



**REPUBLIC OF NAMIBIA**



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

# **TOWN COUNCIL OF KHORIXAS**

**FOR THE FINANCIAL YEARS ENDED 30 JUNE 2018, 2019, 2020 AND 2021**

Published by authority

Price (Vat excluded) N\$ 97.00

Report no: 05/2025



**REPUBLIC OF NAMIBIA**



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

I have the honour to submit herewith my report on the accounts of the Town Council of Khorixas for the financial years ended 30 June 2018 to 30 June 2021 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, February 2025**

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  
KHORIXAS TOWN COUNCIL  
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2018 TO 2021**

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**1. DISCLAIMER OF AUDIT OPINION**

I have audited the financial statements of the Town Council of Khorixas for the financial years ended 30 June 2018 to 30 June 2021, provided by the Accounting Officer as attached in Annexure A - E. These financial statements comprise the statement of financial position, statement of financial performance, statement of changes in Net Assets /Equity and statement of cash flows for the years then ended, Notes to the Annual Financial Statement for the year then ended and a summary of significant accounting policies.

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

**2. BASIS FOR DISCLAIMER OF 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, 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 insufficient and inappropriate to provide a basis for an audit opinion.

A disclaimer audit opinion is being expressed due to the following:

**2.1 Revenue**

The following were noted on the revenue or income:

- **Property rates:** The Town Council used expired or outdated property rates of 2016 in the determination of rateable improvements and land value which were inconsistent with the government gazette resulting in material misstatements amounting to N\$ 7 972 695 (2021); N\$ 8 040 918 (2020); N\$ 8 631 317 (2019) and N\$ 8 773 979 (2018).
- **Transfers from other government entities:** No supporting evidence was provided. No bank statements, correspondences or confirmation from government entities for transfers recognised. This resulted in material misstatements of N\$ 6 839 353 (2021); N\$ 9 430 948 (2020); N\$ 2 972 185 (2019) and N\$ 5 250 222 (2018).

- **Rental of facilities and equipment:** No sufficient appropriate audit evidence was provided. Lease agreements provided could not specify the monthly rental. No customer statements on rental income. The content provided on the lease agreement was insufficient to perform audit procedures resulting in limitation of scope. This resulted in a material misstatement amounting to N\$ 1 899 594 (2021); N\$ 1 734 205 (2020); N\$ 1 882 044 (2019) and N\$ 1 758 080 (2018).
- **Sewerage fees:** Auditors were not provided with the Debtor Meter enquiry Masterfile showing the number of sewerage points per property as well as customer statement on some properties requested. Auditors therefore could not perform recalculations and other audit procedures resulting in limitation of scope. This resulted in a material misstatement amounting to N\$ 4 851 373 (2021); N\$ 4 693 091 (2020); N\$ 937 699 (2019) and N\$ 941 658 (2018).
- **Refuse removal income:** No sufficient audit evidence was provided to confirm the accuracy and completeness of refuse charges on most of the properties. This resulted in a material misstatement amounting to N\$ 4 059 113 (2021); N\$ 4 174 609 (2020); N\$ 3 722 048 (2019); and N\$ 837 475 (2018).

Consequently, the auditors were not able to express an opinion regarding the completeness, accuracy, existence, presentation and disclosure of revenues or income reported.

- **Interest expense**

Due to lack of supporting audit evidence, the auditors were not able to confirm the occurrence, accuracy and completeness of the interest paid amounting to N\$ 790 473 (2019) and N\$ 1 611 349 (2018). This resulted in limitation of scope.

## 2.2 Journal entry testing

Auditors could not verify the validity and appropriateness of the journal entries due to unavailability of supporting documents and no further work could be performed; hence no opinion is expressed in this regard.

### **Property, plant and equipment (PPE) - Additions and Depreciation calculation**

Auditors could not obtain supporting documentation for the PPE additions amounting to N\$ 8 799 289 (2021); N\$ 1 610 949 (2020); N\$ 1 981 245 (2019); and N\$ 4 865 826 (2018).

Due to lack of sufficient appropriate audit evidence, which includes the useful lives and residual values in the Fixed Asset register, auditors could not perform depreciation recalculation. The material misstatement due to lack of sufficient audit evidence amounted to N\$ 3 531 448 (2021); N\$ 3 628 066 (2020); N\$ 241 546 (2019) and N\$ 289 729 (2018).

Consequently, the auditors were not able to confirm the existence, completeness, accuracy and valuation presentation and disclosure of the reported amounts.

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

The following were noted on the trade and other receivables:

- Council could not provide Debtors Age Analysis on Consumer debtors: Water
- No supporting documentation was provided to enable the auditors to perform subsequent receipt testing on Trade Debtors, Treasurer Control Account.
- Unexplained differences of N\$ 48 980 452 (2021); N\$ 41 190 825 (2020); N\$ 46 627 763 (2019); and N\$ 40 465 249 (2018) between the Debtors Aging Analysis and Annual Financial Statement were noted on receivable from Exchange transactions.
- Basis for calculation of provision for bad debts was not provided resulting in limitation of scope.

Consequently, the auditors were not able to confirm the existence, completeness, accuracy, valuation, rights and obligation as well as presentation and disclosure of the trade and other receivable amounts.

### **2.4 Inventory**

There is no inventory register or valuation report for the inventory balance. No movement in inventory balances for 2018, 2019, 2020 and 2021 despite new inventory purchased and issued during the periods, thus resulting in limitation of scope on inventory movement amounting to N\$ 1 183 409 (2021); N\$ 1 183 409 (2020); N\$ 1 183 409 (2019) and N\$ 1 183 409 (2018).

Consequently, the auditors were not able to confirm the existence, completeness, accuracy, valuation, rights and obligation as well as presentation and disclosure of the amounts disclosed as inventory

### **2.5 Long Term Housing Receivable**

Due to the lack of supporting documents for movement during the financial periods, auditors were unable to express an opinion on the long-term housing funds receivable. The misstatement as a result amounted to N\$ 2 187 625 (2021); N\$ 2 488 619 (2020); N\$ 2 441 994 (2019) and N\$ 3 007 124 (2018).

Consequently, the auditors were not able to confirm the existence, completeness, accuracy, valuation, rights and obligation as well as presentation and disclosure of the amounts disclosed as Long-term Housing funds receivables.

## **2.6 Cash and cash equivalency**

The following were noted:

- No bank statement provided resulting in unexplained differences for Standard bank between the cash book and bank balance due to lack of bank statement. The unexplained differences amounted to N\$ 1 973 927 for 2019 and N\$ 7 048 732 for 2018.
- A reconciling amount of N\$ 999 841 could not be traced to bank statement after year end for the Standards bank account.
- No bank statement was provided for Namwater Joint venture account resulting in unexplained differences between the Cashbook and the bank balance. The unexplained differences amounted to N\$ 3 930 618 (2021); N\$ 1 269 222 (2020); and N\$ 542 093 (2018).
- Unexplained differences on the short-term deposits for 2020 financial period amounting to N\$ 24 300.

