 200 551	339 908 246
Less: Allowance for Impairment	(872 206 101)	(829 949 241)	(577 432 253)
Electricity	(117 761 006)	(137 273 678)	(76 239 446)
Water	(262 735 107)	(229 575 554)	(140 997 241)
Sewerage	(48 108 778)	(47 316 861)	(34 869 104)
Refuse	(88 765 505)	(88 900 273)	(47 689 964)
Housing rental	(13 018 109)	(8 785 801)	(7 497 705)
Other	(341 817 596)	(318 097 074)	(70 138 793)

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

	2023	2022	2021
	N\$	N\$	N\$
23. Consumer debtors (continued)			
Net balance	234 877 097	251 941 583	339 544 625
Electricity	52 508 569	51 059 683	85 249 065
Water	70 066 951	83 167 519	110 677 475
Sewerage	19 247 939	23 039 044	28 443 430
Refuse	33 506 346	34 571 860	45 205 256
Housing rental	(2 003 302)	-	199 946
Other	61 550 594	60 103 477	269 769 453
Electricity	170 269 575	188 333 816	161 488 511
Current (0 -30 days)	69 325 016	78 448 201	51 500 316
31 - 60 days	8 830 105	13 060 845	23 020 450
61 - 90 days	6 504 813	9 146 074	12 479 110
91 - 120 days	4 621 905	7 949 260	6 030 567
121 - 365 days	4 641 259	6 381 707	26 418 775
> 365 days	76 346 477	73 347 729	42 039 293

MUNICIPALITY OF WINDHOEK

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

	2023	2022	2021
	N\$	N\$	N\$
23. Consumer debtors (continued)			
Water	332 814 782	312 743 397	251 674 717
Current (0 -30 days)	79 451 029	81 911 199	49 474 366
31 - 60 days	13 243 908	77 828 747	26 245 862
61 - 90 days	12 020 090	12 285 526	20 803 081
91 - 120 days	10 202 490	10 013 919	12 329 228
121 - 365 days	8 216 291	7 798 510	63 338 063
> 365 days	209 680 974	122 905 496	79 484 117
Sewerage	67 356 717	70 516 994	63 312 534
Current (0 -30 days)	20 987 140	23 143 551	13 889 029
31 - 60 days	3 351 196	4 824 820	6 748 193
61 - 90 days	2 460 837	3 508 597	4 100 012
91 - 120 days	2 101 458	2 465 713	3 147 034
121 - 365 days	1 797 974	2 042 562	14 568 661
> 365 days	36 658 112	34 531 751	20 859 605

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

	2023	2022	2021
	N\$	N\$	N\$
23. Consumer debtors (continued)			
Refuse	122 271 850	119 436 673	92 895 220
Current (0 -30 days)	42 051 927	35 200 849	22 000 622
31 - 60 days	6 257 338	8 421 609	11 759 888
61 - 90 days	4 361 575	6 742 421	7 959 026
91 - 120 days	8 386 336	5 747 494	4 686 068
121 - 365 days	4 495 814	4 750 714	22 532 195
> 365 days	56 718 860	58 573 586	23 957 421
Housing debtors	11 014 808	8 785 801	7 697 651
Current (0 -30 days)	1 373 808	795 578	328 714
31 - 60 days	520 773	281 381	248 705
61 - 90 days	466 984	221 120	255 855
91 - 120 days	430 914	192 723	199 946
121 - 365 days	337 865	1 182 915	1 233 579
> 365 days	7 884 464	6 112 084	5 430 852

MUNICIPALITY OF WINDHOEK

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

	2023	2022	2021
	N\$	N\$	N\$
23. Consumer debtors (continued)			
Other services	403 368 190	374 652 362	339 908 246
Current (0 -30 days)	27 859 113	29 650 575	11 306 755
31 - 60 days	9 173 637	9 228 913	7 470 989
61 - 90 days	7 820 600	8 334 199	7 165 469
91 - 120 days	7 506 805	6 271 435	5 498 047
121 - 365 days	7 173 514	5 251 786	34 178 389
> 365 days	343 834 521	315 915 454	274 288 597
Reconciliation of allowance for impairment	(872 206 101)	(829 949 241)	(577 432 253)
Balance at beginning of the year	(829 949 241)	(577 432 253)	(593 851 041)
Contribution to allowance	(42 256 860)	(252 516 988)	(5 626 819)
Reversal of allowance	-	-	22 045 607

Allowances for Impairment

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange transactions, the Municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit allowance required in excess of the Allowance for Impairment

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

23. Consumer debtors (continued)

Approach Followed in Calculating Provision for Impairment of Debtors

Risk

Provision for Impairment of Debt is directly linked to the estimated risk of not recovering debt. The Municipality opted to determine the estimated risk of non-payment on an individual debtor/consumer basis. This should relate to a higher accuracy in the final calculations than when fixed percentages are allocated to a class of user or type of debtor.

Payment Percentage per Debtor

To obtain an estimated risk per user/debtor average payment percentage per debtor was calculated. A detail transaction report for the 2022/23 financial period was obtained that indicate all billings as well as receipts per individual debtor. This payment percentage was calculated as follows: Payment Percentage = Total Received / Total Billed.

Calculation of Provision for Impairment of Debt

A detailed Debtor's Age Analysis, BP136-6 was extracted from the billing system that indicates the outstanding Debt per User Type and Per Service Type. This Detail Debtor's Age Analysis differentiates between the Gross Balance of the Debt and the VAT portion of the Debt. The Estimated Impairment Percentages as calculated above was then applied to each individual Debtor's Gross outstanding balances excluding VAT to obtain the impairment provision amounts.

An Impairment Percentage per individual Debtor/User was allocated relative to the calculated average Payment Percentage.

An Impairment Percentage per individual Debtor/User was allocated relative to the calculated average payment percentage. The relation between these two factors were allocated as follows:

MUNICIPALITY OF WINDHOEK

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

23. Consumer debtors (continued)

PMT From	PMT To	Impairment Provision	Cross carrying amount	Provision for Impairment
			N\$	N\$
2023				
0%	25%	100%	733 750 020	733 750 020
26%	50%	75%	71 130 835	53 348 126
51%	85%	50%	170 215 909	85 107 955
86%	100%	0%	136 182 243	-
Total			1 111 279 007	872 206 101
2022				
0%	25%	100%	681 644 908	681 644 908
26%	50%	75%	75 168 875	56 376 656
51%	85%	50%	183 855 355	91 927 678
86%	100%	0%	133 640 878	-
Total			1 074 310 016	829 949 242
2021				
0%	25%	100%	486 710 496	486 710 496
26%	50%	75%	64 629 794	48 472 346
51%	85%	50%	84 498 821	42 249 411
86%	100%	0%	281 137 767	-
Total			916 976 878	577 432 253

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

24. Employee benefit obligation

The amounts recognised in the statement of financial position are as follows:

	2023	2022	2021
	N\$	N\$	N\$
Carrying value	(943 857 000)	966 905 000	(903 393 000)
Present value of the defined benefit obligation - Post-retirement Health Care benefits	(797 175 000)	(812 432 000)	(731 048 000)
Present value of the defined benefit obligation - Long Service Awards	(15 769 000)	(24 892 000)	(33 042 000)
Fair value of defined benefit obligation- Severance Payment	(130 913 000)	(129 581 000)	(139 303 000)
	(943 857 000)	(966 905 000)	(903 393 000)
Non-current liabilities	(883 743 000)	(905 648 000)	(849 118 000)
Current liabilities	(60 114 000)	(61 257 000)	(54 275 000)
Post-retirement Health Care Benefits Liability	797 175 000	812 432 000	731 048 000
Opening balance	812 432 000	731 048 000	613 239 000
Benefits paid	(29 080 000)	(26 517 000)	(26 972 098)
Net expense recognized in the statement of financial performance & net assets	13 823 000	107 901 000	144 781 098

MUNICIPALITY OF WINDHOEK

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**24. Employee benefit obligation (continued)**

The amounts recognised in the statement of financial position are as follows:

	2023	2022	2021
	N\$	N\$	N\$
The amounts recognised in the statement of financial position are as follows:			
Current service cost (Statement of Financial Performance)	29 810 000	26 916 000	22 965 000
Interest cost (Statement of Financial Performance)	94 439 000	73 678 000	63 718 000
Actuarial losses (gains) (Statement of Net Assets)	(110 426 000)	7 307 000	58 098 098
	13 823 000	107 901 000	144 781 098

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income. All continuation members and their eligible dependants receive a subsidy of 50% of a benchmark option, depending on which medical aid scheme they participate in, and irrespective of the actual option they are on. However, the subsidy will not exceed 100% of the total contribution due in respect of a continuation member (and their eligible dependants).

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

24. Employee benefit obligation (continued)

Eligible employees will receive a post-employment subsidy in line with the above should they be a member of a medical scheme at retirement upon a member's death-in-service or death-in-retirement the surviving dependants will receive the same subsidy.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2022 and 2023. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

	2023	2022	2021
In-service Members (Employees)	1 813	1 867	1 875
In-service Non-members (Employees)	42	46	52
Continuation Members (Retirees widowers and orphans)	563	535	513
	2 418	2 448	2 440
	2023	2022	2021
	N\$	N\$	N\$
In-service Members (Employees)	377 818 000	401 858 000	353 992 000
In-service Non-members (Employees)	2 333 000	2 641 000	2 741 000
Continuation Members (Retirees widowers and orphans)	417 024 000	407 933 000	374 315 000
Total members	797 175 000	812 432 000	731 048 000

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

24. Employee benefit obligation (continued)

The Municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

NHP
 NMC
 Renaissance

Key assumptions used

Assumptions used at the reporting date

	2023	2022	2021
Discount rates used	12.53%	11.83%	10.59%
Medical cost trend rates	8.14%	8.44%	6.62%
Expected increase in salaries	-	-	3.72%

While the expected retirement age of male and female was 59 years.

General

It is assumed that the employer's health care arrangements and subsidy policy would remain as outlined in the accounting policy and that the level of benefits receivable and the contributions payable would remain unchanged with the exception of allowing for inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to continuation members within the medical scheme are sustainable, and will continue.

Continuation of Membership:

It is assumed that 90% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

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

24. Employee benefit obligation (continued)

Family profile

It is assumed that female spouses will be five years younger than their male counter parts. Furthermore, it is assumed that 65% of eligible employees on a health care arrangement at retirement will have a spouse dependant on their medical aid. For current retired members, actual medical aid dependants were used and the potential for remarriage was ignored.

Discount rate

IPSAS 39 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments current market rates of the appropriate term should be used to discount shorter term payments and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve

Consequently, a discount rate of 10.26% per annum has been used. The corresponding index-linked yield at this term is 4.20%. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2023. This was deemed the most suitable alternative in the absence of a readily available Namibian bond yield curve.

Analyses of Actuarial Gains and Losses:

The unexpected movements (otherwise termed Actuarial Gains and Losses) are separated into four main components: The effect of the change in the basis (assumptions), unexpected increases in the subsidy unpredicted movements in the membership profile and the effect of actual benefits vested being different from what was expected.

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

24. Employee benefit obligation (continued)

	2023	2022	2021
	N\$	N\$	N\$
Basis Changes:-			
Increase in Net Discount Rate	(110 426 000)	7 307 000	58 098 098
Decrease (Increase) in Net Discount Rate	(130 334 000)	9 589 000	56 793 000
Subsidy increases higher (lower) than assumed	5 488 000	(5 774 000)	6 012 000
Changes to Membership Profile different from assumed	14 420 000	3 492 000	(7 973 000)
Actual Benefits vested greater than expected	-	-	3 266 098

Other assumption

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	23 918 000	19 889 000
Effect on defined benefit obligation	133 491 000	4
Effect on the aggregate of the current service cost and the interest cost	18 913 000	15 639 000
Effect on the defined benefit obligation	106 936 000	110 557 000

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

24. Employee benefit obligation (continued)

The Municipality expects to make a contribution of N\$ 125 673 000 (2022: N\$ 124 249 000) to the Defined Benefit Plans during the next financial year.

The history of experienced adjustments is as follows:

	2023	2022	2021	2010	2019
	N\$	N\$	N\$	N\$	N\$
Defined benefit obligation	797 175 000	812 432 000	31 048 000	613 239 000	678 972 689

In accordance with the transitional provisions for the amendments to IPSAS 25 Employee Benefits the disclosures above are determined prospectively from the 2016 reporting period.

