



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
TOWN COUNCIL OF LÜDERITZ
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2018, 2019 AND 2020

Published by authority

Price (Vat excluded) N\$ 54.00

Report no : 72/2022

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 Lüderitz for the financial years ended 30 June 2018, 2019 and 2020 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.

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

WINDHOEK, August 2022

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
LÜDERITZ TOWN COUNCIL
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2018, 2019 AND 2020**

1. ADVERSE AUDIT OPINION

I have audited the financial statements of the Lüderitz Town Council for the financial years ended 30 June 2018, 2019 and 2020. These financial statements comprise the statement of financial position, the statement of financial performance, the statement of changes in net assets and the statement of cash flows for the years then ended and a summary of significant accounting policies.

In my opinion, because of the significance of the matters described in the Basis for Adverse audit Opinion section of the audit report, the accompanying financial statements do not give a true and fair view of the financial position of the Lüderitz Town Council as at 30 June 2018, 2019 and 2020 and financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standard (IFRS).

2. BASIS FOR ADVERSE AUDIT OPINION

I conducted the 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 the audit report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to the 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 sufficient and appropriate to provide a basis for the audit opinion. The adverse audit opinion is expressed due to the following:

2.1 FIXED ASSET REGISTER

The fixed assets register was found to be inadequate to ascertain the existence and valuation of the Council's Property, Plant and Equipment with a net book value of N\$ 177 317 287 (2018) and N\$ 180 526 935 (2019). This was as a result of the Lüderitz Town Council's continuous failure to update and maintain the asset register.

2.2 BANK RECONCILIATIONS

It was noted that the Council did not perform bank reconciliations and the auditors further observed a difference between the cashbook balance and the annual financial statements amounting to N\$ 3 586 533 (2018) and N\$ 7 282 699 (2019).

2.3 VALUE-ADDED-TAX (VAT) CONTROL ACCOUNT

The auditors noted differences in the VAT control account amounting to N\$1 088 517 (2018); N\$ 751 012 (2019); N\$ 812 735 (2020) between the auditors recalculation amounting to N\$ 1 880 063 (2018); N\$ 1 989 370 (2019); N\$ 3 170 044 (2020) and the annual financial statements amounting to N\$ 791 546 (2018); N\$ 1 238 358 (2019); N\$ 3 919 780 (2020) respectively.

2.4 EXPENSES

An estimate of one month's expenses of N\$ 845 137 (2018), N\$ 1 175 612 (2019) and N\$ 1 385 369 (2020) could not be obtained for audit purpose. Therefore, the auditors could not form an opinion on the expenses.

2.5 GOVERNMENT LOANS

The auditors noted that Government Loans due are understated with N\$ 923 192 (2018).

2.6 BUILD TOGETHER HOUSES

It was noted that Build Together houses amounting to N\$ 1 362 670 (2018, 2019 and 2020) was included in the Property, Plant and Equipment instead of being recorded as inventory. Therefore inventory is understated with N\$ 1 362 670 (2018, 2019 and 2020) and Property, Plant and Equipment is overstated with the same amount.

2.7 FRUITLESS CONSULTATION EXPENDITURE

The Council incurred external consultation expenditure amounting to N\$ 22 400 (2018), N\$ 25 200 (2019) and N\$ 25 200 (2020) for the preparation of financial statements, however the cost benefit of this expenditure did not meet the desired quality output raising a concern of competency in this regard.

2.8 UNEXPLAINED DIFFERENCE

Unexplained differences were noted in the notes to the financial statements, as follows:
Accounting policies Note 3.1 Trade and other Receivable amounting to N\$ 11 427 456 (2020),
Note 6 Housing loan debtors amounting to N\$ 1 276 660 (2018) and Note 7 Trade and other receivables amounting to N\$ 64 772 729 (2018).

2.9 IMPAIRMENT ON TRADE AND OTHER RECEIVABLES

It was noted that no impairments were done on the trade and other receivable as it stipulated on the accounting policy that 100% of the 120 days should be impaired for N\$ 131 816 235 (2018), N\$ 191 845 272 (2019) and N\$ 305 705 926 (2020).

3. KEY AUDIT MATTERS

Key audit matters are those matters that in my professional judgment were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole and in forming the audit, opinion thereon and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters identified in respect of the financial statements for the Lüderitz Town Council.