Consequently, the auditors were not able to express an opinion regarding the existence, completeness, accuracy, valuation, rights and obligation as well as presentation and disclosure of the amounts disclosed as cash and cash equivalents.

## **2.7 Trade and other payables.**

Auditors are unable to provide an opinion on whether Accruals as per the Annual Financial Statement are not materially misstated with regards to the assertions of existence, accuracy, valuation and completeness owing to lack of Creditors listing.

The misstatement as a result amounted to N\$ 90 810 515 (2021); N\$ 53 879 469 (2020); N\$ 41 646 437 (2019); and N\$ 29 215 174 (2018).

## **2.8 Material unexplained variances**

There were unexplained differences between closing balance as per the reconciliation of the VAT returns submitted and what is shown in the Annual financial statements. The unexplained differences amounted to N\$ 1 549 328 (2021); N\$ 923 839 (2020); N\$ 281 794 (2019) and N\$ 23 003 (2018).

Consequently, the auditors were not able to express an opinion regarding the existence, completeness, accuracy, valuation, rights and obligation as well as presentation and disclosure of the amounts disclosed.

## **2.9 Employee benefits**

During the audit of employee benefits, the following were noted:

- Unexplained differences between the payroll summary and the general ledger amounting to N\$ 138 958 (2021); N\$ 81 787 (2020); N\$ 1 720 255 (2019) and N\$ 1 415 145 (2018).



Due to the material differences as well as non-compliance noted, the employee benefits were materially misstated with regards to the accuracy and completeness. No other alternative procedures could be performed.

### **2.10 Direct Equity Adjustment**

Auditors noted an unsupported and unexplained adjustments to equity amounting to N\$ 7 236 640 (2020); N\$ 2 706 165 (2019) and N\$ 2 094 727 (2018).

Consequently, the auditors were not able to express an opinion regarding the existence, completeness, accuracy, valuation, rights and obligation as well as presentation and disclosure to the equity adjustments disclosed.

## **3. OTHER INFORMATION**

Management is responsible for the other information. The auditor's opinion on the financial statements does not cover the other information and, accordingly, the auditor does not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. I have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Section 87(1) of the Local Authorities Act, 1992, such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

Those charged with governance are responsible of overseeing the entity's financial reporting process.

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

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

expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

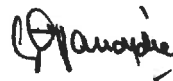
From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I

determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**6. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS  
(COMPLIANCE).**

**6.1** The financial statements were submitted later than required by the Accounting Officer to the Auditor-General on 22 August 2023 instead of three months after the date of the financial statements; as required by Section 87 (1) of the Local Authorities Act, 1992 (Act No. 23 of 1992).

**6.2** Non-compliance with regards to the filing of employee tax returns.



**WINDHOEK, February 2025**

**JUNIAS ETUNA KANDJEKE  
AUDITOR- GENERAL**

**TOWN COUNCIL OF KHORIXAS**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE**

		2021	2020	2019	2018	2017
	Note	N\$	N\$	N\$	N\$	N\$
<b>ASSETS</b>						
<b>Current Assets</b>		<b>27 693 887</b>	<b>19 106 210</b>	<b>25 805 235</b>	<b>17 862 219</b>	<b>1 236 476</b>
Cash and cash equivalents	15	2 368 104	1 570 054	2 832 141	1 031 989	525 552
VAT receivable		-	-	-	23 003	-
Receivables from exchange transactions	16	24 142 374	16 352 747	21 789 685	15 623 818	(472 485)
Inventories		1 183 409	1 183 409	1 183 409	1 183 409	1 183 409
<b>Non-Current Assets</b>		<b>57 828 758</b>	<b>52 861 911</b>	<b>50 285 460</b>	<b>49 110 892</b>	<b>44 388 142</b>
Property, plant and equipment	18	55 641 133	50 373 292	*47 843 466	46 103 768	41 448 654
Other asset 1	17	2 187 625	2 488 619	2 441 994	3 007 124	2 939 488
		<b>85 522 645</b>	<b>71 968 121</b>	<b>76 090 695</b>	<b>66 973 111</b>	<b>45 624 618</b>
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>		<b>89 831 903</b>	<b>52 823 225</b>	<b>41 646 434</b>	<b>29 215 174</b>	<b>24 512 232</b>
Payables under exchange transactions	19	87 952 610	51 582 254	41 364 640	29 215 174	24 325 409
VAT payable		1 549 328	923 839	281 794	-	186 823
Bank overdraft	15	329 965	317 132	-	-	-
<b>Total Liabilities</b>		<b>89 831 903</b>	<b>52 823 225</b>	<b>41 646 434</b>	<b>29 215 174</b>	<b>24 512 232</b>
<b>NET ASSETS</b>		<b>(4 309 258)</b>	<b>19 144 896</b>	<b>34 444 261</b>	<b>37 757 937</b>	<b>21 112 386</b>
Reserves Statutory funds	20	31 941 937	53 704 620	59 667 147	57 320 796	47 583 232
Accumulated surplus		(36 251 195)	(34 559 724)	(25 222 886)	(19 562 859)	(26 470 846)
<b>Total Net Assets/Equity</b>		<b>(4 309 258)</b>	<b>19 144 896</b>	<b>34 444 261</b>	<b>37 757 937</b>	<b>21 112 386</b>

\* Property Plant and equipment does not agree to the notes variance N\$ 1 027 000 (Notes incorrectly casted)

ANNEXURE B

TOWN COUNCIL OF KHORIXAS  
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE

	Note	2021 N\$	2020 N\$	2019 N\$	2018 N\$	2017 N\$
<b>Revenue</b>						
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	2	7 972 695	8 040 918	8 631 317	9 707 147	7 537 005
<b>Transfer revenue</b>						
Transfers from other government entities	3	6 839 353	9 430 948	2 972 186	5 250 222	10 904 350
Fines, penalties and levies		-	-	2 000	2 429	7 739
<b>Total revenue from non-exchange transactions</b>		<b>14 812 048</b>	<b>17 471 866</b>	<b>11 605 503</b>	<b>14 959 798</b>	<b>18 449 094</b>
<b>Revenue from exchange transactions</b>						
Service charges		22 910 090	21 540 697	18 601 498	16 573 218	14 766 376
Rental of facilities and equipment		1 899 594	1 734 205	1 882 045	1 758 081	1 315 969
Licences and permits		68 333	99 324	57 879	82 146	83 922
Miscellaneous other revenue		318 311	394 830	584 932	404 545	444 025
LA Surcharges		458 529	495 936	589 566	1 202 845	615 369
Interest income		9 772	44 545	1 013	-	55 463
<b>Total revenue from exchange transactions</b>		<b>25 664 629</b>	<b>24 309 537</b>	<b>*21 719 933</b>	<b>*19 984 835</b>	<b>17 281 124</b>
<b>Total revenue</b>		<b>40 476 677</b>	<b>41 781 403</b>	<b>33 325 436</b>	<b>34 944 633</b>	<b>35 730 218</b>