Long Service Awards Liability

The Municipality offers employees Long Service Awards from five years of completed (continuous) service. The awards made are in the form of bonuses, leave or a long service Endowment as described below:

The entity is under no obligation to cover any unfunded benefits.

Bonus Leave:

This benefit is based on employees' basic salary and is awarded upon reaching pre-determined service milestones. In the event of death or termination of services, the benefit is awarded on a pro-rata basis. The pro-rata benefit is not applicable to the 5-year service milestone. This benefit is in the process of being phase out and employees employed after 31 July 2014 are not eligible for this benefit. Employees employed prior to this date are eligible but, the benefit has been limited according to the 2003 and 2011 conditions of service. In effect, depending on date of joining this latter group of employees are entitled to receive up to 2 more of these service-milestone leave awards.

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

24. Employee benefit obligation (continued)

Bonus Leave:

This benefit is based on employees' basic salary and is awarded upon reaching pre-determined service milestones. In the event of death or termination of services, the benefit is awarded on a pro-rata basis. The pro-rata benefit is not applicable to the 5-year service milestone. This benefit is in the process of being phase out and employees employed after 31 July 2014 are not eligible for this benefit. Employees employed prior to this date are eligible but, the benefit has been limited according to the 2003 and 2011 conditions of service. In effect, depending on date of joining this latter group of employees are entitled to receive up to 2 more of these service-milestone leave awards.

Long Service Endowment:

As per management's instruction, this benefit is based on basic salaries at date of valuation instead of employees' total earnings which was used in the previous valuation. Under the plan, a Long Service Endowment is payable after 20 years of continuous service and every 5 years of continuous service thereafter, to 40 years to employees. The amount granted is based on pre-determined percentages for each category of service.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023. The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

At year end 1 855 (2022: 1 913) employees were eligible for Long-service Awards.

	2023	2022	2021
	N\$	N\$	N\$
Balance at beginning of year	24 892 000	33 042 000	56 912 000
Contributions to provision	3 125 000	3 142 000	8 472 000
Expected benefits vesting	(12 248 000)	(11 292 000)	(32 342 000)
Balance at end of Year	15 769 000	24 892 000	33 042 000
Transfer to Current Provisions	(11 143 000)	(12 248 000)	(11 292 000)
Total Long Service Awards Liability	4 626 000	12 644 000	21 750 000

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

24. Employee benefit obligation (continued)

General

It is assumed that the employer's long service arrangements would remain as outlined in the accounting policy and that the level of benefits and the contributions would remain unchanged with the exception of inflationary adjustments.

Discount rate

IPSAS 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments current market rates of the appropriate term should be used to discount shorter term payments and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve

Consequently, a discount rate of 5.10% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards for each employee. The 5.10% is then derived as the liability-weighted average of the yields derived in the first step. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2021. This was deemed the most suitable alternative in the absence of a readily available Namibian bond yield curve.

Movements in the present value of the Defined Benefit Obligation were as follows:

	2023	2022	2021
	N\$	N\$	N\$
Balance at the beginning of the year	24 892 000	33 042 000	56 912 000
Current service costs	1 958 000	3 074 000	4 738 000
Interest cost	1 663 000	1 868 000	2 088 000
Benefits paid	(12 248 000)	(11 292 000)	(32 342 000)
Actuarial losses / (gains)	(496 000)	(1 800 000)	1 646 000
Total Recognized Benefit Liability	15 769 000	24 892 000	33 042 000

MUNICIPALITY OF WINDHOEK

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**24. Employee benefit obligation (continued)**

These unexpected movements (otherwise termed Actuarial Gains and Losses) are separated into four main components: The effect of the change in the basis (assumptions), changes to earnings and to the employee profile and actual benefits vested being different from what was expected as at the previous valuation

	2023	2022	2021
	N\$	N\$	N\$
Analysis of actuarial gains and losses:			
Basis Changes:			
- Decrease (Increase) in Net Discount Rate	(845 000)	(323 000)	64 000
Change in layout of future earnings increases	-	(1 245 000)	-
- Earnings increases higher (lower) than assumed	77 000	(1 208 000)	120 000
- Changes to employee profile different from assumed	272 000	976 000	1 462 000
Balance at the end of the year	(496 000)	(1 800 000)	1 646 000

The amount recognised in the statement of financial position are as follow

Present value of fund obligation (unfunded accrued liability)	15 769 000	24 892 000	56 912 000
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The amount recognised in the statement of financial performance and net assets are as follows:

Current service cost	1 958 000	3 074 000	4 738 000
Interest cost	1 663 000	1 868 000	2 088 000
Actuarial losses/(gains)	(496 000)	(1 800 000)	1 646 000
	3 125 000	3 142 000	8 472 000

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

24. Employee benefit obligation (continued)

	2023	2022	2021	2020	2019
	N\$	N\$	N\$	N\$	N\$
The history of experienced adjustments is as follows:					
Present value of defined benefit obligation (unfunded)	15 769 000	24 892 000	33 042 000	56 912 000	72 221 299

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

	2023	2022	2021
	N\$	N\$	N\$
Increase	432 000	500 000	948 000
Effect on the aggregate of the current service cost and the interest cost	67 000	136 000	156 000
Effect on the defined benefit obligation	365 000	364 000	792 000
Decrease	394 000	461 000	879 000
Effect on the aggregate of the current service cost and the interest cost	60 000	128 000	145 000
Effect on the defined benefit obligation	334 000	333 000	734 000

The municipality expects to make a contribution of N\$ 2 053 000 (2022: N\$ 3 621 000) to the defined benefit plans during the next financial year.

MUNICIPALITY OF WINDHOEK

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

	2023	2022	2021
	N\$	N\$	N\$
24. Employee benefit obligation (continued)			
Severance Payment Liability			
Balance at beginning of year	129 581 000	139 303 000	128 200 000
Contributions to provision	21 261 000	6 744 000	22 035 532
Benefits vesting	(19 929 000)	(16 466 000)	(10 932 532)
Sub-total	130 913 000	129 581 000	139 303 000
Transfer to Current provisions	(16 214 000)	(19 929 000)	(14 570 000)
Non-current portion of liability	114 699 000	109 652 000	124 733 000

The Municipality offers employees a Severance Payment in the event of death, in-service dismissal/retranchment (except for fair dismissal) or retirement / resignation.

The benefit provided is one week's fixed remuneration per year of uninterrupted service, subject to at least one year's completed service. Annual Fixed remuneration is equal to annual Basic salary plus annual Housing allowance plus annual Transport allowance plus annual Scarcity allowance plus Bonus (13th Cheque).

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

At year end 1 855 (2022: 1 913) employees were eligible for Long-service Awards.

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

24. Employee benefit obligation (continued)

General

It's assumed that the employer's long service arrangements would remain as outlined in the accounting policy and that the level of benefits and the contributions would remain unchanged with the exception of inflationary adjustments.

Discount rate

IPSAS 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments current market rates of the appropriate term should be used to discount shorter term payments and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 11.86% (2022: 11.41%) per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards for each employee. The 11.86% is then derived as the liability-weighted average of the yields derived in the first step. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2023. This was deemed the most suitable alternative in the absence of a readily available Namibian bond yield curve.

Movement in the present value of the Defined benefit obligation were as follows:

	2023	2022	2021
	N\$	N\$	N\$
Balance at the beginning of the year	129 581 000	139 303 000	128 200 000
Current-service cost	8 791 000	9 044 000	8 603 000
Interest cost	13 677 000	13 072 000	10 933 000
Benefits vesting	(19 929 000)	(16 466 000)	(10 932 532)
Actuarial (gain) / loss	(1 207 000)	(15 372 000)	2 499 532
Total Recognized Benefit Liability	130 913 000	129 581 000	139 303 000

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

24. Employee benefit obligation (continued)

These unexpected movements (otherwise termed Actuarial Gains and Losses) are separated into four main components: The effect of the change in the basis (assumptions), changes to earnings and to the employee profile and actual benefits vested being different from what was expected as at the previous valuation

Analyses of Actuarial Gains and Losses:

	2023	2022	2021
	N\$	N\$	N\$
Decrease (Increase) in Net Discount Rate	(9 769 000)	193 000	4 295 000
Earnings increases lower than assumed	724 000	(8 222 000)	(2 808 000)
Changes to employee profile different from assumed	7 838 000	7 102 000	4 650 000
Actual benefits vesting lower than expected	-	(14 445 000)	(3 637 468)
	1 207 000	(15 372 000)	2 499 532
Present value of fund obligations (Unfunded accrued Liability)	130 913 000	129 581 000	139 303 000

The amount recognised in the statement of financial performance is as follows:

Current-service cost	8 791 000	9 044 000	8 603 000
Interest cost	13 677 000	13 072 000	10 933 000
Actuarial loss / (gain) through Net Assets	(1 207 000)	(15 372 000)	2 499 532
	21 261 000	6 744 000	22 035 532

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

24. Employee benefit obligation (continued)

The history of experienced adjustments is as follows:

	2023	2022	2021	2020	2019
	N\$	N\$	N\$	N\$	N\$
Present value of defined benefit obligation	130 913 000	129 581 000	139 303 000	128 200 000	138 632 919

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase:	11 191 000	10 527 000	14 410 000
Effect on the aggregate of the current service cost and the interest cost	1 693 000	2 240 000	1 997 000
Effect on the defined benefit obligation	9 498 000	8 287 000	12 413 000
Decrease	9 770 000	9 399 000	12 710 000
Effect on the aggregate of the current service cost and the interest cost	1 510 000	1 964 000	1 744 000
Effect on the defined benefit obligation	8 260 000	7 435 000	10 966 000

The municipality expects to make a contribution of N\$ 23 476 000 (2022: N\$ 22 468 000) to the defined benefit plans during the next financial year.

MUNICIPALITY OF WINDHOEK

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

	2023	2022	2021
	N\$	N\$	N\$
25. VAT receivable			
Value Added Tax	84 811 820	31 151 722	20 855 165

VAT is payable in terms of Section 7 of the Value-Added Tax Act. VAT is payable/receivable on receipt of an invoice or payments, whichever is the earlier.

No interest is payable to the Commissioner of Inland Revenue if the VAT is paid over timeously but interest for late payments is charged in accordance with the Value-Added Tax Act. The Municipality has financial risk policies in place to ensure that payments are affected before the due date.

26. Receivables from exchange

transactions	246 359 296	105 219 513	91 577 352
Trade debtors	42 387 115	47 528 858	37 746 671
Prepayments	60 548 535	50 515	269 107
Accruals	114 247 196	57 640 140	53 561 574
Debt collection recoverable	29 176 450	-	-

Included in Accruals is an amount of N\$ 114 247 196 (2022: N\$ 57 640 140) in respect of the consumption of metered services not billed as at 30 June 2023.

Receivables from Exchange Transactions are billed monthly. No interest is charged on receivables until the end of the following month. There after interest is charged at a rate determined by Council on the outstanding balance. The Municipality enforces its approved credit control policy to ensure the recovery of receivables.

The Municipality receives applications for basic services that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of receivables.

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

	2023	2022	2021
	N\$	N\$	N\$
27. Receivables from non-exchange transaction	63 595 867	100 116 695	128 047 696
Assessment Rates Debtors	163 854 440	163 904 681	144 196 802
Short-term Loans - Staff	19 125 731	16 599 601	16 244 369
Sundry Debtors	17 803 242	14 660 635	437 710
Suspense	(2 850 261)	32 385 207	39 243 465
Allowance for impairment	(134 337 285)	(127 433 429)	(72 074 650)

Short term Loans mainly comprise advances made to staff members for the purpose of studies which are repayable within 36 months. The advances come with free interest.

Sundry Debtors are in respect of Traffic fines issued but not yet paid for and other debits outstanding at year end on normal business transactions entered into by the Municipality.

Suspense accounts are in respect of temporary advances made in the normal month to month operations of the Municipality not recovered at year end.

The Municipality does not hold deposits or other security for its receivables. None of the receivables have been pledged as security for the Municipality's financial liabilities.

Allowance for Impairment

The Allowance for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Allowance for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability. The above impairment balance is composed of Rates and Taxes N\$ 116 958 360 (2022: N\$ 112 851 236) and Traffic fines of N\$ 17 378 925 (2022: N\$ 14 582 193).