4. OTHER INFORMATION

In connection with the audit of the financial statements, my responsibility is to read the other information and in doing so consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the audit or otherwise appears not to be materially misstated. If based on the work, I have performed I conclude that there are no material

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
LÜDERITZ TOWN COUNCIL
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2018, 2019 AND 2020**

1. ADVERSE AUDIT OPINION

I have audited the financial statements of the Lüderitz Town Council for the financial years ended 30 June 2018, 2019 and 2020. These financial statements comprise the statement of financial position, the statement of financial performance, the statement of changes in net assets and the statement of cash flows for the years then ended and a summary of significant accounting policies.

In my opinion, because of the significance of the matters described in the Basis for Adverse audit Opinion section of the audit report, the accompanying financial statements do not give a true and fair view of the financial position of the Lüderitz Town Council as at 30 June 2018, 2019 and 2020 and financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standard (IFRS).

2. BASIS FOR ADVERSE AUDIT OPINION

I conducted the 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 the audit report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to the 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 sufficient and appropriate to provide a basis for the audit opinion. The adverse audit opinion is expressed due to the following:

2.1 FIXED ASSET REGISTER

The fixed assets register was found to be inadequate to ascertain the existence and valuation of the Council's Property, Plant and Equipment with a net book value of N\$ 177 317 287 (2018) and N\$ 180 526 935 (2019). This was as a result of the Lüderitz Town Council's continuous failure to update and maintain the asset register.

2.2 BANK RECONCILIATIONS

It was noted that the Council did not perform bank reconciliations and the auditors further observed a difference between the cashbook balance and the annual financial statements amounting to N\$ 3 586 533 (2018) and N\$ 7 282 699 (2019).

2.3 VALUE-ADDED-TAX (VAT) CONTROL ACCOUNT

The auditors noted differences in the VAT control account amounting to N\$1 088 517 (2018); N\$ 751 012 (2019); N\$ 812 735 (2020) between the auditors recalculation amounting to N\$ 1 880 063 (2018); N\$ 1 989 370 (2019); N\$ 3 170 044 (2020) and the annual financial statements amounting to N\$ 791 546 (2018); N\$ 1 238 358 (2019); N\$ 3 919 780 (2020) respectively.

2.4 EXPENSES

An estimate of one month's expenses of N\$ 845 137 (2018), N\$ 1 175 612 (2019) and N\$ 1 385 369 (2020) could not be obtained for audit purpose. Therefore, the auditors could not form an opinion on the expenses.

2.5 GOVERNMENT LOANS

The auditors noted that Government Loans due are understated with N\$ 923 192 (2018).

2.6 BUILD TOGETHER HOUSES

It was noted that Build Together houses amounting to N\$ 1 362 670 (2018, 2019 and 2020) was included in the Property, Plant and Equipment instead of being recorded as inventory. Therefore inventory is understated with N\$ 1 362 670 (2018, 2019 and 2020) and Property, Plant and Equipment is overstated with the same amount.

2.7 FRUITLESS CONSULTATION EXPENDITURE

The Council incurred external consultation expenditure amounting to N\$ 22 400 (2018), N\$ 25 200 (2019) and N\$ 25 200 (2020) for the preparation of financial statements, however the cost benefit of this expenditure did not meet the desired quality output raising a concern of competency in this regard.

2.8 UNEXPLAINED DIFFERENCE

Unexplained differences were noted in the notes to the financial statements, as follows:
Accounting policies Note 3.1 Trade and other Receivable amounting to N\$ 11 427 456 (2020),
Note 6 Housing loan debtors amounting to N\$ 1 276 660 (2018) and Note 7 Trade and other receivables amounting to N\$ 64 772 729 (2018).

2.9 IMPAIRMENT ON TRADE AND OTHER RECEIVABLES

It was noted that no impairments were done on the trade and other receivable as it stipulated on the accounting policy that 100% of the 120 days should be impaired for N\$ 131 816 235 (2018), N\$ 191 845 272 (2019) and N\$ 305 705 926 (2020).

3. KEY AUDIT MATTERS

Key audit matters are those matters that in my professional judgment were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole and in forming the audit, opinion thereon and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters identified in respect of the financial statements for the Lüderitz Town Council.