ANNEXURE B

TOWN COUNCIL OF KHORIXAS  
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE

		2021	2020	2019	2018	2017
Note		N\$	N\$	N\$	N\$	N\$
<b>Expenses</b>						
7	Bulk purchases	18 963 041	17 830 653	16 424 061	13 852 530	12 039 128
8	Employee costs	12 481 681	13 142 549	13 015 833	11 966 099	10 542 091
9	Remuneration of councilors	491 433	479 329	486 232	483 091	409 752
	Depreciation and amortisation expense	3 531 448	**3 628 066	241 546	289 729	3 052 626
10	Repairs and maintenance	2 521 843	4 093 704	2 347 229	1 863 630	2 149 648
11	Debt impairment	40 037	-	3 354	1 058 599	5 272 528
12	General Expenses	4 138 666	4 707 298	3 582 006	4 008 113	4 685 925
13	Interest paid	-	-	790 473	1 611 349	-
	<b>Total expenses</b>	<b>42 168 149</b>	<b>43 881 599</b>	<b>36 890 734</b>	<b>35 133 140</b>	<b>38 151 698</b>
	<b>Deficit for the year</b>	<b>(1 691 472)</b>	<b>(2 100 196)</b>	<b>(3 565 298)</b>	<b>(188 507)</b>	<b>(2 421 480)</b>

\* Total revenue from exchange transactions differs from Notes 2019 and 2018 , variance amount to (N\$ 3 000, N\$ 36 000), respectively

\*\*Figure does not agree to the note 18, variance amount to N\$ 136 098 (Note incorrectly casted).

## ANNEXURE B

## TOWN COUNCIL OF KHORIXAS

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE

	Statutory Funds	Accumulated surplus	Total net assets/ equity
	N\$	N\$	N\$
<b>Balance at 1 July 2016</b>	<b>48 281 908</b>	<b>(24 049 366)</b>	<b>24 232 542</b>
Changes in net assets/equity			
Surplus for the year	-	(2 421 480)	(2 421 480)
Prior year – direct adjustment to equity	(698 676)	-	(698 676)
<b>Total changes</b>	<b>(698 676)</b>	<b>(2 421 480)</b>	<b>(3 120 156)</b>
<b>Balance at 1 July 2017</b>	<b>47 583 232</b>	<b>(19 374 352)</b>	<b>28 208 880</b>
Changes in net assets/equity	-	-	-
Surplus for the year	-	(188 507)	(188 507)
Prior year – direct adjustment to equity	9 737 564	-	9 737 564
<b>Total changes</b>	<b>9 737 564</b>	<b>(188 507)</b>	<b>9 549 057</b>
<b>Balance at 1 July 2018</b>	<b>57 320 796</b>	<b>(21 657 588)</b>	<b>35 663 208</b>
Changes in net assets/equity			
Surplus for the year	-	(3 565 298)	(3 565 298)
Prior year – direct adjustment to equity	2 346 351	-	2 346 351
<b>Total changes</b>	<b>2 346 351</b>	<b>(3 565 298)</b>	<b>(1 218 947)</b>
<b>Balance at 1 July 2019</b>	<b>59 667 147</b>	<b>32 459 528)</b>	<b>(27 207 619)</b>
Changes in net assets/equity			
Surplus for the year	-	(2 100 196)	(2 100 196)
Other 1	(5 962 527)	-	(5 962 527)
<b>Total changes</b>	<b>(5 962 527)</b>	<b>(2 100 196)</b>	<b>(8 062 723)</b>
<b>Balance at 1 July 2020</b>	<b>53 704 620</b>	<b>(34 559 723)</b>	<b>19 144 897</b>
Changes in net assets/equity			
Surplus for the year	-	(1 691 472)	(1 691 472)
Non cash movement	(21 762 683)	-	(21 762 683)
<b>Total changes</b>	<b>(21 762 683)</b>	<b>(1 691 472)</b>	<b>(23 454 155)</b>
<b>Balance at 30 June 2021</b>	<b>31 941 937</b>	<b>(36 251 195)</b>	<b>(4 309 258)</b>

\*Total Net assets/equity not correctly casted, variance amount to N\$ 2 234 876

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

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	N\$	N\$	N\$	N\$	N\$
<b>Note</b>					
<b>Cash flows from operating activities</b>					
Deficit	(1 691 472)	(2 100 196)	(3 565 298)	(188 507)	(2 421 480)
<b>Adjustments for:</b>					
Depreciation and amortisation expense	3 531 448	*3 628 066	241 546	289 729	*3 052 626
Debt impairment	40 037	-	3 354	1 058 599	5 272 528
<b>Changes in working capital:</b>					
Inventories	-	-	-	-	(502 664)
Receivables from exchange transactions	(7 789 627)	5 436 938	(6 165 867)	(16 096 303)	1 484 264
Debt impairment	(40 037)	-	(3 354)	(1 058 599)	(5 272 528)
Payables under exchange transactions	36 370 357	10 217 610	12 149 469	4 889 764	4 736 642
VAT	625 489	642 045	304 797	(209 826)	186 823
<b>Net cash flows from operating activities</b>	<b>31 046 195</b>	<b>17 824 463</b>	<b>2 964 647</b>	<b>(11 315 143)</b>	<b>6 536 211</b>
<b>Cash flows from investing activities</b>					
Purchase of property plant and equipment	(8 799 289)	(6 293 990)	(1 981 245)	(4 944 842)	(6 083 619)
Decrease / (Increase) in Long-term Receivables	-	(46 625)	565 130	(67 636)	827 167
Proceeds from sale of other asset 1	300 994	-	-	-	-
Net Adjustment to equity	-	-	-	9 802 659	-
<b>Net cash flows from investing activities</b>	<b>(8 498 295)</b>	<b>(6 340 615)</b>	<b>(1 416 115)</b>	<b>4 790 181</b>	<b>(5 256 452)</b>



ANNEXURE D

TOWN COUNCIL OF KHORIXAS  
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE (CONTINUE)

Note	2021 N\$	2020 N\$	2019 N\$	2018 N\$	2017 N\$
<b>Cash flows from financing activities</b>					
Other unidentified movements in capital outlet	(21 762 683)	(5 826 427)	(2 094 731)	(2 706 165)	(55 531)
Non - cash item - Direct adjustments to Accumulated Deficit	-	(7 236 640)	2 346 351	9 737 564	(698 676)
<b>Net cash flows from financing activities</b>	<b>(21 762 683)</b>	<b>(13 063 067)</b>	<b>251 620</b>	<b>7 031 399</b>	<b>(754 207)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>785 217</b>	<b>(1 579 219)</b>	<b>1 800 152</b>	<b>506 437</b>	<b>525 552</b>
Cash and cash equivalents at the beginning of the year	1 252 922	2 832 141	1 031 989	525 552	-
Cash and cash equivalents at the end of the year	<b>2 038 139</b>	<b>1 252 922</b>	<b>2832 141</b>	<b>1 031 989</b>	<b>525 552</b>

\* Property Plant and equipment does not agree to the notes, variance amount to N\$ 1 027 000(2020) and N\$ 3 000 (2017).