27. Receivables from non-exchange transaction (continued)

In determining the recoverability of a Rates Assessment, Debtors and Receivables from Non-exchange transactions, the Municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit allowance required in excess of the Allowance for Impairment.

Approach Followed in Calculating Provision for Impairment of Debtors

Risk

Provision for Impairment of Debt is directly linked to the estimated risk of not recovering debt. The Municipality opted to determine the estimated risk of non-payment on an individual debtor/consumer basis. This should relate to a higher accuracy in the final calculations than when fixed percentages are allocated to a class of user or type of debtor.

Payment Percentage per Debtor

To obtain an estimated risk per user/debtor average Payment percentages per debtor was calculated. A detail transaction report for the 2021/21 Financial Period was obtained that indicates all billings/as well as receipts per individual debtor. This payment percentage was calculated as follows: Payment percentage = Total Receipted / Total Billed.

Calculation of Provision for Impairment of Debt

A detailed Debtor's Age Analysis, BP136 6 was extracted from the billing system that indicates the outstanding debt per user type and per service type. This Detail Debtor's Age Analysis differentiates between the gross balance of the debt and the VAT portion of the Debt. The estimated impairment percentages as calculated above was then applied to each individual debtor's gross outstanding balances excluding VAT to obtain the Impairment provision amounts.

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

27. Receivables from non-exchange transaction (continued)

An impairment percentage per individual debtor/user was allocated relative to the calculated average payment percentage. The relation between these two factors were allocated as follows:

2023		Impairment	Cross carrying	Provision for
PMT From	PMT To	Provision	Amount	Impairment
			N\$	N\$
0%	25%	100%	87 791 927	87 791 927
26%	50%	75%	10 470 833	7 853 124
51%	85%	50%	42 626 617	21 313 309
86%	100%	0%	22 680 545	-
Total			163 569 922	116 958 360

2022		Impairment	Cross carrying	Provision for
PMT From	PMT To	Provision	Amount	Impairment
0%	25%	100%	82 392 123	82 392 123
26%	50%	75%	13 373 018	10 029 764
51%	85%	50%	40 858 698	20 429 349
86%	100%	0%	27 292 730	-
Total			163 916 569	112 851 236

MUNICIPALITY OF WINDHOEK

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

27. Receivables from non-exchange transaction (continued)

2021		Impairment	Cross carrying	Provision for
PMT From	PMT To	Provision	Amount	Impairment
			N\$	N\$
0%	25%	100%	54 759 975	54 759 975
26%	50%	75%	11 137 334	8 353 001
51%	85%	50%	17 923 348	8 961 674
86%	100%	0%	60 376 145	
Total			144 196 802	72 074 650

Computation of impairment of Traffic fines:

Data of traffic fines issued and collected during the year was obtained and then monthly recovery percentage was computed;-

= total collected traffic fines per month over total traffic fines issued per month. From the monthly recovery percentage, the year's average recovery percentage was computed. Using the annual recovery percentage, the recoverable amounts of tickets issued during the last three months of the year was computed, and the actual amount received during the same period was deducted to arrive at amount still to be recovered. The impairment is equal to the total balance of traffic fines outstanding at the end of the year less the amount still to be recovered. The average recovery rate for the year was 28.89% (2022: 31.71%) while tickets issued during the last three months amounted to N\$ 5 779 775 (2022:

N\$ 4 634 925): - which resulted in recoverable amount of the last three months at N\$ 1 675 267 (2022: N\$ 1 469 542). Total actual collected during the last three months was N\$ 1 250 950 (2022: N\$ 1 391 100), bringing the amount still to be recovered at N\$ 424 317 (2022: N\$ 78 422). Total traffic fines balance outstanding at the end of the year was N\$ 17 803 424 (2022: N\$ 14 660 635) resulting in an estimated irrecoverable amount of N\$ 17 378 925 (2022: N\$ 18 510 048).

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

	2023	2022	2021
	N\$	N\$	N\$
28. Long-term receivables			
Total receivables from exchange transactions	109 736 970	95 810 058	74 908 776
Long term receivables	96 742 865	83 233 433	60 522 221
Current Portion of Long-term receivables	12 994 105	12 576 625	14 386 555

The long-term receivables are composed of the following:

DEVELOPMENT AND HOUSING

Housing Loans in terms of the Build Together Housing Scheme are granted to qualifying individuals at an interest rate of 4 % per annum repayable over a maximum period of 20 years.

Housing Loans in terms of the Windhoek Housing Scheme are granted to qualifying individuals at an interest rate of 6 % to 12 % per annum depending on the stipulations of the contract repayable over a maximum period of 20 years.

However, there are ongoing old contracts for both housing schemes that were granted over a period of 340 months.

SALE OF STANDS

Stands in low income are sold on an instalment basis at an interest rate from 0 to 15 % per annum. The loans are repayable over a period of 5 to 8 years, depending on the stipulations of the contract.

VEHICLE LOANS

Senior staff in Job Grading D and higher, are entitled to Vehicle Loans at an interest rate of 5% per annum repayable over a maximum period of 5 years. The maximum loan is determined by the Vehicle allowance applicable to the post.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**28. Long-term receivables (continued)**

The municipality does hold the motor vehicles as security for its long-term receivables in relation to staff loans, and related properties for the other long-term receivables.

No long-term receivables have been pledged as security for the Municipality's financial liabilities. long term receivables are neither past due nor impaired as management have no concerns over the credit quality of these assets.

The following loans were granted to and outstanding from senior management:

2023

	Loans Granted current year	Balance as at 30 June 2023
	N\$	N\$
Strategic Executives		
SE: Finance and Customer Services Comalie J	763 573	405 026
SE: Housing Property Management & Human Settlement Maanda F I R.	-	402 713
SE: Economic Development & Community Services Steenkamp ZD.	782 861	589 124
	1 546 434	1 396 863

28. Long-term receivables (continued)**2022**

	Loans Granted current year	Balance as at 30 June 2022
	N\$	N\$
Strategic Executives		
Comalie J	-	574 517
SE: Housing Property Management & Human Settlement Maanda F I R.	-	552 220
	-	1 126 737

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

2021	Loans Granted	Balance as at
	Current year	30 June 2021
	N\$	N\$
Chief : City Police		
Kanime A.K.	55 820	55 820
	55 820	55 820

	2023	2022	2021
	N\$	N\$	N\$
29. Inventories	264 577 221	134 503 418	129 521 454
Ammunition	467 934	123 549	126 587
Consumable stores	2 122 187	1 789 087	1 548 194
Fuel and oil	560 071	2 054 418	2 113 979
Maintenance materials	90 815 816	71 727 948	61 472 275
Land for sale	166 319 677	54 661 009	60 020 903
Spare Parts and Meters	274 865	267 935	249 374
Water for distribution	4 016 671	3 879 472	3 990 142

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

The cost of inventory recognised as an expense during the period was N\$ 81 045 621 (2022: N\$ 74 764 977).

Inventories of N\$ 12 352 487 (2022: N\$ 12 275 143) are expected to be utilized only after more than (12) twelve months.

Inventories of N\$ 6 096 133 (2022: N\$ 6 886 934) are held as spare parts for infrastructure assets and have been transferred to Property, Plant, and Equipment.

The cost of water production for the year amounted to N\$ 20.48 per kilolitre (2022: N\$ 20.90 per kilolitre). No Inventories have been pledged as collateral for liabilities of the municipality.

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

	2023	2022	2021
	N\$	N\$	N\$
30. Investments			
Designated at fair value			
Listed shares	13 584 141	13 441 283	14 451 599
Listed shares are investment in shares of public companies with no specific maturity dates or interest rates			
Amortized cost			
Fixed deposits	3 203 539	1 533 339	530 979
Fixed deposits are investments with a maturity period of more than 12 months and specifically invested to provide gratuity benefits for councilors. Interest dividends and costs accrued to the Creditor Councilors Gratuity Plan.			
Total other financial assets	16 787 680	14 974 622	14 982 578
Non-current assets			
Designated at fair value	13 584 141	13 441 283	14 451 599
Residual interest at cost	3 203 539	1 533 339	530 979
	16 787 680	14 974 622	14 982 578

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

31. Investment property

	Cost / Valuation N\$	Accumulated depreciation and impairment N\$	Carrying value N\$						
				Opening balance N\$	Additions N\$	Disposals N\$	Transfers N\$	Depreciation N\$	Total N\$
Investment property 2023	4 958 363 406	(79 478 351)	4 878 885 055						
Investment property 2022	5 101 504 675	(75 652 322)	5 025 852 353						
Investment property 2021	5 101 152 719	(71 785 929)	5 029 366 790						
Reconciliation of investment property									
Reconciliation of investment property - 2023	5 025 852 353	-	(20 625 556)	(122 515 713)	(3 826 029)				4 878 885 055
Reconciliation of investment property - 2022	5 029 366 790	20 770 819	(19 112 054)	(1 306 809)	(3 866 393)				5 025 852 353
Reconciliation of investment property - 2021	5 088 779 088	-	-	(55 545 905)	(3 866 393)				5 029 366 790

MUNICIPALITY OF WINDHOEK

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

31. Investment property (continued)

All of the Municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the Municipality. There are no restrictions on the reliability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Investment Property carried at Fair Value

The Municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the Municipality at the reporting date.

32. Property, plant and equipment

	2023		2022	
	Cost Valuation	Accumulated depreciation and impairment	Cost Valuation	Accumulated depreciation and impairment
Land	N\$ 1 777 226 134	N\$ -	N\$ 1 777 226 134	N\$ -
Buildings	627 764 242	(311 648 532)	316 115 710	(296 836 964)
Leased assets	112 627 997	(66 953 877)	45 674 120	(60 437 979)
Infrastructure	20 481 249 603	(10 761 628 231)	9 719 621 372	(10 302 595 500)
Community	601 300 074	(383 663 404)	217 636 670	(367 386 241)
Other assets	669 579 620	(346 535 160)	323 044 460	(381 380 494)
Total	24 269 747 670	(11 870 429 204)	12 399 318 466	(11 408 637 178)
			24 229 445 123	12 820 807 945

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

32. Property, plant and equipment (continued)

	2021		
	Cost Valuation	Accumulated depreciation and impairment	Carrying value
	N\$	N\$	N\$
Land	1 777 226 134	-	1 777 226 134
Buildings	626 199 568	(281 584 147)	344 615 421
Leased assets	131 038 907	(75 770 628)	55 268 279
Infrastructure	20 374 026 426	(9 821 924 775)	10 552 101 651
Community	601 300 074	(350 881 675)	250 418 399
Other assets	676 521 492	(354 936 115)	321 585 377
Total	24 186 312 601	(10 885 097 340)	13 301 215 261

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

ANNEXURE G

32. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment 2023

	Opening balance	Additions	Disposals	Transfer	Other adjustment	Spare parts transfer	Depreciation	Impairment Loss	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Land	1 777 226 134	-	-	-	-	-	-	-	1 777 226 134
Buildings	330 678 900	248 377	-	-	-	-	(14 811 567)	-	316 115 710
Leased assets	46 748 066	5 916 565	-	-	-	-	(6 990 511)	-	45 674 120
Infrastructure	10 121 412 413	64 373 653	(296 106)	(1 549 369)	(4 069 343)	-	(460 249 876)	-	9 719 621 372
Community	233 913 833	-	-	-	-	-	(16 277 163)	-	217 636 670
Other assets	310 828 599	45 873 306	(12 347 242)	-	-	-	(21 141 493)	(168 710)	323 044 460
Total	12 820 807 945	116 411 901	(12 643 348)	(1 549 369)	(4 069 343)	-	(519 470 610)	(168 710)	12 399 318 466

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

32. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment 2022

	Opening balance N\$	Additions N\$	Disposals N\$	Transfer N\$	Other adjustment N\$	Spare parts transfer N\$	Depreciation N\$	Loss N\$	Impairment N\$	Total N\$
Land	1 777 226 134	-	-	-	-	-	-	-	-	1 777 226 134
Buildings	344 615 421	1 316 296	-	-	-	-	(15 252 817)	-	-	330 678 900
Leased assets	55 268 279	-	-	-	-	-	(8 520 213)	-	-	46 748 066
Infrastructure	10 552 101 651	38 082 500	-	(790 801)	12 689 788	-	(480 670 725)	-	-	10 121 412 413
Community	250 418 399	-	-	-	-	-	(16 504 566)	-	-	233 913 833
Other assets	321 585 377	15 687 602	-	-	-	-	(26 444 380)	-	-	310 828 599
Total	13 301 215 261	55 086 398		(790 801)	12 689 788		(547 392 701)			12 820 807 945

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

32. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment 2021

	Opening balance	Additions	Disposals	Transfer	Other adjustment	Spare parts transfer	Depreciation	Impairmen t Loss	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Land	1 777 226 134	-	-	-	-	-	-	-	1 777 226 134
Buildings	342 553 196	809 994	-	16 503 126	-	-	(15 250 895)	-	344 615 421
Leased assets	68 583 302	-	(2 154 131)	-	-	-	(11 160 892)	-	55 268 279
Infrastructure	10 965 516 384	66 225 753	(3 169)	1 199 996	10 653 341	(7 597 736)	(479 864 788)	(4 028 130)	10 552 101 651
Community	281 566 316	1 976 702	-	(16 520 053)	-	-	(16 504 566)	-	250 518 399
Other assets	348 471 007	9 911 539	(9 641 838)	(1 083 069)	-	-	(25 574 357)	(497 905)	321 585 377
Total	13 783 916 339	78 923 988	(11 799 138)	100 000	10 653 341	(7 597 736)	(548 355 498)	(4 526 035)	13 301 315 261

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

32. Property, plant and equipment (continued)

Pledged as security

Land and Buildings (Erven 5377 and 5378) with a carrying amount of N\$ 209 903 752 (2021: N\$ 209 903 752) have been pledged under Composite Bonds to secure borrowings of the municipality (see Note 38). Furthermore, the municipality ceded Short-term Insurance for Fire and NASRIA Cover over the said properties for an adequate amount as security for the obligations of the municipality towards the banking institution.