4. OTHER INFORMATION

In connection with the audit of the financial statements, my responsibility is to read the other information and in doing so consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the audit or otherwise appears not to be materially misstated. If based on the work, I have performed I conclude that there are no material

misstatements of this other information; I am required to report that fact. I have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with legislation and for such internal control as management deems 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 for overseeing the entity's financial reporting process.

6. 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 the audit opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if individually or in the aggregate they could reasonably be expected to influence the economic decisions for users taken on the basis of these financial statements.

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

- Identify and assess the risk 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 the audit 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 uses 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. I conclude that a material uncertainty exists I am required to

draw attention in the report to the related disclosures in the financial statements or if such disclosures are inadequate to modify the audit opinion. My conclusions are based on the audit evidence obtained up to date of the audit report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation structure and content of the financial statements including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding among other matters the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that I identify during the audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable related safeguards.

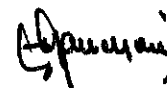
From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements at the current period and are therefore the key audit matters. I describe these matters in the audit report unless law or regulation precludes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

7. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 87 of the Local Authority Act, 1992 (Act No. 23 of 1992) except that they were only submitted to the Auditor-General on 24 May 2021 instead of three months after the financial year-end as required by the Act.

8. ACKNOWLEDGEMENT

The co-operation and assistance by the management and staff of the Lüderitz Town Council during the audit is appreciated.



WINDOEK, August 2022

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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

		2020	2019	2018	2017
	Note	N\$	N\$	N\$	N\$
Assets					
Non-Current Assets		230 677 897	233 099 717	233 467 795	235 419 115
Property Plant and Equipment	4	184 550 336	180 526 935	177 317 287	178 460 472
Intangible Assets	5	240 886	284 057	327 228	370 399
Investments		27 213 618	32 586 891	37 890 638	36 098 784
Housing Loan Debtors	6	18 673 057	19 701 834	17 932 642	20 489 460
Current Assets		46 690 579	31 938 648	24 813 678	98 239 329
Trade and Other Receivables	7	40 507 076	28 278 520	21 810 928	95 326 761
Receiver of Revenue		3 919 780	1 238 358	791 546	339 053
Inventories		2 261 219	2 419 266	2 209 900	810 786
Cash and Cash Equivalents	8	2 504	2 504	1 304	1 762 729
Total Assets		277 368 476	265 038 365	258 281 473	333 658 444
Funds And Liabilities					
Funds And Reserves		232 067 852	220 952 241	219 035 124	273 952 855
Capital Outlay	9	157 821 639	157 821 639	157 821 639	157 821 639
Funds and Accounts	10	120 589 459	118 266 451	112 806 598	125 364 172
Accumulated Surplus/(Deficit)		(46 343 246)	(55 135 849)	(51 593 113)	(9 232 956)
Non-Current Liabilities					
Long-term Liabilities		2 715 658	3 289 951	3 809 637	3 971 464
Current Liabilities		42 584 966	40 796 173	35 436 712	55 263 367
Short-Term Portion of Liabilities			-	-	470 758
Trade and Other Payables	11	27 403 042	25 108 180	23 124 540	52 873 001
Provisions	12	3 407 210	3 044 418	2 770 828	2 390 366
Bank Overdraft	8	11 774 714	12 643 575	9 541 344	-
Total Funds And Liabilities		277 368 476	265 038 365	258 281 473	333 187 686