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1 ACCOUNTING POLICIES**

**1.1 Basis of presentation of the 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 audit 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 Namibian Dollars.

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

The financial statements have been prepared in accordance with accrual basis International Public Sector Accounting Standards (IPSASs). The financial statements have been prepared using the historical accounting basis. IPSAS 33 First Time Adoption of Accrual Basis International Public Sector Accounting Standards allows a first-time adopter a period of up to 3 years to recognise and/or measure certain assets and liabilities.

**Transition statement**

In its transition to accrual basis IPSAS The Town Council took advantage of exemptions that affect fair presentation for reporting financial information as specified under IPSAS 33 paragraph 36. As a result The Town Council is **not able to make an explicit and unreserved** statement of compliance with accrual basis IPSAS in preparing its Transitional IPSAS Financial Statements for the reporting period ended 30 June 2019. The Town Council intends to recognise and/or measure its assets and liabilities as specified in IPSAS 33 paragraphs 39 and 40 by 2023 or an earlier period where the relevant items are recognised and/or measured in the financial statements in accordance with applicable or relevant IPSAS. Assets and liabilities have been reported in these transitional financial statements in accordance with the entity's newly adopted accrual basis IPSAS and the accounting policies applicable thereto. IPSAS 33 paragraph 137 (a) requires that the Town Council discloses progress made towards recognising measuring presenting and/or disclosing assets liabilities revenue and/or expenses in accordance with adopted and applicable IPSAS. The council has made minimum progress towards such compliance; however management shall relevant IPSASs in future transactions as when they become necessary while putting in place measures to ensure full compliance.

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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Town council chose to utilise the following transitional exemptions that do affect the fair presentation of the financial statements:

IPSAS 5 Borrowing Costs  
 IPSAS 12 Inventories  
 IPSAS 16 Investment Property  
 IPSAS 17 Property Plant and Equipment  
 IPSAS 19 Provision Contingent liabilities and Contingent Assets  
 IPSAS 20 Related Party Disclosure  
 IPSAS 30 Financial Instruments  
 IPSAS 31 Intangible Assets  
 IPSAS 32 Services Consession Arrangements: Grantor  
 IPSAS 35 Consolidated Financial Statements  
 IPSAS 36 Investments in Associates and Joint Ventures  
 IPSAS 39 Employee Benefits

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

IPSAS 13 Leases  
 IPSAS 21 Impairment for Non-cash Generating Assets  
 IPSAS 26 Impairment of Cash Generating Assets IPSAS 28 Financial Instruments: Disclosure  
 IPSAS 29 Financial Instruments: Recognition and Measurement  
 IPSAS 37 Joint Arrangement

**IPSASs to be adopted in full during 2019/2020 financial period:**

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

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 judgment's and estimates.

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.1 Significant judgment and sources of estimation uncertainty**

In preparing these 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 judgment 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 judgments and estimations that management have made in the process of applying the Town Council's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

Accounting Policy 1.3 on Revenue from Exchange Transactions and Accounting Policy 1.2 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the Town Council.

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

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.1 Significant judgements and sources of estimation uncertainty (continued) Revenue recognition**

**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 1.7 on **Financial Instruments** sub-paragraph Impairment of **Financial Assets** describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment the management of the Town Council considered the detailed criteria of impairment and used its judgments 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 council 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.

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

As described in Accounting Policies 1.4 and 1.5 the Town Council depreciates its Property Plant & Equipment and Investment Property and amortises its Intangible Assets over the estimated useful lives of the assets taking into account the residual values of the assets at the end of their useful lives which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgments 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.

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.1 Significant judgements and sources of estimation uncertainty (continued)**

**Revenue recognition**

**Impairment: Write-down of property plant & equipment intangible assets investment property and inventories**

Accounting Policy on Impairment of Assets Accounting Policy 1.5 on Intangible Assets – Subsequent Measurement Amortisation and Impairment and Accounting Policy 1.8 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the Town Council. Significant estimates and judgements are made relating to impairment testing of Property Plant and Equipment impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value

In making the above-mentioned estimates and judgment 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 19 and to the Annual Financial Statements if applicable.

**1.2 Revenue from non-exchange transactions**

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

Fines are economic benefits or service potential received or receivable by entities as determined by a court or other law enforcement body as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

**TOWN COUNCIL OF KHORIXAS  
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.2 Revenue from non-exchange transactions (continue)****Rates and taxes**

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

**Government grants and receipts**

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

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

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

**Fines****Fines constitute both spot fines and summonses.**

Revenue from fines is recognised when the fine is issued at the full amount of the receivable. The Town council uses estimates to determine the amount of revenue that the council is entitled to collect and that which 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.

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.3 Revenue from exchange transactions**

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets other than increases relating to contributions from owners.

An exchange transaction is one in which the Town council receives assets or services or has liabilities extinguished and directly gives approximately equal value (primarily in the form of goods services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction.

**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.

**Service charges****Service Charges are levied in terms of the approved tariffs.**

Service Charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption based on the consumption history are made monthly when meter readings have not been taken. The provisional estimates of consumption are recognised as revenue when invoiced except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meter 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.



**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.3 Revenue from exchange transactions (continued) Rentals received**

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.

**Interest royalties and dividends**

Revenue arising from the use by others of the Town Council's assets yielding interest royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and
- The amount of the revenue can be measured reliably.

Interest is recognised in surplus or deficit using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised in surplus or deficit when the entity's right to receive payment has been established.

**Prepaid water**

Revenue from the sale of 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.

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

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.4 Property plant and equipment**

Property plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services rental to others or for administrative purposes and are expected to be used during more than one reporting period.

The cost of an item of property plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost or fair value of the item can be measured reliably.

Property plant and equipment is initially measured at cost.

The cost of an item of property plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction its cost is its fair value as at date of acquisition.

Where an item of property plant and equipment is acquired in exchange for a non-monetary asset or assets or a combination of assets and non-monetary assets the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable it's deemed cost is the carrying amount of the asset(s) given up.

Recognition of costs in the carrying amount of an item of property plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation on assets other than land is calculated on cost using the reducing balance 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.

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.4 Property plant and equipment (continued)**

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

<b>Item</b>	<b>Average useful life</b>
<b>Buildings</b>	
Improvements	8 - 80
Leased	
Motor Vehicles	5-15
Infrastructure	
Electricity	10-50
Roads and storm water	8-100
Sanitation	10-100
Solid Waste	5-100
Water	10-100
Community	
Facilities	5-100
<b>Other</b>	
Computer equipment	3-10
Emergency equipment	5-10
Furniture and fittings	5-10
Motor vehicles	5-15
Office equipment	5-15
Plant and equipment	4-15
Specialised vehicles	5-15

**Land**

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

**Incomplete construction work**

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

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.4 Property plant and equipment (continued)****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 Town council or where shorter the term of the relevant lease if there is no reasonable certainty that the Town Council will obtain ownership by the end of the lease term.