In addition, the municipality's obligations under Finance Leases (see Note 37) are secured by the lessors' title to the leased assets, which have a carrying amount of N\$ 46 748 066 (2022: N\$ 55 268 279).

	2023	2022	2021
	N\$	N\$	N\$
Capitalized expenditure (excluding borrowing costs)			
Infrastructure	18 781 165	14 207 408	50 232 014
Other assets	52 038 248	10 862 922	13 302 794
	70 819 413	25 070 330	63 534 808

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

32. Property, plant and equipment (continued)

	Included within Infrastructure	Included within Community	Total
	N\$	N\$	N\$
Reconciliation of working in progress 2023			
Opening balance	466 081 841	2 798 436	468 880 277
Additions/capital expenditure	63 777 006	4 665 990	68 442 996
Transferred to completed items	(33 277 127)	(4 165 198)	(18 781 165)
	496 581 720	3 299 228	499 880 948
Reconciliation of working in progress 2022			
Opening balance	394 435 293	2 798 436	397 233 729
Additions/capital expenditure	38 082 500	1 316 297	39 398 797
Other movements	35 081 668	-	35 081 668
Transferred to completed items	(1 517 620)	(1 316 297)	(2 833 917)
	466 081 841	2 798 436	468 880 277)
Reconciliation of working in progress 2021			
Opening balance	399 854 292	11 739	399 866 031
Additions/capital expenditure	34 159 674	2 786 697	36 946 371
Transferred to completed items	(39 578 673)	-	(39 578 673)
	394 435 293	2 798 436	397 233 729

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

33. Intangible assets

	Cost Valuation	Accumulated amortization & impairment	Carrying value
	N\$	N\$	N\$
Computer software - 2023	8 486 983	(6 560 337)	1 926 646
Computer software - 2022	8 486 983	(6 560 337)	1 926 646
Computer software - 2021	8 486 983	(5 217 453)	3 269 530

Other information

The amortization expense has been included in the line item "Depreciation and Amortization" in the Statement of Financial Performance (see Note 13).

All of the Municipality's intangible assets are held under freehold interests and no intangible assets had been pledged as security for any liabilities of the Municipality.

The following restrictions apply to intangible assets:

Software.

(i) The systems are non-assignable, non-transferable and the Municipality has no exclusive rights to use the systems.

ii) The Municipality as the licensee, shall not grant usage of or distribute the systems in its original or modified form to a third party for the third party's benefit.

iii) The Municipality has no intellectual property rights to the systems.

33. Intangible assets

Significant Intangible Assets

Significant intangible assets that did not meet the recognition criteria for intangible assets as stipulated in IPSAS 32 are the following:

- i) Website Costs incurred during the last two financial years if applicable, have been expensed and not recognized as Intangible Assets. The Municipality cannot demonstrate how its website will generate probable future economic benefits.

Intangible Assets with indefinite useful lives

The Municipality amortizes all its intangible assets and no of such assets are regarded as having indefinite useful lives. The useful lives of the intangible assets remain unchanged from the previous year.

Impairment of Intangible Assets

No impairment losses have been recognized on intangible assets of the Municipality at the reporting date.

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

	2023	2022	2021
	N\$	N\$	N\$
34. Payables from exchange transactions	840 311 081	906 049 137	841 622 119
Trade payables	276 621 568	347 092 813	261 827 478
Payments received in advance	90 016 107	90 555 910	92 606 603
Staff Bonuses	28 813 942	29 319 854	29 087 935
Staff leave	373 970 760	371 216 716	366 552 521
Retention	7 389 095	5 197 173	31 342 165
Council gratuity plan	3 203 849	1 533 649	531 189
Other creditors	13 316 480	14 153 742	12 694 948
VET levy	46 979 280	46 979 280	46 979 280

Council Gratuity Plan:

Gratuities accrued to councillors of the Municipality on a monthly basis subject to certain conditions. The accrual is the contra amount of the investments made during the year in terms of the gratuity plan. Also see Note 30.

Staff Bonuses:

Bonuses accrue to the staff of the Municipality on an annual basis, are subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Staff Leave:

Leave days accrues to the staff of the Municipality on an annual basis, are subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**Other Creditors:**

Other Creditors comprise of on-lending agreements entered into with KFW, EIB and DBSA for loans received for the construction of infrastructure. In terms of the agreement, the loans are serviced by government. The amount disclosed is in respect of outstanding instalments payable to government by the Municipality.

No interest is charged for the first 30 days from the date of receipt of the invoice. There after interest is charged in accordance with the credit policies of the various individual creditors that the Municipality deals with.

The Municipality did not default on any payment of its Creditors. However, in exceptional cases terms for payment have been re-negotiated by the Municipality.

The municipality's liquidity risk management process is disclosed in Note 47 to the Annual Financial Statements.

	2023	2022	2021
	N\$	N\$	N\$
35. Consumer deposits	61 382 351	60 886 571	60 047 350
Electricity	43 586 520	43 721 766	43 677 671
Water	17 795 831	17 164 805	16 369 679

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts the Municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer deposits held.

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

36. Provisions**Reconciliation of provision 2023**

	Opening Balance	Additions	Change in estimate	Total
	N\$	N\$	N\$	N\$
Provision for Rehabilitation of Landfill Sites	94 097 310	10 192 463	(4 069 343)	100 220 430

Reconciliation of provision 2022

	Opening Balance	Additions	Change in estimate	Total
	N\$	N\$	N\$	N\$
Provision for Rehabilitation of Landfill Sites	76 070 817	5 336 705	12 689 788	94 097 310

Reconciliation of provision 2021

	Opening Balance	Additions	Change in estimate	Total
	N\$	N\$	N\$	N\$
Provision for Rehabilitation of Landfill Sites	60 584 950	4 832 526	10 653 341	76 070 817

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

Rehabilitation of Land-fill Sites

The Municipality will incur licensing and rehabilitation costs to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost using the average bond yield interest rate.

37. Finance lease obligation

	2023	2022	2021
	N\$	N\$	N\$
Present value of minimum lease payments			
- within one year	24 301 087	14 391 194	12 701 576
- in second to fifth year inclusive	55 210 669	31 800 867	30 236 954
	79 511 756	46 192 061	42 938 530
less: future finance charges	(15 743 964)	(6 290 438)	(5 167 600)
	63 767 792	39 901 623	37 770 930
Present value of minimum lease payments due			
- within one year	18 457 009	11 543 847	10 404 310
- in second to fifth year inclusive	45 310 783	28 357 776	27 366 620
	63 767 792	39 901 623	37 770 930
Non-current liabilities	45 310 783	28 357 776	27 366 620
Current liabilities	18 457 009	11 543 847	10 404 310
	63 767 792	39 901 623	37 770 930

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

37. Finance lease obligation (continued)

Finance lease liabilities relate to vehicles with lease terms varying from 1 to 5 years (2022:1 to 5). The effective interest rate on finance leases is 10.55% (2022: 8.09%). Capitalized lease liabilities are secured over the items of vehicles leased.

Interest rates are floating rates, linked to the prime lending rate of the financial institutions thereby, constituting contingent rentals. Straight line payments can therefore not be done in terms of IPSAS 13.

The risks and rewards of ownership in respect of the property, plant and equipment will transfer to the Municipality at the conclusion of the agreement.

The Municipality's obligations under Finance leases are secured by the lessors' title to the leased assets.

38. Long term loans

At amortised cost

	2023	2022	2021
	N\$	N\$	N\$
Bank loan	86 889 561	102 725 742	119 333 142
The First National Bank Loan is repaid over a period of 10 (2019:10) years at an interest rate of Prime less 2% (2022: Prime less 2%) per annum. The Loan is secured by composite bonds to the amount of N\$ 140 000 000 (2019: N\$ 140 000 000) over the property funded.			
Development Bank of Namibia (DBN)	69 498 113	-	-
The DBN is repaid over a period of 20 years (2022:0) years at an interest rate of Prime +3,00% (2022:) per annum. The Loan is secured by short term deposit equivalent to 6 months instalment (or interest during drawdown period). The loan is expected to be fully drawn by 2023/24 FY with repayment starting from 2025/26.			

MUNICIPALITY OF WINDHOEK
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30
JUNE (continued)

38. Long term loans (continued)

	2023	2022	2021
	N\$	N\$	N\$
Government of the Republic of Namibia (On-Lending)	715 530 732	715 530 732	715 530 732
The On-lending Loans are repaid over periods varying from 2 to 10 (2022: 3 to 11) years and at interest rates varying from 7.00% to 16.00% (2022: 7.00% to 16.00%) per annum. The Loans are not secured. These are loans agreements entered (by government on behalf of City of Windhoek) into with KfW, EIB and DBSA for loans received for the construction of Infrastructure. In terms of the agreement, the loans are serviced by government. The amount disclosed is in respect of outstanding instalments and capital payable to government by the municipality. The Municipality has not been paying the loans			
Government of the Republic of Namibia (Direct)	1 465 650	2 175 271	2 946 371
The Direct Loans are repaid over periods varying from 4 to 10 (2019: 4 to 10) years and at interest rates varying from 9 % to 12 % (2019: 9 % to 12 %) per annum. The Loans are not secured.			
Bank loans – other	-	298 247	298 247
Other loans are repaid over periods varying from 1 to 6 (2019: 1 to 6) years and at interest rates varying from 9 % to 12 % (2019: 9 % to 12 %) per annum. The loans are not secured.			
Total Amortized financial liabilities	873 384 056	820 729 992	838 108 492

MUNICIPALITY OF WINDHOEK
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30
JUNE (continued)

38. Long term loans (continued)

	2023	2022	2021
	N\$	N\$	N\$
Non-current liabilities			
At amortized cost	145 949 754	98 961 884	111 968 504
Current liabilities			
At amortized cost	727 434 302	721 768 108	726 139 988
	873 840 056	820 729 992	838 108 492
39. Payables from Non-exchange transactions	64 865 271	50 511 396	44 176 153
Suspense accounts	63 224 610	49 023 326	42 767 444
Sundry deposits	1 640 661	1 488 070	1 408 709

Suspense accounts are in respect of temporary advances received in the normal month-to-month operation of the Municipality not settled at year end.

Sundry Deposits are mostly in respect of security held by the Municipality of houses in the various housing schemes rented to public.

No credit period exists for payables from non-exchanges transactions neither, has any credit period been arranged. No interest is charged on outstanding amounts.

The Municipality did not default on any payment of its creditors. No terms for payment have been renegotiated by the Municipality.

The Municipality's credit risk management processes are disclosed in Note 50 to the annual financial statements.