LUDERITZ TOWN COUNCIL
STATEMENT OF SURPLUS OR DEFICIT FOR THE YEAR ENDED 30 JUNE

	2020	2019	2018	2017
Note	N\$	N\$	N\$	N\$
Revenue				
13 Cost of Sales of Goods	137 291 130	147 227 743	128 688 970	123 514 635
14 Cost of Providing Services	(19 340 682)	(17 257 344)	(16 085 169)	(12 507 798)
14	(60 000 319)	(63 638 211)	(71 671 679)	(59 000 575)
Gross Profit	57 950 129	66 332 188	40 932 122	52 006 262
Other Income				
15	17 585 687	15 332 567	16 825 763	6 971 821
	75 535 816	81 664 755	57 757 885	58 978 083
Expenses				
16 Staff Costs	66 026 890	83 334 114	57 102 626	43 661 382
Depreciation	40 785 687	38 462 880	37 942 218	33 249 857
17 Changes in Provisions	8 440 764	8 237 504	9 018 761	-
VAT Refunds not provided for	176 000	22 526 385	-	(566 072)
Penalties and Interest	-	-	-	(1 547 516)
Operating Expenses	-	-	-	690 819
18	16 624 439	14 107 345	10 141 647	11 834 294
(Loss) / Profit before Finance Costs	9 509 467	(1 669 359)	655 259	15 316 701
Finance Costs	354 472	397 675	445 477	540 279
20 (Loss) / Profit for the Year	9 154 995	(2 067 034)	209 782	14 776 422

**LUDERITZ TOWN COUNCIL
STATEMENT OF NET ASSETS FOR THE YEAR ENDED 30 JUNE**

	General Capital	Funds	Accumulated (Deficit) / Surplus	Total Net Assets/Equity
	N\$	N\$	N\$	N\$
Balance 1 July 2016	152 907 990	118 463 848	(23 951 890)	247 419 948
Profit as per Income Statement	-	-	14 776 422	14 776 422
Depreciation	(2 071 990)	-	-	(2 071 990)
Funds received for Capital Projects	6 985 639	-	-	6 985 639
Prior year Adjustments	-	-	(57 488)	(57 488)
Sale of Properties	-	3 428 745	-	3 428 745
Interest Received	-	3 471 579	-	3 471 579
Restated Balance 1 July 2017	157 821 639	125 364 172	(9 232 956)	273 952 855
Profit as per Income statement	-	-	209 782	209 782
Sale of Properties	-	(11 280 915)	-	(11 280 915)
Adjustments	-	-	24 007 365	24 007 365
Provision for Doubtful Debt Raised	-	-	(66 577 304)	(66 577 304)
UNEXPLAINED DIFFERENCE	-	(1 276 659)	-	(1 276 659)
Balance at 30 June 2018	157 821 639	112 806 598	(51 593 113)	219 035 124
Balance 1 July 2018	157 821 639	112 806 598	(51 593 116)	219 035 121
Profit as per Income Statement	-	-	(2 067 034)	(2 067 034)
UNEXPLAINED DIFFERENCE	-	1 276 659	-	1 276 659
Prior year Adjustments	-	(36)	(1 475 702)	(1 475 738)
Sale of Properties	-	4 183 230	-	4 183 230
Balance 1 July 2019	157 821 639	118 266 451	(55 135 852)	220 952 238
Loss as per Income Statement	-	-	9 154 995	9 154 995
Sale of Properties	-	2 323 007	-	2 323 007
Adjustments	-	-	(362 389)	(362 389)
Balance at 30 June 2020	157 821 639	120 589 458	(46 343 246)	232 067 851

LUDERITZ TOWN COUNCIL
STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
Cash Flow From Operating Activities				
Cash Flow from Operating Activities				
Cash (Utilised)/Generated by Operations	20			
Interest Received	11 965 018	(5 691 500)	24 014 480	8 022 814
Interest Paid	5 985 616	11 057 536	10 047 364	6 670 330
	(354 472)	(397 675)	(445 477)	(540 279)
Changes In Working Capital				
Change in Trade and Other Receivables	(14 751 931)	(5 140 133)	(24 661 537)	(16 987 029)
Change in Inventory	(14 909 978)	(6 914 407)	6 486 036	(6 154 958)
Change in Trade and Other Payables	158 047	(209 366)	(1 399 114)	(88 496)
Change in Trade and Other Payables	-	1 983 640	(29 748 459)	(10 743 575)
Net Cash Flow From Operating Activities	2 844 231	(171 772)	8 954 830	(2 834 164)
Cash Flows From Investing Activities				
Acquisition of Property Plant and Equipment	(12 420 997)	(11 403 981)	(7 832 404)	(9 639 162)
(Acquisition) / Redemption of Investments	5 373 273	5 303 747	(1 791 854)	(133 610)
Changes in Housing Loan Debtors	1 023 777	(1 769 192)	1 280 158	1 253 982
Net Cash Flows From Investing Activities	(6 018 947)	(7 869 426)	(8 344 100)	(8 518 790)
Cash Flows From Financing Activities				
Net Cash Flows From Financing Activities	1 748 715	4 940 167	(11 913 499)	13 460 158
Movement on Interest-Bearing Loans	(574 293)	(519 686)	(632 585)	(425 805)
Movement in Fund Accounts	2 323 008	5 459 853	(11 280 914)	8 972 314
Movement in Capital Accounts	-	-	-	4 913 649
Net Change in Cash and Cash Equivalents	868 861	(3 101 031)	(11 302 769)	2 107 204
Cash and Cash Equivalents as at the Beginning of the Year	(12 641 071)	(9 540 040)	1 762 729	(344 475)
Cash and Cash Equivalents as at the End of the Year	(11 772 210)	(12 641 071)	(9 540 040)	1 762 729