**Derecognition**

The gain or loss arising from the derecognition of an item of Property Plant and Equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

**Transitional provision**

The entity elected to adopt the Accrual Based IPSAS framework with effect from 01 July 2018. Furthermore it chose the same date as the beginning of the transitional period with a view to take advantage of the exemptions provided by IPSAS 33 paragraph 36 and 38 (2020). Therefore the initial measurement of an item of property plant and equipment acquired in an exchange of assets transaction shall be applied prospectively only to future transactions.

The entity used the transitional provision in IPSAS 17 (2020) which provide entities with a period of up to three years to recognise all property plant and equipment and make the associated measurement and disclosure from the date of its first application.

**1.5 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.

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.5 Intangible assets (continued)**

Where an intangible asset is acquired by the Town Council for no or nominal consideration (i.e. anon-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 asset but directly recognised in Surplus or Deficit and measured at cost.

**Subsequent Measurement Amortisation and Impairment**

Amortisation is provided to write down the intangible assets on a straight-line basis to their residual values as follows:

<b>Item</b>	<b>Useful life</b>
Computer software other	3-5 years

**Derecognition**

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

**1.6 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.

**TOWN COUNCIL OF KHORIXAS  
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.6 Leases (continued)****Finance leases - lessee****Operating Leases**

Council recognises operating lease rentals as an expense in Surplus or Deficit on a Straight-line Basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

**1.6.2 The Council as a Lessor**

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

Rental revenue from Operating Leases is recognised on a Straight-line Basis over the term of the relevant lease.

**1.7 Financial instruments**

The council has various types of Financial Instruments and these can be broadly categorised as Financial Assets Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement.

**Initial Recognition**

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

The council does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the council intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.7 Financial instruments (continued)**

**Fair Value Methods and Assumptions**

The fair value of financial instruments is determined as follows:

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

**Classification**

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

<b>Class</b>	<b>Category</b>
Trade receivables	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Cash and Cash Equivalents	Financial asset measured at fair value

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:

<b>Class</b>	<b>Category</b>
Trade receivables	Financial liability measured at amortised cost
Other receivables	Financial liability measured at amortised cost

**TOWN COUNCIL OF KHORIXAS  
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.7 Financial instruments (continued)**

Bank Overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred through statement of financial performance.

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.

**Held-to-Maturity Investments**

Held-to-Maturity Investments are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently these assets are measured at amortised cost using the Effective Interest Method less impairment with revenue recognised on an Effective Yield Basis.

**Loans and Receivables**

Loans and Receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition Loans and Receivables are measured at amortised cost using the Effective Interest Rate Method less a provision for impairment.

**Financial Liabilities:**

At Fair Value through Surplus or Deficit

Financial Liabilities that are measured at Fair Value through Surplus or Deficit are stated at Fair Value with any resulted gain or loss recognised in Surplus or Deficit.



**TOWN COUNCIL OF KHORIXAS  
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.7 Financial instruments (continued)**

**Financial Assets Available-for-Sale**

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

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

Impairment losses recognised in Surplus or Deficit for an investment in an equity instrument classified as available-for-sale are not reversed through Surplus or Deficit.

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

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

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

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

**Derecognition**

**Financial assets**

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

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.7 Financial instruments (continued)**

**Derecognition**

**Financial assets**

If the council neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset the council recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the council retains substantially all the risks and rewards of ownership of a transferred Financial Asset the council continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

**Financial liabilities**

The council derecognises Financial Liabilities when and only when council's obligations are discharged cancelled or they expire.

The council recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid including any non-cash assets transferred or liabilities assumed in Surplus or Deficit.

**1.8 Inventories**

**Initial Recognition**

**Accounting Policies**

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

Subsequently inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale exchange or distribution.

Where Inventory is acquired by the town council for no or nominal consideration (i.e. anon-exchange transaction) the cost is deemed to be equal to the fair value of the item on the date acquired.

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.8 Inventories (continued)**

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.

**Subsequent Measurement****Consumable Stores Raw Materials Work-in-Progress and Finished Goods**

Inventories sold are 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 inventories 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 Town Council purchases water in bulk with the intention to resell it to the consumers or to use it internally or where the Town Council 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 Town Council 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 insofar as it is stored and controlled in the distribution network at year-end.

**Other Arrangements**

Redundant and slow-moving Inventories identified are written down from cost to current replacement cost if applicable. Inventories identified to be sold by public auction are written down from cost to net realisable value with regard to their estimated economic or reliable 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.

**TOWN COUNCIL OF KHORIXAS  
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.8 Inventories (continued)**

The amount of any reversal of any write-down of Inventories arising from an increase in current replacement cost or net realisable value is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of Inventories 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.

**1.9 Provisions and contingencies**

The best estimate of the expenditure required to settle the present obligation is the amount that the council 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 council 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.

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.9 Provisions and contingencies (Continued)**

**Decommissioning restoration and similar liability**

Estimated long-term environmental provisions comprising rehabilitation and land fill site closure are based on the council'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.

**Contingent assets and contingent liabilities**

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

**1.10 Employee benefits**

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

**Short-term employee benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages salaries and social security contributions.
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service.
- bonus incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and

The costs of all short-term employee benefits such as leave pay are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position.

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

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.10 Employee benefits (Continued)**

**Post-employment benefits**

The council provides retirement benefits for its employees.

**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 council'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.

**1.11 Borrowing costs**

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

**1.12 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.

**1.13 Going concern assumption**

At 30 June 2021 the Council's Current Liabilities exceeded its Current Assets. In addition the Council was not spared from the impact of Covid-19 and related effects. However the council have prepared the Annual Financial Statements under the Going Concern Assumption based on management assumptions as set out in Note 22 to the Annual Financial Statements.

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.14 Net assets**

**Statutory fund**

The Housing Fund was established in terms of Section 58 of the Local Authorities Act 1992 (Act 23 of 1992).

The Housing Fund contains all proceeds from housing developments which include proceeds of loans raised rental income redemption of loans granted sale of houses interest from investments and other moneys accruing to the fund. Unexpended moneys in the Housing Fund which are not required for immediate use may be invested with such financial institution as may be approved by the Minister.

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

**Accumulated Surplus**

The Accumulated Surplus contains accumulated surpluses after appropriations to and from Statutory Funds.

**1.15 Grants-In-Aid**

The council transfers money to individual's organisations and their sectors of government from time to time. When making these transfers the council does not:

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

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



**TOWN COUNCIL OF KHORIXAS  
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.16 Value Added Tax**

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

**1.17 Material losses**

Due to their significance, the complete calculation of water losses is provided including the opening balance, purchases, sales and closing balance where applicable. For water the unit rate is measured based on the Weighted Average Method as defined by IPSAS 12 (Inventories).