MUNICIPALITY OF WINDHOEK

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

	2023	2022	2021
	N\$	N\$	N\$
40. Unspent conditional grants and receipts:			
Public Contributions	13 906 424	8 494 404	4 950 073
Movement during the year	13 906 424	8 494 404	4 950 073
Balance at the beginning of the year	8 494 404	4 950 073	2 283 870
Income received during the year	9 304 855	6 186 805	2 666 203
	(3 892 835)	(2 642 474)	-
41. Housing Fund	132 881 733	114 597 217	252 663 773
Housing fund	24 767 603	24 830 946	206 370 493
Contribution received during the year	108 114 130	89 766 271	46 293 280
Reconciliation of Housing Fund:	132 881 733	114 597 217	252 663 773
Balance at beginning of year	114 597 217	252 663 773	252 655 929
Received during the year	18 347 863	43 472 987	-
Transfers	(68 279)	-	-
Transfer to accumulated surplus	-	(181 545 778)	-
Interest received during the year	4 932	6 235	7 844

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

41. Housing Fund (continued)

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 including those received from National and regional government.

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.

	2023	2022	2021
	N\$	N\$	N\$
42. Betterment fund			
The following funds are established under the Act of Parliament:			
Betterment Fund	16 141 575	12 372 706	2 567 547

Betterment contribution fund

The Betterment Contribution Fund was established in terms of Section 59 of the Urban and Regional Planning Act (Act No. 5 of 2018).

The Betterment Contribution Fund, known as Compensation contains all proceeds from betterment contributions and sale of land. Money standing to the credit of the Betterment Contribution Fund shall be applied in such manner as the Minister may approve towards the discharge of any debt of the Municipality or otherwise for any purpose for which capital money may be applied.

MUNICIPALITY OF WINDHOEK

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

42. Betterment fund (continued)

Endowment Fund

The Endowment Fund was established in terms of Section 66(1) (k) and Section 90 of the Urban and Regional Planning Act (Act No. 5 of 2018). The Endowment Fund contains all proceeds from endowment contributions on sub-divisions of land. Money standing to the credit of the Endowment Fund shall be used to finance and carry out betterment works or for erecting constructing or acquiring amenities or public places in the public interest.

	2023	2022	2021
	N\$	N\$	N\$
43. Cash (used in) generated from operations	189 006 506	59 632 277	(125 700 631)
Deficit	(344 394 473)	(734 408 914)	(482 252 733)
Adjustments for:			
Depreciation and amortization expense	523 296 639	552 601 979	552 796 889
Gain on sale of assets and liabilities	12 645 908	-	11 799 138
Finance costs - Finance leases	-	-	2 542 096
Impairment deficit	168 709	-	5 347 085
Debt impairment	63 742 908	307 875 769	(13 518 199)
Movements in retirement benefit assets and liabilities	(23 048 000)	63 512 000	105 042 000
Movements in provisions	10 192 463	5 336 705	4 832 526
Cash items directly to net assets	(63 355)	-	-
Other non-cash items	-	(20 766 937)	(46 042)
Actuarial Gains (losses) on Defined Benefits Liabilities recognized to net assets	112 129 000	9 865 000	(62 243 629)
Accrued interest	655 615	523 610	-

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

	2023	2022	2021
	N\$	N\$	N\$
44. Cash (used in) generated from operations (continued)			
Adjustments for:			
Cost of inventory of sold directly from investment property	20 625 556	19 112 054	-
Changes in working capital:			
Inventory	(6 008 720)	(2 884 356)	78 499 362
Receivables from exchange transactions	(63 577 277)	73 960 882	(18 033 284)
Debt impairment	(63 742 908)	(307 875 769)	13 518 199
Other receivables from non-exchange transactions	36 520 828	27 931 001	(13 875 641)
Payables from exchange transactions	(65 738 057)	64 427 015	(400 841 543)
VAT	(44 660 005)	(10 296 557)	82 287 074
Payables from non-exchange transactions	14 353 875	6 335 243	4 943 253
Unspent conditional grants and receipts	5 412 020	3 544 331	2 666 203
Consumer deposits	495 780	839 221	836 615

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

44. Commitments for expenditure

Capital commitment

The municipality has entered into a contract on 14 April 2022 with Tulipamwe Consulting Engineers (Pty) Ltd for "Consulting services for the engineering design and supervision of the upgrading of the Northern Suburb collector roads (Phase 2)" for a twenty (20) month period, which will give rise to N\$ 428 402 (VAT Inclusive). The contract terminates on 31 December 2023.

The municipality has entered into a contract on 11 May 2022 with Maxes Offices Machines (Pty) Ltd for "Central digital print services - supply, delivery, installation, commissioning, training and maintenance of print (Reprographic) support equipment" for a three (3) year period, which will give rise to N\$ 888 784 (VAT Inclusive). The contract terminates on 01 May 2025.

The municipality has entered into a contract on 10 May 2021 with Mulokoshi Electrical cc for "Provision of low voltage pre- financed service connections to low-cost housing" for a two (2) year period, which will give rise to N\$ 3 000 000 (VAT inclusive). The contract terminates on 10 July 2023.

Other commitments

The municipality has entered into a contract on 29 December 2020 with Kavehepa Cleaning Services cc for Cleaning Services to the municipal town house and adjacent building and public toilets and tourism information offices for a three (3) year period, which will give rise to a monthly charge of N\$ 32 469 (VAT and Transport inclusive). The contract terminates on 29 December 2023.

The municipality has entered into a contract on 29 December 2020 with Florida Trading cc for Cleaning Services to the municipal town house, adjacent buildings, public toilets and tourism information offices for a three (3) year period, which will give rise to a monthly charge of N\$ 49 795 (VAT and Transport Inclusive). The contract terminates on 29 December 2023.

The municipality has entered into a contract on 29 December 2020 with Mono Trading cc for Cleaning Services to the municipal town house, adjacent buildings, public toilets and tourism information offices for a three (3) year period, which will give rise to a monthly charge of N\$ 82 887 (VAT and Transport Inclusive). The contract terminates on 29 December 2023.

The municipality has entered into a contract on 29 December 2020 with Prota Trading cc for the Cleaning Services at Wernhil Taxi Rank Mandume Ndemufayo Avenue in the Central Business District Windhoek for a two (2) year period, which will give rise to a monthly charge of N\$ 7 015 (VAT and Transport Inclusive). The contract terminates on 23 December 2023.

The municipality has entered into a contract on 10 July 2018 with MINET Namibia Insurance Brokers (Pty) Ltd for "Rendering of Short-Term Insurance Broker Services" for a five-year period, which will give rise to a yearly charge of N\$ 10 550 914 (VAT inclusive). The contract terminates on 9 July 2023.

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

44. Commitments for expenditure (continued)

The municipality has entered into contracts on 12, 13 and 17 August 2020 with Mbekuru Investments cc, Diesel Electric (Pty) Ltd and Cymot (Pty) Ltd for the "Supply and delivery of batteries for City of Windhoek vehicles" for a three (3) year period, which will give rise to N\$ 1 800 000 (VAT Inclusive). The contract terminates on 30 July 2023.

The municipality has entered into a contract on 08 July 2021 with Matrix Consulting Services for "Sampling of groundwater pollution monitoring boreholes around Windhoek" for a period of Two (2) years, which will give rise to N\$ 458 459 (VAT Inclusive). The contract terminates on 08 July 2023.

The municipality has entered into a contract on 14 September 2021 with the Ducharme Consulting for "Procurement for the assistance with IPSAS compliant annual financial statements (2021 to 2022)" for a period of Three (3) years, which will give rise to N\$ 1 733 100.00 (10% contingency fees for ad-hoc services) (VAT Inclusive). The contract terminates on 14 September 2024.

The municipality has entered into a contract on 29 September 2021 with Windhoek Kaltetechnic Services cc for "Data Centre Stulz air-conditioning unit maintenance" for a period of Three (3) years, which will give rise to N\$ 31 975.75 (VAT Inclusive). The contract terminates on 29 July 2024.

The municipality has entered into a contract on 27 September 2022 with Lihondjeni Investments cc for "Provision of Cleaning Services to the Windhoek Municipal Informal Markets under Group A, B and C " for a period of sixteen (16) months, which will give rise to N\$ 501 841.92 (VAT Inclusive). The contract terminates on 27 January 2024

The municipality has entered into a contract on 16 November 2022 with Amtshila Investment cc for "Cleaning Services for the Municipal Council of Windhoek Satellite Offices (Sport and Recreational facilities)" for a period of one (1) year, which will give rise to N\$ 780 805 (VAT Inclusive). The contract terminates on 16 November 2023.

The municipality has entered into a contract on 20 June 2023 with Tjiuce Cleaning Experts cc for "Provision of Cleaning Services for Wernhill Taxi Rank, Windhoek Central/CBD, CNR of Mandume Ndemufayo and Aupa Frans Indongo Street " for a period of two (2) years, which will give rise to N\$ 404 492 (VAT Inclusive). The contract terminates on 20 June 2025.

The municipality has entered into a contract on 11 May 2022 with Tangeni Cleaning Services cc for "Provision of Cleaning Services at the Khomasdal and Wanaheda Industrial Stalls" for a period of two (2) years, which will give rise to N\$ 358 800 (VAT Inclusive). The contract terminates on 11 May 2024.

The municipality has entered into a contract on 11 May 2022 with Multipurpose Cleaning Services Supplier for "Provision of Cleaning Services at the Bokamoso Entrepreneurial Centre" for a period of two (2) years, which will give rise to N\$ 347 208 (VAT Inclusive). The contract terminates on 11 May 2024.

44. Commitments for expenditure (continued)

The municipality has entered into a contract on 13 May 2022 with Shimunie Cleaning Services cc for "Provision of Cleaning Services at the Katutura Industrial Stalls" for a period of two (2) years, which will give rise to N\$ 801 504 (VAT Inclusive). The contract terminates on 13 May 2024.

The municipality has entered into a contract on 11 May 2022 with Oshooko Trading Enterprises cc for "Provision of Cleaning Services at the Menarovandu Industrial Stalls" for a period of two (2) years, which will give rise to N\$ 320 400 (VAT Inclusive). The contract terminates on 11 May 2024.

The municipality has entered into a contract on 22 July 2022 with The Document Warehouse (Pty) Ltd for "Provision of Document Storage, Records and Archives Services for the Municipal Council of Windhoek" for a period of two (2) years, which will give rise to N\$ 589 446 (VAT Inclusive). The contract terminates on 22 July 2024.

The municipality has entered into a contract on 17 November 2022 with Jacquie's Cleaning & Catering cc for "Cleaning Services for the Municipal Council of Windhoek Satellite Offices (City Museum and Pest Control Office)" for a period of one (1) year, which will give rise to N\$ 150 796 (VAT Inclusive). The contract terminates on 17 November 2023.

The municipality has entered into a contract on 26 May 2023 with Zeda Namibia (Pty) Ltd t/a Avis Fleet Namibia for "Leasing of five (5) vehicles (sedans) to the Municipal Council of Windhoek" for a period of eighteen (18) months, which will give rise to N\$ 976 532 (VAT Inclusive). The contract terminates on 26 November 2024.

The municipality has entered into a contract on 20 June 2023 with Epupa Cleaning and General Services cc for "Provision of Skip Container Removal and Chipping Services at the Municipal Building Rubble Refuse Sites, and Transfer Stations" for a period of four (4) months, which will give rise to N\$ 1 110 480 (VAT Inclusive). The contract terminates on 20 October 2023.

The municipality has entered into a contract on 15 February 2023 with E & Jay Trading Enterprises cc for "Collection and transportation of Refuse Bags Collected in the Informal Residential Areas and any other site specified by Council for Disposal at the Kupferberg Landfill site or any site or Facility specified by Council" for a period of eight (8) months, which will give rise to not exceed N\$ 2 million threshold (VAT Inclusive). The contract terminates on 15 October 2023.

The municipality has entered into a contract on 17 June 2022 with Mobile Telecommunications Limited for "Provision of Internet Break Out Lines at the Disaster Recovery (Internet Services) to the Municipal Council of Windhoek" for a period of three (3) years, which will give rise to N\$ 1 786 952 (VAT Inclusive). The contract terminates on 17 June 2025.

The municipality has entered into a contract on 13 October 2022 with Central Technical Supplies (Pty) Ltd for "Maintenance of the Health Care Risk Waste Technologies" for a period of three (3) years, which will give rise to N\$ 7 551 860 (VAT Inclusive). The contract terminates on 13 October 2025.