LUDERITZ TOWN COUNCIL
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards.

1.2 Basis of Preparation

The financial statements have been prepared on the historical cost basis.

2. Principal Accounting Policies

The following are the principal accounting policies which have been adopted by the Council and they are consistent with the prior year.

2.1 Property, Plant and Equipment

Property, Plant and Equipment are held for use in the production or supply of goods or services for rental to others or for administrative purposes and are expected to be used during more than one period. Property, Plant and Equipment is recognised at cost less any accumulated depreciation and any accumulated impairment losses (except for the exceptions listed below). The items of Property, Plant and Equipment are not revalued at fair value.

"The cost of an item of Property, Plant and Equipment comprises:"

- (a) its purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates;
- (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located the obligation for which Town Council incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

The costs of day-to-day servicing which are primarily the costs of labour and consumables and may include the cost of small parts are recognised as repairs and maintenance in the statement of profit or loss.

Land which is included the asset category infrastructure itself and municipal houses are not depreciated.

LUDERITZ TOWN COUNCIL**NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED (Continued)**

"The following asset categories are depreciated using the reducing balance method using the following percentages:

Vehicles	25%
Furniture	40%
Computer Equipment	40%
Office Equipment	25%
Plant and Machinery	25%

If there are indications that an asset may be impaired and the carrying amount exceeds the recoverable amount which is the higher of its fair value less costs of disposal or value in use an impairment loss is recognised as an expense in the statement of profit or loss.

2.2 Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An Asset is identifiable if it either:

- (a) is separable i.e. is capable of being separated or divided from the entity and sold transferred licensed rented or exchanged either individually or together with a related contract identifiable asset or liability regardless of whether the entity intends to do so; or
- (b) arises from contractual or other legal rights regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An Intangible Asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses. The intangible assets are not revalued at fair value.

Expenditure on an Intangible item shall be recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset.

The software is amortised using the straight-line method over 15 years.

If there are indications that an intangible asset may be impaired and the carrying amount exceeds the recoverable amount which is the higher of its fair value less costs of disposal or value in use an impairment loss is recognised as an expense in the statement of profit or loss.

2.3 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is cash or an equity instrument of another entity.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

LUDERITZ TOWN COUNCIL**NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED (Continued)**

A financial asset or financial liability except for a financial asset or liability at fair value through profit or loss is initially recognised at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets are recognised in four categories:

2.3.1 Financial Assets at Fair Value through Profit or Loss

Financial assets in this category are either classified as held for trading if it is acquired principally for the purpose of selling it in the near term or upon initial recognition is it designated as at fair value through profit or loss.

2.3.2 Held-to-Maturity Investments

This category consists of non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity and are measured at amortised cost using the effective interest method.

2.3.3 Loans and Receivables

This category consists of non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

2.3.4 Available-for-Sale Financial Assets

This category consists of non-derivative financial assets that are designated as available for sale.

Any gains or losses on financial assets at fair value through profit or loss are recognised in the statement of profit or loss. Financial Liabilities are recognised in two categories.

2.3.5 Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities in this category are either classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or upon initial recognition is it designated as at fair value through profit or loss.

2.3.6 Financial Liabilities at Amortised Cost

Financial liabilities in this category are recognised at amortised cost using the effective interest method.

Government loans which are included in long-term liabilities are classified as financial liabilities at amortised cost.