**1.18 Commitments**

Commitments are future expenditure to which the council committed and that will result in the out flow 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.

**1.19 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.

**TOWN COUNCIL OF KHORIXAS  
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

	2021	2020	2019	2018	2017
	N\$	N\$	N\$	N\$	N\$
<b>2. Property rates</b>					
<b>Rates received</b>					
Residential and business	7 972 695	8 040 918	8 631 317	9 707 147	7 537 005
<b>3. Transfers from other government entities</b>					
<b>Operating grants</b>					
Road Fund Administration	1 522 975	1 365 812	944 565	438 230	1 617 542
Government grants	5 316 378	8 065 136	2 027 621	4 811 992	9 286 808
<b>Capital grants</b>	<b>6 839 353</b>	<b>9 430 948</b>	<b>2 972 186</b>	<b>5 250 222</b>	<b>10 904 350</b>
<b>4. Service charges</b>					
Sales of ervens	436 753	2 308 240	-	-	152 989
Sale of electricity	-	2 603	-	-	17 321
Sale of water	13 562 851	10 362 154	10 941 185	10 310 332	6 829 871
Sewerage and sanitation charges	4 851 373	4 693 091	3 938 265	3 887 272	3 343 255
Refuse removal	4 059 113	4 174 609	3 722 048	2 339 614	4 422 940
	<b>22 910 090</b>	<b>21 540 697</b>	<b>18 601 498</b>	<b>16 537 218</b>	<b>14 766 376</b>

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.

**TOWN COUNCIL OF KHORIXAS  
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

	2021	2020	2019	2018	2017
	N\$	N\$	N\$	N\$	N\$
<b>5. Property Rental Income</b>					
Property Rental Income	1 899 594	1 733 440	1 881 508	1 757 105	1 306 630
Venue hire	-	765	537	-	-
Rental of equipment	-	-	-	976	9 339
	<b>1 899 594</b>	<b>1 734 205</b>	<b>1 882 045</b>	<b>1 758 081</b>	<b>1 315 969</b>

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

<b>6. Interest received – investment</b>					
Bank	9 772	44 545	1 031	-	55 463

<b>7. Bulk purchases</b>					
Water	18 963 041	17 830 653	16 424 061	13 852 530	12 039 128

Bulk Purchases refers to cost of commodities not generated by the council which the council distributes in the municipal area for resale to the consumers. Water is purchased from NamWater.

**TOWN COUNCIL OF KHORIXAS  
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

	2021	2020	2019	2018	2017
	N\$	N\$	N\$	N\$	N\$
<b>8. Employee related costs</b>					
Basic	5 925 039	7 036 963	6 726 164	6 406 144	5 536 906
Medical aid - company contributions	1 136 122	1 032 872	1 034 024	867 979	719 173
Social Security	26 537	31 392	33 681	33 739	34 702
SDL	-	-	-	34 945	-
Short term benefit 2	-	-	-	-	14 400
Defined contribution plans	1 294 475	1 320 011	1 296 427	1 251 105	1 107 653
Overtime payments	192 102	337 354	226 232	288 607	258 643
13th Cheques	498 145	441 081	495 385	462 643	429 422
Car allowance	507 959	544 793	615 893	524 174	488 622
Housing benefits and allowances	2 082 941	2 164 757	2 146 601	2 033 203	1 780 168
Other allowances	61 200	54 136	68 500	47 100	34 500
Internship & Job Attachment	757 161	179 190	372 926	16 460	137 902
	<b>12 481 681</b>	<b>13 142 549</b>	<b>13 015 833</b>	<b>11 966 099</b>	<b>10 542 091</b>

**9. Remuneration of councilors**

Mayor	8 342	8 000	20 800	-	7 200
Councilors	483 091	471 329	465 432	483 091	402 552
	<b>*491 433</b>	<b>*479 329</b>	<b>*486 232</b>	<b>*483 091</b>	<b>409 752</b>

\*Figures differ from Note 21,in 2018 to 2021 variance amounting to N\$ 46 000, N\$ 445 099, N\$ 108 051 and N\$ 25 081 respectively

## TOWN COUNCIL OF KHORIXAS

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE

	2021	2020	2019	2018	2017
	N\$	N\$	N\$	N\$	N\$
<b>10. Repairs and maintenance</b>					
Repairs and maintenance (all assets)	2 521 843	4 093 704	2 347 229	1 863 630	2 149 648
<b>11. Debt impairment</b>					
Debt Impairment	-	-	-	-	23 868
Debts impaired	40 037	-	3 354	1 058 599	5 248 660
	<b>40 037</b>	<b>-</b>	<b>3 354</b>	<b>1 058 599</b>	<b>5 272 528</b>

The impairment of debt is based on the days past due date. All debts that are 120 days or more constitute an impairment provision for the financial year.

**12. General expenses**

Accounting fees	-	-	-	30 000	-
Administration costs	1 957	1 200	5310	6 800	(3 016)
Advertising	44 648	97 945	42 780	46 635	136 965
Bank charges	111 623	171 494	203201	232 683	3

## TOWN COUNCIL OF KHORIXAS

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE

	2021	2020	2019	2018	2017
	N\$	N\$	N\$	N\$	N\$
<b>12. General expenses (continue)</b>					
Catering & Entertainment Cost	118 171	106 943	43 168	33 571	182 393
Cleaning	21 733	37 918	59 013	31 658	101 729
Consulting and professional fees	351 318	373 994	234 883	615 045	610 352
Donations	-	-	6 305	1 000	-
Disaster Expenditure	3 550	-	-	-	-
Hiring of Facilities & Equipment	122 896	112 160	-	-	42 923
Insurance	159 434	152 204	143 142	114 031	279 726
Levies	398 635	402 046	431 566	485 357	123 464
Motor vehicle expenses	433 124	465 917	440 817	417 305	351 666
Pest control	557 726	521 071	448 826	377 544	1 026 368
Postage and courier	42 116	50 090	26 691	43 199	201 054
Printing and stationery	174 234	125 443	-	68 919	160 351
Promotions and sponsorships	-	32 300	57 939	13 254	58 026
Protective clothing	28 418	70 674	25 224	65 349	48 774
Youth Centre Sec/Care Taker	59 532	223 815	-	-	-
Security (Guarding of municipal property)	548 272	715 251	486 066	551 572	498 657
Software expenses	125 373	140 868	77 712	106 616	66 610
Staff welfare	-	44 000	-	58 666	67 100
Subscriptions and membership fees	104 450	60 000	70 500	31 200	62 850
Telephone and fax	41 318	72 616	51 647	45 630	56 003
Training	29 883	55 427	39 380	-	40 907
Travel - local	387 896	352 745	424 112	520 110	513 733
Electricity and water expenses	272 359	307 138	263 724	111 969	59 287
First Aid Expenses	-	14 039	-	-	-
	<b>4 138 666</b>	<b>4 707 298</b>	<b>3 582 006</b>	<b>4 008 113</b>	<b>4 685 925</b>