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

44. Commitments for expenditure (continued)

The municipality has entered into a contract on 02 January 2023 with Epupa Cleaning and General Services cc for "Removal of Skip Containers and Building Rubble at specified locations within Municipal Areas" for a period of two (2) years, which will give rise to N\$ 8 396 880 (VAT Inclusive). The contract terminates on 02 January 2025

The municipality has entered into a contract on 20 March 2023 with GFT General FireTech GmbH for "Repair and Maintenance of Live Fire Training Simulators for The Municipal Council of Windhoek", for a period of five (5) years, which will give rise to Sterling Pounds 67 445 (VAT Inclusive). The contract terminates on 11 August 2028.

The municipality has entered into a contract on 21 July 2022 with Namibia Post Limited for "Printing and Mailing of Municipal Statements" for a period of three (3) years, which will give rise to N\$ 14 156 636 (VAT Inclusive). The contract terminates on 21 July 2025.

The municipality has entered into a contract on 08 December 2022 with BPI Technologies for "Supply, Delivery, Commissioning and Implementation of a Fully-Fledged integrated Vehicles Tracking, Fuel, Oil and Fleet Management System" for a period of one (1) year, which will give rise to N\$ 5 811 731 (VAT Inclusive). The contract terminates on 08 December 2023.

The municipality has entered into a contract on 23 September 2022 with Namibia Protection Services (Pty) Ltd "Transportation of cash for the municipal Council of Windhoek" for a period of two (2) years, which will give rise to N\$ 674 921 (VAT Inclusive). The contract terminates on 23 September 2024

MUNICIPALITY OF WINDHOEK

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

	2023	2022	2021
	N\$	N\$	N\$
45. Contingent Liabilities			
Guarantee:			
First National Bank	14 409 855	14 409 855	14 409 855
Court Proceedings:			
Court cases	260 398 360	260 785 244	248 265 267
(i) Cancellation of sale of property agreement	500 000	500 000	500 000
(ii) Claim for damages sustained	342 739	342 739	342 739
(iii) Claim for reduction of potential development	8 045 195	8 045 195	8 045 195
(iv) Claim for services rendered	1 830 000	1 830 000	1 830 000
(v) Claim for constructive dismissal	2 115 578	2 115 578	2 115 578
(vi) Claim for termination of contract	5 827 581	5 827 581	5 827 581
(vii) Breach of contract	69 439 659	69 439 659	69 439 659
(viii) Claim for damages/penalty	3 933 426	3 933 426	3 933 426
(ix) Claim for termination of contract	376 000	376 000	376 000
(x) Claim for unpaid remuneration	6 554 826	6 554 826	6 554 826
(xi) Claim for damages/penalty	100 194	100 194	100 194
(xii) Claim for breach of contract	101 493 807	101 493 807	101 493 807
(xiii) Breach of development agreement	919 378	919 378	919 378
(xiv) Claim for damages	1 300 000	1 300 000	1 300 000
(xv) Breach of credit agreement contract	45 000 000	45 000 000	45 000 000

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

	2023	2022	2021
	N\$	N\$	N\$
45. Contingent Liabilities (continued)			
Court Proceedings:			
Court cases (continued)			
(xvi) Claim for services rendered	-	386 884	386 884
(xvii) Claim for damages	100 000	100 000	100 000
(xviii) Claim for gratuity benefit	116 943	116 943	-
(xix) Public Liability claim	205 016	205 016	-
(xx) Claim for loss of income	5 382 186	5 382 186	-
(xxi) Claim for an award dispute	485 300	485 300	-
(xxii) Claim of contract	90 063	90 063	-
(xxiii) Claim of contract	1 754 574	1 754 574	-
(xxiv) Claim of damages	2 801 878	2 801 878	-
(xxv) Claim for damages	804 017	804 017	-
(xxvi) Claim for refund	880 000	880 000	-

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

45. Contingent Liabilities (continued)

i) Cancellation of Sale of Property Agreement:

Zest Investments Seventy-Three CC has lodged an appeal to review an application from the municipality for cancellation of an agreement for sale of property. Plaintiff has lodged an application for transfer of the property to the plaintiff and the payment of the legal fees incurred in this regard. The municipality is contesting the claim. The outcome of the case is still uncertain.

ii) Claim for Damages Sustained:

A claim has been lodged by FMB Shiimi for damage caused by an underground water leakage which was not attended to timeously. The municipality is contesting the claim. The outcome of the case is still uncertain.

iii) Claim for Reduction of Potential of Development:

A claim has been lodged by CJ Mouton, based on the reduction of potential of development as a result of a sub-division allowed by the municipality. The municipality is contesting the claim. The outcome of the case is still uncertain.

iv) Claim for Services Rendered:

A claim has been lodged by APB Services and Another for additional work performed on a tender awarded to perform an interim valuation of all rateable properties within the newly extended boundaries of the CoW for which Plaintiff has not been paid. The municipality is contesting the claim. The outcome of the case is still uncertain.

v) Claim for Constructive Dismissal:

A claim has been lodged by Ms N Brandt for constructive dismissal. The municipality is contesting the claim. The outcome of the case is still uncertain. A Notice of Motion filed on 23 April 2019.

vi) Claim for termination of contract

A claim has been lodged by NES for electrical works continued beyond the date of completion of contract. Plaintiff was awarded N\$ 5 827 581 by the Dispute Adjudication Board. The municipality is contesting the award made. The outcome of the case is still uncertain.

vii) Breach of contract

Elisenheim Property Development Company (Pty) Ltd has lodged a claim for the breach of a contract by the municipality in respect of the planning, designing and construction of infrastructure works, allegedly suffering damages to the amount of N\$ 69 439 660. The municipality is contesting the claim. The outcome of the case is still uncertain.

MUNICIPALITY OF WINDHOEK
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30
JUNE (continued)

45. Contingent Liabilities (continued)

viii) Claim for damages/penalty

The claim has been lodged by (Namibia Breweries Ltd) and the latter was given an approval by the Defendant (CoW) to supply Plaintiff with sewerage service. Plaintiff according to the contract made payment to the Defendant. A statement of account in respect of sewerage service was received by the plaintiff from the Defendant and to which account a levied penalty was charged. The plaintiff objected such penalty charges which it was required to pay. It was discovered that the sewerage sample(s) from the Defendant was faulty/inaccurate. Defendant failed to rectify such and the Plaintiff has suffered damages to the amount of N\$ 3 933 426 to which Plaintiff is claiming.

(ix) Claim for termination of Contract

A claim has been lodged by Ms. Nuukongo (Plaintiff) who entered into a Deed of Sale with the First Defendant re Erf 1664 GG. Ms. Nuukongo initiated payment as per the conditions and she believed that the said Agreement was valid. The Plaintiff demanded transfer of the property from First Defendant. To the Plaintiff's surprise, the Second Defendant (CoW) informed the Plaintiff and the First Defendant that such Agreement was already cancelled during October - December 2000. It is against this background that the Plaintiff is claiming an amount of N\$ 376 000 from Council. The Council is contesting the claim. The outcome of the case is still uncertain.

(x) Claim for Unpaid Remuneration:

A claim has been lodged by P. Kandjumbwa & 15 others for the underpayment of remuneration. In terms of the varied award, it is ordered that Council pay an amount of N\$ 6 554 826.00 before or on 31 October 2019 to the Applicants.

(xi) Claim for damages/penalty:

A claim has been lodged by Monte Bello Body Corporate for damages suffered as a result of the relocation of an entrance gate and removal of a precast wall at the Body Corporate. There were no approved plans in place for the said construction work. The municipality is contesting the claim. The outcome of the case is still uncertain.

(xii) Claim for Breach of Contract:

A claim has been lodged by Pionierspark Dam Investments CC for the breach of contract by the municipality. Subsequently, the Plaintiff suffered damages to the amount of N\$ 101 493 807. The Council is contesting the claim. The outcome of the case is still uncertain.

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

45. Contingent Liabilities (continued)

(xiii) Breach of Development Agreement:

A claim has been lodged by Garden Plaza Investments CC and Jimmey Construction (Pty) Ltd for the construction of the Lossen road extension. The value of the construction work was N\$ 1 958 758, and the Plaintiffs rendered services to the value of N\$ 1 039 380 setting off resulting in the claim. The Council is contesting the claim. The outcome of the case is still uncertain.

(xiv) Claim for damages:

Combined summons: Ngurimuje Mervin Tjiramba // Municipal Council of Windhoek: Plaintiff instituted action against Council in an alleged unlawful assault against him. Plaintiff accordingly seeks damages.

(xv) Breach of credit agreement contract:

Spitz. Investment // Municipal Council of Windhoek and Others: This is a contractual dispute wherein the financier seeks to recover money from Council following to an event of default.

(xvi) Claim for Services Rendered:

Kopplinger Boltman // Municipal Council of Windhoek: This is a claim for the payment of service rendered to Council which was unpaid for a considerable period of time

(xvii) Claim for damages:

Pritzen // Municipal Council of Windhoek: The applicant disputed the levies levied in respect of utilities fees. Applicant obtained an order for the payment of the wrongful levies.

(xviii) Claim for gratuity benefit

Desiree Davids//Municipal Council of Windhoek: This is a claim for loss of income and defamation which the Plaintiff is claiming from the Defendant (CoW) in her capacity as an ex-Councillor for a period of seven (7) months. The outcome of the case is still uncertain.

(xix) Public Liability claim

Naftali Merjam//Municipal Council of Windhoek: The Plaintiff is claiming for injuries after falling into an uncovered sewage drain and injured her right leg. The outcome of the case is still uncertain.

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

45. Contingent Liabilities (continued)

(xx) Claim for loss of income

Franklin Joseph Izaks//Municipal Council of Windhoek: The Plaintiff is claiming for remuneration which the Defendant had failed to pay him after his demotion. The outcome of the case is still uncertain.

(xxi) Claim for an award dispute

Tony Albertus Klazen//Municipal Council of Windhoek: The Plaintiff in this matter is claiming for a dispute that arose from the tender awarded to him. The outcome of the case is still uncertain.

(xxii) Claim of contract

Standard Bank Namibia Limited//Hileni NK and Another: The plaintiff in this matter claims for a deed of suretyship that bounded the latter and the Second defendant. The outcome of the case is still uncertain

(xxiii) Claim of contract

A notice of motion was served by Namibian Electrical Services CC against the CoW. The motion orders that the Respondent pay the Applicant as per the decision of the Dispute Adjudication Board. The outcome of the case is still uncertain.

(xxiv) Claim of damages

In the matter of Cape Advanced Engineering Namibia (Pty) Ltd and Another//The Municipal Council for the City of Windhoek and Another, the Plaintiffs herein claim for damages in respect of the misrepresentation of the Contract. The outcome of the case is still uncertain.

(xxv) Claim for damages

In the matter of Kalahari Holdings Pty (Ltd)//Council for the Municipality of Windhoek, the Plaintiff is claiming for damages caused by an underground water pipe burst. The outcome of the case is still uncertain.

(xxvi) Claim for refund

In the matter of Florensa S Amadhila//Chairperson of the Council of the Municipality of Windhoek and 2 Others, the Council of the Municipality of Windhoek being the 2nd Respondent was directed to by the Third Respondent to pay a refund to the Applicant. The outcome of the case is still uncertain.

MUNICIPALITY OF WINDHOEK

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

46. Contingent assets

	2023	2022	2021
	N\$	N\$	N\$
Insurance Claims			
Alleged damaged incurred	-	813 728	2 615 255

The municipality has claims outstanding against its Insurers for lost and /or damaged assets. The management believe that it is probable that the claims will be successful and that compensation of N\$NIL (2022: N\$813 728) will be recovered.

Court proceedings

(i) Claim for damages	34 000 000	34 000 000	34 000 000
(ii) Claim for unlawful occupation, damages and possession of premises	22 460 384	22 460 384	22 460 384
(iii) Fraud claim	3 000 000	3 000 000	-
	59 460 384	59 460 384	56 460 384

(i) Claim for damages:

The municipality has lodged a claim against Namibia Dairies for the rehabilitation, restoration and remedying of all affected sources and infrastructure that has been adversely affected by the spillage of heavy furnace oil into the City's sewer system. Namibia Dairies denies liability for any loss, damage or expenses. The outcome of the case is still uncertain.

(ii) Claim for unlawful occupation, damages and possession of premises:

The municipality has lodged a claim against David John Bruni for the unlawful occupation and possession of portion of Farm 466 situated in Windhoek. The outcome of the case is still uncertain.