LUDERITZ TOWN COUNCIL**NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED (Continued)**

2.3.6 Financial Liabilities at Amortised Cost (continued)

If there is objective evidence of an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced and the loss shall be recognised in the statement of profit or loss.

If there is objective evidence that an available-for-sale financial asset is impaired the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss even though the financial asset has not been derecognised.

2.4 Non-Current Investments

Investments comprise call accounts at commercial banks. As these accounts are not fixed on terms longer than 12 months these would generally be classified as current. However due to Council's funding nature these call accounts generally are the financial backing for specified capital projects and they cannot be accessed without specific approval processes. The money on these accounts is not freely available for management's use and generally it will not all be spent within the next 12 months. It is therefore Council's policy to classify these specific investments as non-current.

Interest earned on these investments is capitalised to the Funds to which they relate and not taken to profit and loss further supporting the treatments of capital long-term nature of these investments.

2.5 Housing Loan Debtors

Housing Loan Debtors comprise loans granted to the public with the purpose of financing housing projects or the purchase of property. These loans are generally granted over a period of 10 years or longer and they attract fixed interest at rates determined by Council.

These loans are carried at amortised cost using a fixed interest rate.

2.6 Trade and Other Receivables

Trade Receivables are carried at the undiscounted original invoice amount less provision made for impairment of these receivables. Such provision for impairment of trade receivables is raised if there is objective evidence that the Council will not be able to collect all amounts due according to the original terms under which receivables were generated.

LUDERITZ TOWN COUNCIL**NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED (Continued)**

2.7 Inventories

Inventories shall be measured at the lower of cost and net realisable value which is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories shall comprise all costs of purchase costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2.8 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits which are measured at amortised cost. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. In the statement of cash flows, the bank overdrafts are set off against the positive bank balance.

Cash and cash equivalents include call account investments that are at the discretionary disposal of management.

2.9 Funds

Funds comprise capital that was injected into Town Council by external loans and grants for very specific purposes. This capital is either represented by a corresponding asset in terms of cash investment infrastructure constructed or loans granted.

2.9.1 Renewal Fund

The Renewal fund has been written back in the 2018 financial year

2.9.2 Fixed Property Fund/ Betterment Fund

The Fixed Property Fund is to be used for development of land and town council buildings. All sales of erven go to this fund.

2.9.3 Capital Development Fund

The Capital Development Fund is to be used for general infrastructure projects.

2.9.4 Housing Fund

The Housing Fund is used for housing projects specifically the Build Together housing project.

2.9.5 New Development Fund

The New Development Fund is used for housing projects specifically the New Development projects as well as Low-cost Housing projects or purchase of municipal houses.

LUDERITZ TOWN COUNCIL**NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED (Continued)**

2.10 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

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.

2.10.1 Finance Lease

At the commencement of the lease term, the lessee shall recognise a finance lease as a liability in the statement of financial position which is equal to the fair value of the leased property or if lower, the present value of the minimum lease payments each determined at the inception of the lease. Any initial direct costs of the lessee are added to the amount recognised as an asset.

2.10.2 Operating Lease

Lease payments under an operating lease are current recognised at amortised cost using effective interest rates.

2.11 Provisions

A provision is a liability of uncertain timing or amount. A provision shall be recognised when:

- (a) an entity has a present obligation (legal or constructive) as a result of a past event.
- (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

If these conditions are not met no provision shall be recognised.

2.12 Trade and Other Payables

Trade payables are liabilities to pay for goods and services purchased from a supplier on short-term credit and are recognised at the undiscounted amount owed to the supplier which is normally the invoice price.

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid invoiced or formally agreed with the supplier including amounts due to employees.

2.13 Revenue

Revenue shall be measured at the fair value of the consideration received or receivable.

LUDERITZ TOWN COUNCIL**NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED (Continued)**

Sale of Goods

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

- (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity and;
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

When the outcome of a transaction involving the rendering of services can be estimated reliably revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the entity;
- (c) the stage of completion of the transaction at the end of the reporting period can be measured reliably and;
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

2.14 Other Income

Interest received is recognised using the effective interest method.

Other income such as rental income profit on sale of non-current assets and insurance claims received are recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of the revenue can be measured reliably.