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

	2021	2020	2019	2018	2017
	N\$	N\$	N\$	N\$	N\$
<b>13. Rental of facilities and equipment</b>					
Premises					
Venue hire	-	765	537	-	-
Rental of equipment	-	-	-	976	9 339
	-	<b>765</b>	<b>537</b>	<b>976</b>	<b>9 339</b>
<b>14. Interest Paid</b>					
Bank	-	-	790 473	1 611 349	-
<b>15. Cash and cash equivalents</b>					
Cash on Hand	-	-	-	-	48
Bank Balance	-	-	1 455 879	400 107	-
Short-term deposits	2 368 104	1 570 054	1 376 262	631 882	525 504
Bank overdraft	(329 965)	(317 132)	-	-	-
	<b>2 038 139</b>	<b>1 252 922</b>	<b>2 832 141</b>	<b>1 031 989</b>	<b>525 552</b>
Current assets	2 368 104	1 570 054	2 832 141	1 031 989	525 552
Current liabilities	(329 965)	(317 132)	-	-	-
	<b>2 038 139</b>	<b>1 252 922</b>	<b>2 832 141</b>	<b>1 031 989</b>	<b>525 552</b>

For the purpose 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. No other restrictions have been imposed on the council in terms of the utilisation of its Cash and Cash Equivalents. Short term deposits consist of Call and fixed deposit in t accounts.

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

	2021	2020	2019	2018	2017
	N\$	N\$	N\$	N\$	N\$
<b>16. Receivables from exchange transactions</b>					
Trade debtors	23 228 930	15 004 395	21 789 685	15 623 818	(472 485)
Treasurer control account	818 268	1 269 687	-	-	-
Sundry debtors	95 176	78 665	-	-	-
	<b>24 142 374</b>	<b>16 352 747</b>	<b>21 789 685</b>	<b>15 623 818</b>	<b>(472 485)</b>

Receivables from exchange transactions are billed monthly, latest end of the month. No interest is charged on receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance. The council strictly enforces its approved credit control policy to ensure the recovery of Receivables. The council did not pledge any of its Receivables as security for borrowing purposes.

**Allowance for Impairment:**

In determining the recoverability of Receivables the council has placed strong emphasis on verifying the payment history of consumers. Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 120 days per service type. No further credit allowance is required in excess of the Allowance for Impairment.



**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

	2021	2020	2019	2018	2017
	N\$	N\$	N\$	N\$	N\$
<b>17. Other asset 1</b>					
<b>Total housing fund receivables</b>					
Long term housing fund receivables	2 187 625	2 488 619	2 441 994	3 007 124	2 939 488

The long-term receivables are composed of the following:  
 Development and Housing Funds

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.

## TOWN COUNCIL OF KHORIXAS

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE

## 18. Property plant and equipment

	2021		2020	
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation
	N\$	N\$	N\$	N\$
Buildings	4 328 762	(674 808)	3 653 954	4 328 762
Plant and machinery	394 758	(331 389)	63 369	394 758
Furniture and fixtures	114 498	(53 424)	61 074	114 498
Motor vehicles	731 876	(586 620)	145 256	731 876
Office equipment	175 892	(52 417)	123 475	175 892
IT equipment	492 827	(228 636)	264 191	492 827
Infrastructure	59 876 299	(8 670 715)	51 205 584	51 077 010
Bins and containers	269 638	(145 408)	124 230	269 638
	<b>66 384 550</b>	<b>(10 743 417)</b>	<b>55 641 133</b>	<b>57 585 261</b>
			<b>(7 211 969)</b>	<b>50 373 292</b>

## TOWN COUNCIL OF KHORIXAS

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE

## 18. Property plant and equipment

	2019		2018	
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation
	N\$	N\$	N\$	N\$
Buildings	4 328 762	(241 932)	4 086 830	4 328 762
Plant and machinery	394 756	(173 485)	221 271	394 756
Furniture and fixtures	112 635	(30 524)	82 111	112 635
Motor vehicles	731 876	(293 870)	438 006	731 876
Office equipment	158 555	(24 191)	134 364	92 568
IT equipment	451 510	(80 788)	370 722	346 553
Infrastructure	*45 979 636	(2 674 596)	42 305 040	43 169 334
Bins and containers	296 638	(64 516)	*205 122	269 638
	<b>51 427 368</b>	<b>(3 583 902)</b>	<b>47 843 466</b>	<b>49 446 122</b>
				<b>3 342 345</b>
				<b>46 103 768</b>

\*Infrastructure -Figure does not agree to the statement of financial position difference N\$ 1 000 000.

\* Bins and containers -Figure does not agree to the statement of financial position difference N\$ 27 000.

\* Motor vehicles -Figure not correctly casted difference N\$ 27.

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

**18. Property plant and equipment**

	2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
	N\$	N\$	N\$
Buildings	4 328 762	(214 283)	4 114 479
Plant and machinery	394 756	(62 448)	332 308
Furniture and fixtures	112 635	(11 264)	101 371
Motor vehicles	731 876	(47 492)	684 384
Office equipment	92 568	(8 152)	84 416
IT equipment	267 537	(18 448)	249 089
Infrastructure	38 303 508	(2 663 575)	35 639 933
Bins and containers	269 638	(26 964)	242 674
	<b>44 501 280</b>	<b>3 052 626</b>	<b>41 448 654</b>

## TOWN COUNCIL OF KHORIXAS

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE

## 18. Property plant and equipment (continued)

Reconciliation of property plant  
and equipment – 2021

	Opening balance	Additions	Depreciation	Total
	N\$	N\$	N\$	N\$
Buildings	3 870 392	-	(216 438)	3 653 954
Plant and machinery	142 322	-	(78 953)	63 369
Furniture and fixtures	72 524	-	(11 450)	61 074
Motor vehicles	291 631	-	(146 375)	145 256
Office equipment	136 531	-	(13 056)	123 475
IT equipment	313 474	-	(49 283)	264 191
Infrastructure	45 368 260	8 799 289	(2 961 965)	51 205 584
Dump sites Bins and containers	178 158	-	(53 928)	124 230
	<b>50 373 292</b>	<b>8 799 289</b>	<b>(3 531 448)</b>	<b>55 641 133</b>

Reconciliation of property plant  
and equipment - 2020

	Opening balance	Additions	Depreciation	Total
	N\$	N\$	N\$	N\$
Buildings	4 086 830	-	(216 438)	3 870 392
Plant and machinery	221 271	-	(78 949)	142 322
Furniture and fixtures	82 111	1 863	(11 450)	72 524
Motor vehicles	438 006	-	(146 375)	291 631
Office equipment	134 364	153 437	(151 270)	136 531
IT equipment	370 722	41 317	(98 565)	313 474
Infrastructure	42 305 040	6 097 373	(3 034 153)	45 368 260
Bins and containers	205 122	-	(26 964)	178 158
	<b>47 843 466</b>	<b>6 293 990</b>	<b>(3 764 164)</b>	<b>50 373 292</b>