(i) Fraud claim

The Council of the Municipality of Windhoek//Karipata & Another. An internal audit investigation conducted revealed that Council was defrauded close to three million Namibian Dollars by two former staff members. They have since resigned. The Council intend to commence urgent legal action to recover the loss occasioned by Council. The outcome of the case is still uncertain.

MUNICIPALITY OF WINDHOEK
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(Continued)

47. Related Parties

	2023	2022	2021
	N\$	N\$	N\$
Outstanding balances on services accounts	(397)	374 344	404 552
Councillors	25 499	354 209	366 679
Chief Executive Officer and Strategic Executives	(25 896)	20 135	37 873
Related party transactions:			
Rates Charges:	189 237	291 587	307 868
Councillors	86 674	121 332	183 834
Chief Executive Officer and Strategic Executives	102 563	170 255	124 034
Service Charges:	545 950	780 701	519 735
Councillors	142 298	239 915	230 063
Chief Executive Officer and Strategic Executives	403 652	540 786	289 672

	2023	2022	2021
	N\$	N\$	N\$
Sundry charges:	(127 624)	(81 035)	351 852
Councillors	4 919	16 653	199 503
Chief Executive Officer and Strategic Executives	(132 543)	(97 688)	152 349

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Chief Executive Officer and Strategic Executives. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

MUNICIPALITY OF WINDHOEK

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

Remuneration of management

Loans granted to Related Parties

The Municipality does not grant loans to its Councillors, loans together with the conditions thereof granted to Management Staff and Public are disclosed in note 28 to the annual financial statements.

Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in notes 10 & 11 to the annual financial statements.

Purchases from Related Parties

The Municipality did not buy goods from any companies which can be considered to be Related Parties.

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

48. Risk management

Financial risk management

It is the policy of the Municipality to disclose information that enables the user of its annual financial statements to evaluate the nature and extent of risks arising from Financial Instruments to which the Municipality is exposed on the reporting date.

The entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

Risks and exposures are disclosed as follows:

Liquidity risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The Municipality's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Municipality's reputation.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Ultimate responsibility for liquidity risk management rests with the Council which has built an appropriate liquidity risk management framework for the management of the Municipality's short medium and long-term funding and liquidity management requirements. The Municipality manages liquidity risk by maintaining adequate reserves banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in the Note is a listing of additional undrawn facilities that the Municipality has at its disposal to further reduce liquidity risk (cash).

Credit risk

Credit risk is the risk of financial loss to the Municipality if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Municipality's receivables from customers and investment securities. The Municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Municipality uses its own trading records to assess its major customers. The Municipality's exposure of its counterparties is monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rates, deposits, investments, long-term receivables, consumer debtors, other debtors' bank and cash balances.

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

48. Risk management (continued)

Investments/Bank Cash and Cash Equivalents

The Municipality limits its counter party exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Bank Windhoek, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and other receivables are amounts owed by consumers and are presented net of impairment losses. The Municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The Municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the Municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates water and electricity services rendered to them.

The Municipality limits this risk exposure in the following ways in addition to its normal credit control and debt management procedures:

- The application of the Credit Control Policy, which permits the Municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised prior to the issue of a clearance certificate that the property will not be transferred until the full settlement of any debt remaining from the previous owner;
- The consolidation of rates and service accounts enabling the disconnecting services for the non-payment of any of the individual debts;
- The requirement of a deposit for new service connections serving as guarantee and are reviewed annually;
- Encouraging residents to use water and electricity wisely by monitoring consumption.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The Municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position without taking into account the value of any collateral obtained. The Municipality has no significant concentration of credit risk with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

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

48. Risk management (continued)

Long-term receivables and other debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting where applicable.

The Municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Municipality defines counter parties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counter parties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating risk control assesses the credit quality of the customer taking into account its financial position past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties

	2023	2022	2021
	N\$	N\$	N\$
Financial instrument			
Indigenous People's Forum	9 659 866	8 016 940	6 350 619
Ministry of Urban and Rural Development	105 936 977	60 633 108	-
Ministry of Health and Social	22 762 122	13 644 108	5 663 820
Ministry of Health- Central Hospital	-	10 538 257	-
Rent a Drum	6 387 630	-	3 546 598
Namibia Broadcasting Corporation	-	-	3 650 251
Ministry of Health- Katutura Hospital	-	-	3 350 858
Freedom Square (Pty) Limited	-	-	12 846 426

The amount owed by Ministry of Urban and Rural development is mainly relate to free water supplied to the informal settlement during the Covid-19 period.

MUNICIPALITY OF WINDHOEK
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30
JUNE (continued)

48. Risk management (continued)

Financial assets exposed to credit risk end were as follows:

	2023	2022	2021
	N\$	N\$	N\$
Maximum Credit and Interest risk exposure	915 373 283	724 323 538	608 200 092
Long-term Investments	16 787 680	14 974 622	14 982 578
Long term receivables from exchange (Non-current)	96 742 865	83 233 433	60 522 221
Long term receivables from exchange (current)	12 994 105	12 576 625	14 386 555
Trade and other receivables from exchange transactions (cost)	331 171 116	136 371 235	112 432 517
Recoverable from non-exchange transactions	200 783 413	227 550 124	200 122 346
Cash and cash equivalents	256 894 104	249 617 499	205 753 875
Bank and Cash Balances	254 081 238	249 617 499	217 093 528
Bank Windhoek	14 695 205	13 365 905	13 365 905
First National Bank	231 423 433	228 956 427	196 431 304
Nedbank	7 962 600	7 264 867	7 264 867
Cash	-	30 300	31 452

MUNICIPALITY OF WINDHOEK
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30
JUNE (continued)

48. Risk management (continued)

Market risk

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate on deposit investments long-term receivables consumer debtors, other debtors, bank and cash balances.

The Municipality limits its counterparty exposures from its money market investment operations by only dealing with Bank Windhoek, First National Bank, Nedbank, Standard Bank and Sanlam. No investments with a tenure exceeding twelve months are made.

Consumer debtors comprise of a large number of rate payers dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears it is endeavoured to collect such accounts by levying of penalty charges, demand for payment, restriction of services and as a last resort handed over for collection whichever procedure is applicable in terms of Council's credit control and Debt collection policy. Consumer deposits are increased accordingly.

Long-term receivables and other debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting where applicable.

The Municipality is exposed to interest rate risk as the Municipality borrows funds at both fixed and floating interest rates. The risk is managed by the Municipality by maintaining an appropriate mix between fixed and floating rate borrowings such borrowing being below market related rates.

The Municipality is exposed to interest rate risk as the Municipality borrows funds at both fixed and floating interest rates. The risk is managed by the Municipality by maintaining an appropriate mix between fixed and floating rate borrowings such borrowing being below market related rates.

The Municipality's exposures to interest rates on financial assets and financial liabilities are detailed in the Credit risk management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity an analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used which represents management's assessment of the reasonably possible change in interest rates.

48. Risk management (continued)**Cash and Cash Equivalents:**

If interest rates had been 100 basis points higher / lower and all other variables were held constant the Municipality's surplus for the year ended 30 June 2023 would have increased / decreased by N\$ 2 532 224 (30 June 2022: N\$ 2 555 530). This is mainly attributable to the Municipality's exposure to interest rates on its variable rate investments.

The municipality's sensitivity to interest rates has slightly increased during the current period mainly due to the increase in variable rate debt instruments however the investments slightly dropped.

Finance Lease Liabilities:

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2023 would have decreased / increased by N\$ 1 815 405 (30 June 2022: N\$ 1 590 824). This is mainly attributable to the municipality's exposure to interest rates on its variable rate borrowings.

The municipality's sensitivity to interest rates has increased during the current period mainly due to the reduction in variable rate debt instruments and liabilities increase too.

Price risk

The entity is exposed to equity securities price risk because of investments held by the entity and classified on the consolidated statement of financial position either as available-for-sale or at fair value through surplus or deficit. The entity is not exposed to commodity price risk. To manage its price risk arising from investment in equity securities, the entity diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the entity.

49. Going concern

Management considered the following matters relating to the Going Concern:

- (i) On 07 June 2022 the Council adopted the 2022/23 Budget Estimates. It was budgeted for an operational deficit of N\$ 369 million (2021: N\$ 506 million), after including depreciation and defined provisions totalling N\$ 665.3 million, for the period under review. The approved budget supports the International Public Sector Accounting Standards (IPSAS) accounting framework for the compilation of the Annual Financial Statements, which has brought about significant changes. Notwithstanding the budgeted deficit, the budget still supports the ongoing delivery of municipal services to residents. Strict cost control measures were implemented to reduce the budgeted deficit to the absolute minimum. At the same time, council working around measures to reduce the deficit to nil.

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

49. Going concern (continued)

- (ii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the Budget.
- (iii) As the municipality 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.
- (iv) The City of Windhoek is the capital of Namibia and it is in public interest that the municipality remains solvent and continue as an ongoing concern.

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

50. Events after the reporting date

50.1 Appointment of Chief Executive Officer.

Mr. Moses Matyayi was appointed Chief Executive Officer effective from 1 August 2023.

50.2 Appointment of Head of Departments

Mr. Fillemon Neputa was appointed as Strategic Executive: Information and Communication Technology effective from 1 August 2023.

50.3 Adjusting Events

No adjusting events that took place subsequent to 30 June 2023.

50.4 Non-Adjusting Events

Council on 30 November 2023 approved, under council resolution 291/11/2023, a debt write-off amounting to N\$ 524 064 94. The write off is subject to debtors meeting defined conditions which included the following:

- a) Pensioner to be registered for write-off;
- b) Have prepaid services in place;
- c) Have applied for prepaid services;
- d) Agreed to payment of cost of prepaid meters (payment options as previously approved by Council remain available);
- e) If the client options for credit facility, consent to repayment to be loaded on prepaid services;
- f) Consent to rates and taxes to be loaded on prepaid services as part of the prepaid; and
- g) Rates and taxes and prepaid repayment instalment enjoy first preference allocation.

The registration started on 15 February 2024 and is ongoing.

51. Segmental information

General information - Identification of segments

For management purposes the Municipality is broadly organised into business units based on the nature of operations and the services they provide. The Municipality has ten primary reportable segments:

The segment for Chief Executive Officer:

This segment consists of services such as executive services support services to the executive corporate communication services customer care services and tourism services

The segment for Electricity Services:

This segment consists of all services for the management supply and distribution of electricity services including street lighting.

The segment for Finance and Customer Services:

This segment consists of all services for the financial management of all the municipal services and customer services.

The segment for Human Capital and Corporate Services:

This segment consists of all services for the well-being of all the municipal employees and the corporate functions.

The segment for Infrastructure Water and Technical Services:

This segment consists of infrastructure services such as roads storm water waste (sewerage) and water services and also include minor services such as architecture scientific and building maintenance services.

The segment for Information & Communication Technology Services:

This segment consists of all services for the management of information communication and technology systems of the Municipality.

The segment for Housing Property Management and Human Settlement Services:

This segment consists of services such as providing of housing and settlement services to the community and property planning surveying & valuation services.

The segment for City Police Services:

This segment consists of all services for the management of crime prevention disaster and traffic within the municipal area.

The segment for Urban and Transport Planning Services:

This segment consists of services such as urbanisation & environmental planning services transport planning & regulation services roads planning & design services and traffic lights planning services.

MUNICIPALITY OF WINDHOEK
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED
30 JUNE (continued)

51. Segmental information (continued)

No individually material operating segments have been aggregated to form the above reportable operating segments. The Municipality does not monitor segments geographically.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on non-financial metrics and the segment's operating surplus or deficit measured consistently with the accounting policies applied in the annual financial statements. However, the Municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group basis and are not allocated to operating segments.

Inter-business unit services are not valued and are deemed to have been supplied for no consideration and are therefore not eliminated. However, the quality of services provided internally is monitored as part of the non-financial service performance information.

52. Multi-Employer retirement Benefit information

The Municipality makes provision for post-retirement benefits to eligible employees who belong to the prescribed pension scheme. No benefits are provided for Municipal Councillors.

Employees belong to the approved Retirement Fund for Local Authorities and Utility Services as described below.

The fund is registered by the Namibia Financial Institutions Supervisory Authority (NAMFISA) and is administered according to the Pension Funds Act and the rules of the fund. The fund is a defined contribution scheme.