2.15 Employee Benefits

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

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

LUDERITZ TOWN COUNCIL**NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED (Continued)**

2.16 Prior Period Errors

Prior period errors are omissions from and misstatements in the entity's financial statements for one or more prior periods arising from a failure to use or misuse of reliable information that:

- (a) was available when financial statements for those periods were authorised for issue; and
- (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes in applying accounting policies oversights or misinterpretations of facts and fraud.

3. Financial Risk Management**3.1 Risk Management Framework**

The Councillors have the overall responsibility for the establishment and oversight of the Town council's risk management framework which entails developing implementing and monitoring risk management policies.

The Town council's risk management policies are established to identify and analyse the risks faced by the Town Council to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Town Council is exposed to the following risks arising from the financial instruments.

3.2 Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Town council.

3.2.1 Trade and Other Receivables

Municipal Deposits are a form of collateral although insufficient in relation to the total outstanding debt.

However the services debt on a property is eventually settled when the property is sold so there is sufficient reason to believe that eventually Town Council will recover most of the service debt at some stage unless the owner is liquidated or the house is owned by Town Council.

LUDERITZ TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED (Continued)

At 30 June the aging of the trade receivables (before impairment) was as follows:

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
	343 520 072	269 009 818	173 934 826	85 593 292
Neither past due nor impaired	-	65 459 835	32 483 717	59 576 271
Past due 1 -30 days	13 862 929	3 385 943	2 956 898	2 876 310
Past due 31 -60 days	3 062 275	2 730 176	2 540 506	2 666 156
Past due 61 - 90 days	7 954 384	2 654 790	2 178 435	3 063 361
Past due 91 - 120 days	12 934 558	2 933 802	1 959 017	2 443 094
Past due 120 days or more (impaired)	305 705 926	191 845 272	131 816 253	14 968 100

3.2.1 Trade and Other Receivables (continued)

The credit quality of financial assets that are neither past due nor impaired can be determined by taken factors into consideration such as counterparty default rates.

As at 30 June 2016, the provision for doubtful debts covers about 35% of trade debtors with an overdue balance of more than 120 days. In 2017 the provision covers 100% of the 120 days amount and thus no additional provision was raised.

The movement in the provision for doubtful debts in respect of trade debtors during the year was as follows:

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
Balance as at 1 July	98 396 805	87 329 253	20 751 949	20 751 949
Movement in provision for doubtful debts during the year	176 000	11 067 552	66 577 304	-
Unexplained Difference	11 427 456	-	-	-

3.2.2 Cash and Equivalents

The cash and cash equivalents as at 30 June 2019 consist of cash on hand money in the current account as well as money on a 1-day call account with First National Bank which we believe carries low credit risk.

3.2.3 Investments

The non-current investments consist of monies invested in 1 day and fixed term call accounts at First National Bank of Namibia which is considered low credit risk.

3.3 Liquidity Risk

Liquidity risk is the risk of not being able to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. This risk is managed by

LUDERITZ TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED (Continued)

ensuring that there are sufficient funds available such as cash and cash equivalents and investments to meet its obligations when it is due. In addition payments to suppliers like NamPower were made as and when cash was available not necessarily when the invoice was presented.

3.4 Market Risk

Market risk is the risk that changes in the market such as the interest rate will affect the Town Council's income or value of its holdings of financial instruments.

The Town Council has very limited external interest-bearing liabilities that are linked to prime. This risk is therefore considered low.

LUDERITZ TOWN COUNCIL**NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED (Continued)****4. Property Plant And Equipment**

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
Balance - End	184 550 336	180 526 935	177 317 287	178 460 472
Infrastructure	173 400 914	170 510 866	167 568 311	175 894 289
Vehicles	2 120 982	2 592 013	3 212 451	3 688 967
Furniture	50 292	36 193	151 930	119 139
Computer equipment	259 880	222 382	136 463	81 884
Office equipment	120 651	138 024	264 530	246 075
Plant and machinery	1 720 921	1 513 453	2 049 070	2 049 070
Houses	6 876 696	5 514 026	1 878 327	1 878 327
Other - Unknown	-	(22)	2 056 205	(5 497 279)

5. Intangible Assets

Software				
Net Book Value - 30 June	240 886	284 057	327 228	370 399
Net Book Value - 1 July	284 057	327 228	370 399	413 570
Write off to Capital	(43 171)	(43 171)	(43 171)	(43 171)

There were no indications of impairment of intangible assets identified for the year ended 30 June 2019. However there is reason to believe that the Finstel software is nearing the end of its useful life and management thus contends that the current carrying value reflects the present conditions. Council is considering implementing a new computer system within the next 5 years.