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

**Reconciliation of property plant  
and equipment - 2019**

	<b>Opening balance</b>	<b>Additions</b>	<b>Depreciation</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
Buildings	4 100 300	-	(13 470)	4 086 830
Plant and machinery	270 902	-	(49 631)	221 271
Furniture and fixtures	91 234	-	(9 123)	82 111
Motor vehicles	547 507	-	(109 501)	438 006
Office equipment	75 975	65 986	(7 597)	134 364
IT equipment	295 294	104 957	(29 529)	370 722
Infrastructure	40 499 971	1 810 302	(5 233)	42 305 040
Bins and containers	222 585	-	(17 463)	205 122
	<b>46 103 768</b>	<b>1 981 245</b>	<b>(241 547)</b>	<b>47 843 466</b>

**Reconciliation of property plant  
and equipment - 2018**

	<b>Opening balance</b>	<b>Additions</b>	<b>Depreciation</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
Buildings	4 114 479	-	(14 179)	4 100 300
Plant and machinery	332 308	-	(61 406)	270 902
Furniture and fixtures	101 371	-	(10 137)	91 234
Motor vehicles	684 384	-	(136 877)	547 507
Office equipment	84 416	-	(8 441)	75 975
IT equipment	249 089	79 016	(32 811)	295 294
Infrastructure	35 639 933	4 865 826	(5 788)	40 499 971
Bins and containers	242 674	-	(20 089)	222 585
	<b>41 448 654</b>	<b>4 944 842</b>	<b>(289 728)</b>	<b>46 103 468</b>

## TOWN COUNCIL OF KHORIXAS

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE

**Reconciliation of property plant  
and equipment - 2017**

	<b>Opening balance</b>	<b>Additions</b>	<b>Depreciation</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
Buildings	4 285 667	43 095	(214 283)	4 114 479
Plant and machinery	394 756	-	(62 448)	332 308
Furniture and fixtures	112 635	-	(11 264)	101 371
Motor vehicles	426 203	305 673	(47 492)	684 384
Office equipment	81 515	11 052	(8 151)	84 416
IT equipment	158 236	109 301	(18 448)	249 089
Infrastructure	32 560 744	5 614 498	(2 535 309)	35 639 933
Bins and containers	269 638	-	(29 964)	*242 674
	<b>38 289 394</b>	<b>6 083 619</b>	<b>(2 924 359)</b>	<b>41 448 654</b>

**Deemed cost**

Deemed cost was determined using prior year audited figures.

\* Bins and containers -Figure not correctly casted, difference N\$ 3 000.

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	N\$	N\$	N\$	N\$	N\$
<b>19. Payables under</b>					
Trade payables	87,859,771	51 489 415	41 271 801	29 124 944	24 249 048
Deposits received	92 839	92 839	92 839	90 230	76 361
	<b>87 952 610</b>	<b>51 582 254</b>	<b>41 364 640</b>	<b>29 215 174</b>	<b>24 325 409</b>

**Staff Leave:**

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

**20. Funds**

Statutory funds	<b>31 941 937</b>	<b>53 704 620</b>	<b>59 667 147</b>	<b>57 320 796</b>	<b>47 583 232</b>
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**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

	N\$	N\$
<b>21. Councilors and management</b>		
No emoluments were paid to the directors or any individuals holding a prescribed office during the year.		
<b>Councilors</b>		
<b>2021</b>	<b>Emoluments</b>	<b>Total</b>
Cllr Gaeses L (Mayor)	85 847	85 847
Cllr Useb G (Deputy Mayor)	44 891	44 891
Cllr Hendricks M (Chair MC)	47 094	47 094
Cllr Hoaes P (MC Member)	39 181	39 181
Cllr Futika J (MC Member)	33 584	33 584
Cllr Ganes S (Council Member)	37 674	37 674
Cllr Nanuseb N T (Council Member)	37 684	37 684
Cllr Nauses E V	32 065	32 065
Cllr Goagoseb G	27 986	27 986
Cllr Hoawoseb E E	29 910	29 910
Cllr Nanub E E U	29 910	29 910
	<b>**445 826</b>	<b>445 826</b>
<b>2020</b>	<b>Emoluments</b>	<b>Total</b>
Cllr Tjuunduwa K	5 813	5 813
Cllr Nauses E V	6 028	6 028
Cllr Geises E	5 597	5 597
Cllr Goagoseb G	5 382	5 382
Cllr Goawoseb E E	5 382	5 382
Cllr Nanub E E U	6 028	6 028
	<b>**34 230</b>	<b>34 230</b>
<b>2019</b>	<b>Emoluments</b>	<b>Total</b>
Cllr Geises E (Mayor)	86 118	86 118
Cllr Nanub E E U (Deputy Mayor)	74201	74201
Cllr Howoseb E E	66 090	66 090
Cllr Hoeseb L (Member: Management Committee)	27 986	27 986
Cllr Nauses E V	59 202	59 202
Cllr Tjuunduwa K	64 584	64 584
	<b>**378 181</b>	<b>378 181</b>

## ANNEXURE E

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

	N\$	N\$
<b>2018</b>	<b>Emoluments</b>	<b>Total</b>
Cllr Geises E (Mayor)	78 333	78 333
Cllr Nanub E E U (Deputy Mayor)	70 770	70 770
Cllr Gaeses L (Chair: Management Committee)	67 167	67 167
Cllr Howoseb E E	65 876	65 876
Cllr Goagoseb G (Member: Management Committee)	73 170	73 170
Cllr Nauses E V	77 042	77 042
Cllr Tjuunduwa K	75 814	75 814
	<b>**508 172</b>	<b>508 172</b>

\* Other benefits comprise travel allowance and medical benefits

<b>2021</b>	<b>Emoluments</b>	<b>Total</b>
CEO and Heads of Departments officer	2 292 770	2 292 770

<b>2020</b>	<b>Emoluments</b>	<b>Total</b>
CEO and Heads of Departments officer	2 476 661	2 476 661

<b>2019</b>	<b>Emoluments</b>	<b>Total</b>
CEO and Heads of Departments officer	2 789 438	2 789 438

<b>2018</b>	<b>Emoluments</b>	<b>Total</b>
CEO and Heads of Departments officer	2 228 207	2 228 207

\*\*Figures differ from Note 9, in 2018 to 2021 variance amounting to N\$ 46 000, N\$ 445 099, N\$ 108 051 and N\$ 25 081 respectively

**TOWN COUNCIL OF KHORIXAS**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**22. Going concern**

Management considered the fact that the council continue to have the capacity and ability to collect rates and taxes from residents who are its keys customers.

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

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

(iv) The council continue to receive financial support for capital projects and its operations from the central government through the Ministry of Urban and Rural Development.

Taking the afore mentioned into account management has prepared the Annual Financial Statements on the Going Concern Basis.

**23. Events after the reporting date**

No events having financial implications requiring disclosure occurred subsequent to 30 June 2021.