The fund is a multi-employer plan and is subject to a tri-annual statutory actuarial valuation of which details are provided below.

Sufficient information is not available to use defined benefit accounting for the retirement fund due to the following reasons: -

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (ii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

MUNICIPALITY OF WINDHOEK**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**

It is therefore seen that the fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the Municipality with respect to the retirement benefit plan is to make the specified contributions. Where employees leave the plan prior to full vesting of the contributions the contributions payable by the Municipality are reduced by the amounts of forfeited contributions.

52. Multi-Employer retirement Benefit information (continued)

The total expense recognised in the Statement of Financial Performance of N\$ 123 677 902 (2022: N\$ 132 028 855), represents contributions payable to these plans by the Municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Fund has been valued by making use of the discounted cash flow method of valuation.

Retirement Fund for Local Authorities and Utility Services in Namibia:

The scheme is subject to a tri-annual statutory actuarial valuation. The last statutory valuation was performed as at 31 December 2021.

The valuation performed as at 31 December 2021 revealed that the fund had net assets of N\$ 6 206 million. The Fund's assets appropriately matched the nature and term of the Fund's liabilities as at the valuation date.

The employee has the option to contribute at a rate of 7.5%, 9%, 10%, 12%, 14% and 16% of their pensionable salaries. In addition to the aforementioned members, who joined before 01 of September 2008 have the option to contribute at a rate of 2.5% or 5% of pensionable salaries. The Municipality contributes a total of 21.7% of members' pensionable salaries. The contributions received exceeded those required to provide for sundry and risk benefit expenses incurred by the Fund.

The Fund was in a sound financial position at the valuation date.

The above-mentioned plan is not a State Plan.

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

53. Financial instruments disclosure

Categories of financial instruments

2023

	At amortized cost	Total
	N\$	N\$
Financial assets	940 197 527	940 197 527
Available-for-Sale Financial assets:		
- Non-current assets	16 787 680	16 787 680
- Cash and Cash Equivalents	268 840 617	268 840 617
Loans and Receivables:		
Consumer debtors	234 877 097	234 877 097
- Trade and other receivables from exchange transactions	246 359 296	246 359 296
- Receivables from non-exchange transactions	63 595 867	63 595 867
- Other financial assets	109 736 970	109 736 970

2022

Financial assets

Available-for-Sale Financial assets:

- Non-current assets

- Cash and Cash Equivalents

Loans and Receivables:

- Trade and other receivables from exchange transactions

- Receivables from non-exchange transactions

- Consumer debtors

	At amortized cost	Total
	N\$	N\$
	733 767 803	733 767 803
	14 974 622	14 974 622
	261 515 390	261 515 390
	105 219 513	105 219 513
	100 116 695	100 116 695
	251 941 583	251 941 583

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

53. Financial instruments disclosure (continued)

Categories of financial instruments (continued)

2021

Financial assets	1 019 658 743	1 019 658 743
Held-to-Maturity Investments	3 118 425	3 118 425
Available-for-Sale Financial assets:		
- Non-current Investments	14 923 029	14 923 029
- Cash and Cash Equivalents	419 192 678	419 192 678
Loans and Receivables:		
- Receivables from exchange transactions	413 795 908	413 795 908
- Receivables from non-exchange transactions	113 975 634	113 975 634
- Long-term receivables	54 653 069	54 653 069

2023

Financial liabilities	2 016 819 497	2 016 819 497
Consumer Deposits	61 382 351	61 382 351
Trade and other payables from exchange transactions	840 311 081	840 311 081
Payables from non-exchange transactions	64 865 271	64 865 271
Bank overdraft	113 108 946	113 108 946
Lease liability	63 767 792	63 767 792
Long-term loans	873 384 056	873 384 054

2022

Financial liabilities	2 065 428 882	2 065 428 882
Consumer Deposits	60 886 571	60 886 571
Trade and other payables from exchange transactions	906 049 137	906 049 137
Payables from non-exchange transactions	50 511 396	50 511 396
Bank overdraft	187 350 163	187 350 163
Lease liability	39 901 623	39 901 623
Long-term loans	820 729 992	820 729 992

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

53. Financial instruments disclosure (continued)

Categories of financial instruments (continued)

2021

Financial liabilities	1 975 937 952	1 975 937 952
Consumer Deposits	60 047 350	60 047 350
Trade and other payables from exchange transactions	1 542 376 636	1 542 376 636
Payables from non-exchange transactions	44 176 153	44 176 153
Bank overdraft	154 212 909	154 212 909
Lease liability	37 770 929	37 770 929
Long-term loans	137 353 975	137 353 975

Long-term Investment

The Fair Value of Listed Investment are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method. Assumptions used in determining Fair Value of Financial assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by IPSAS 30. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial

The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs either directly (i.e. as prices), or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

53. Financial instruments disclosure (continued)

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments. No Financial Instruments of the Municipality have been transferred between Level 1 and Level 2 fair value measurements during the year.

Financial assets

Financial instrument at fair value

2023

	Level 1	Level 2	Level 3	Total
	N\$	N\$	N\$	N\$
Total financial assets	13 584 141	3 220 628	-	16 804 769
Listed investments	13 584 141	-	-	13 584 141
Fixed Deposits	-	3 203 539	-	3 203 539
Cash and Cash equivalents	-	17 089	-	17 089

2022

Total financial assets	13 441 283	1 555 733	-	14 997 016
Listed investments	13 441 283	-	-	13 441 283
Fixed Deposits	-	1 533 339	-	1 533 339
Cash and Cash equivalents	-	22 394	-	22 394

2021

Total financial assets	14 923 029	3 140 819	-	18 063 848
Listed investments	14 923 029	-	-	14 923 029
Fixed Deposits	-	3 118 425	-	3 118 425
Cash and Cash equivalents	-	22 394	-	22 394

No financial instrument of the Municipality has been transferred between level 1 and 2 fair value measurements during the year.

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

54. Utilisation of Long-term liabilities reconciliation

Capital Risk Management

The Municipality manages its capital to ensure that the Municipality will be able to continue as a going concern while delivering sustainable service to consumers through the optimisation of the debt and equity balance. The Municipality's overall strategy remains unchanged from 2021.

The capital structure of the Municipality consists of debt which includes the Long-term liabilities disclosed in Note 38 and Equity comprising Funds reserves and Accumulated surplus as per the Statement of Changes in Net Assets

	2023	2022	2021
	N\$	N\$	N\$
Long term liabilities reconciliation	-	-	-
Long term liabilities raised	937 151 846	860 631 612	838 108 492
Used to finance property plant and equipment	(937 151 846)	(860 631 612)	(838 108 492)

Long-term liabilities have been utilized in accordance with the Local Authorities Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

55. Private Public Partnerships

The Municipality was in partnerships during the year with the following institutions:

(i) Bremen:

A contract has been entered into on 16 August 2017 for approximately two years to cooperate within the frame work of the project Municipal Climate Partnerships to exchange knowledge on the topics of climate change mitigation and adaption with the binding objective of developing a joint programme of action.

(ii) Development Companies:

The Municipality was in partnerships with the following development companies during the financial year, with the sole purpose to speed up the land delivery process and address the high demand for serviced land. Developments are in various phases of completion at year-end as indicated below:

(a) Acacia Investments

Academia Ext 1:

Sales on-going. 10 x Single Residential (N\$ 4 521 150), 2 x General Residential (N\$ 20 445 000), 1 x Business (N\$ 10 416 000) and 3 x Institutional (N\$ 19 936 500) erven remain unsold. The remaining erven to be marketed and sold via 'Private Treaty'.

MUNICIPALITY OF WINDHOEK
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED
30 JUNE (continued)

55. Private Public Partnerships (continued)

(b) Betula Nigra Private Public Partnerships (continued)

Erf 2317 Otjomuise:

1 x Institutional Erf and 2 x General Residential Erven totalling N\$ 9 864 707 remain unsold. The remaining erven to be marketed and sold via 'Private Treaty'.

(c) Champac Investments

Kleine Kuppe Ext 1:

Sale of erven in Section 1 of Phase 1 on-going. 17 x erven (N\$ 19 236 000) remaining. Cancellations to be confirmed. Erven to be offered to prospective buyers via Private Treaty. Construction of Phase 2 to commence in August 2023. Funding for Phase 2 secured to start construction in 2023/24.

(d) Heikky Property Development

Khomasdal Erven 6219-6250:

Sales on-going. 7 x erven totalling N\$ 9 038 635 remain unsold. The remaining erven to be sold via 'Private Treaty'.

(e) INO Investments

Otjomuise Ext 5:

Sales on-going. 7 x erven totalling N\$ 9 831 036 remain unsold. The remaining erven to be sold via 'Private Treaty'.

(f) Omba Holdings

Otjomuise Ext 5:

SUSDEV to submit item for Council approval and submission to Urban and Regional Planning Board (URPB). No construction; no sales.

(g) Otweya Land Developers

Rocky Crest Ext 4:

Sales on-going. 3 x Single Residential (N\$ 2 443 158), 7 x General Residential (N\$ 63 028 900) and 14 x Business (N\$ 17 718 000) erven remain unsold (Cancellations to be confirmed). The remaining General Residential and Business erven to be sold via 'Private Treaty'.

(h) Shikongo's Investment

Rocky Crest Ext 6:

Detail designs finalized. Developer securing financing (on-going). No construction and no sales.

MUNICIPALITY OF WINDHOEK
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED
30 JUNE (continued)

55. Private Public Partnerships (continued)

(i). Sinco Investments

Auasblick Ext 1:

Section 1 of Phase 1 completed. 117 residential erven available. 99 erven awarded to buyers on a pre-sales process. Deeds of Sale to be entered from 15 September 2023 onwards whereafter transfers will commence.

(j). Tuye Bucu Construction CC

Prosperita - Platinum Street (Erven 72 & 73):

General Plan (GP) obtained. Registration in the Deeds Office finalized. Commencement of construction pending. No sales.

(k) Twine Investment Holdings

Klein Windhoek Ext4:

Developer securing project finance. Preliminary Design Report (PDR) approved. Detail designs in process. No construction and no sales.

(l) Waterberg Investments

Rocky Crest Ext 5:

Detail designs finalized. Developer securing financing (on-going). No construction and no sales.

(m) Wilru Investments

Cimbebasia Ext 7:

Council submission for layout approval pending. Statutory Approval Process on-going. No construction and no sales.

(n) European Union

On 31 January 2022, Council signed an agreement with the European Union (EU) for the Solid Waste Management Project (to run a pilot for Waste Buy-Back Centres) of which EU will grant City of Windhoek N\$ 38 million for the project over two years.

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

56. Financing facilities

Secure Bank overdraft facility reviewed annually:

	2023	2022	2021
	N\$	N\$	N\$
Amount used	113 108 946	187 350 163	142 066 655
Amount unused	136 891 054	12 649 837	87 933 345
	250 000 000	200 000 000	230 000 000
Secured Bank bridging facility:			
Amount unused	50 150 000	50 150 000	100 000 000
	50 150 000	50 150 000	100 000 000
Secured short-term first card facility:			
Amount used	10 000	10 000	10 000
	10 000	10 000	10 000
Secured Short-term contingent facility:			
Amount used	16 410 000	16 409 855	14 409 855
Amount unused	-	-	2 000 000
	16 410 000	16 409 855	16 409 855
Secured bank loan facilities:			
Amount used	156 387 674	102 275 741	-
Amount unused	86 410 287	14 252 357	-
	242 797 961	116 528 098	-
Secured finance lease facility:			
Amount used	63 767 792	39 901 623	37 770 929
Amount unused	36 232 208	60 098 377	32 229 071
	100 000 000	100 000 000	70 000 000

The overdraft, motor vehicle and related facilities were renewed on 16 June 2023.

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

	2023	2022	2021
	N\$	N\$	N\$
57. Infrastructures developed under PPPs			
Revenue received: Infrastructure from PPPs	-	-	30 931 622

The Municipality was in partnerships with various development companies, see note 57 during the financial year with the sole purpose to speed up the land delivery process and address the high demand for serviced land. Developments are in various phases of completion at year-end. The agreements entail that upon completion of works of each section, the Developers hand over completed works in accordance with agreement. The handed over works fulfils the requirements of IPSAS 23: Revenue from Non-Exchange Transactions. The total value of works completed and handed over during the year was N\$ Nil (2022: N\$ nil and 2021: N\$ 30 931 622).