LUDERITZ TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED (Continued)

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
6. Housing Loan Debtors				
	18 673 057	19 701 834	17 932 642	20 489 460
Build Together	8 556 542	8 635 610	7 099 463	7 195 385
New Development	2 979 956	3 452 839	4 075 988	4 769 978
Sale of Erven	25 510	66 525	139 391	212 131
Sale of Municipal Houses	678 000	717 984	816 763	879 434
Low Cost Housing	6 433 049	6 828 876	7 077 697	7 432 532
Unknown Difference	-	-	(1 276 660)	-

:	Build Together	New Development	Sale of Erven	Municipal Houses	Low Cost Housing
	N\$	N\$	N\$	N\$	N\$

Analysis of housing Loan Debtors

Closing Balance	8 635 610	3 452 839	66 525	717 984	6 828 877
Opening Balance	7 099 463	4 075 988	139 391	816 763	7 077 697
Interest Charged	2 448 211	367 701	184 447	155 445	718 560
Instalments Paid	(912 064)	(990 850)	(257 313)	(254 224)	(967 380)

	8 556 542	2 979 956	25 510	678 000	6 433 049
Opening Balance	8 635 610	3 452 839	66 525	717 984	6 828 877
Write-off	(255 500)	-	-	-	-
Interest Charged	1 141 943	307 464	15 047	69 949	622 249
Instalments Paid	(965 511)	(780 347)	(56 062)	(109 933)	(1 018 077)

LUDERITZ TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED (Continued)

7. Trade And Other Receivables

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
	40 507 076	28 278 520	21 810 928	95 326 761
Trade Receivables	149 610 522	137 911 150	173 874 543	117 562 693
Municipal Deposits	-	-	-	(1 703 791)
Unknown Difference	-	-	(64 772 729)	-
Provision for Doubtful Debts	(110 000 261)	(109 824 261)	(87 329 253)	(20 751 949)
Receivable due from Related Parties	524 940	65 083	-	168 044
Other Receivables	196 822	40 267	38 367	29 892
Advances to Employees	175 053	86 281	-	21 872

8. Cash And Cash Equivalents

	(11 774 714)	(12 643 575)	(9 541 344)	-
Cash and Cash Equivalents consist of:				
	2 504	2 504	1 304	1 762 729
Cash on Hand	2 504	2 504	1 304	1 179
Call Account	-	-	-	1 396 401
Current Account	-	-	-	365 149

9. Capital Outlay

	157 821 639	157 821 639	157 821 639	157 821 639
Loans Redeemed	10 383 687	10 383 687	10 383 687	10 383 687
Revenue Contributions	93 399 572	93 399 572	93 399 572	93 399 572
General Capital Contributions	54 038 380	54 038 380	54 038 380	54 038 380

LUDERITZ TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED (Continued)

10. Funds Accounts

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
	120 589 459	118 266 451	112 806 598	125 364 172
UNEXPLAINED DIFFERENCE	-	-	(12 557 540)	34
Capital Development Fund	17 286 691	18 923 241	18 923 241	18 923 241
Housing Fund	41 701 995	16 185 013	13 251 190	13 251 190
Fixed Property Fund	42 677 532	40 986 955	38 330 758	38 330 758
New Development Fund	18 923 241	42 171 242	41 171 208	41 171 208
Renewal Fund	-	-	13 687 741	13 687 741

11. Trade And Other Payables

	27 403 042	25 108 180	23 124 540	52 872 999
Trade Payables	-	-	-	131 622
Other Payables	1 790 938	1 759 649	705 563	131 622
Overdue instalments due to GRN	23 799 890	22 538 868	20 699 939	20 726 973
Income Received in Advance	-	-	-	31 967 726
Other Payables	1 812 214	809 663	1 719 077	46 678
Unknown	-	-	(39)	-

12. Provisions

	3 407 210	3 044 418	2 770 828	2 390 366
Provision for Leave Pay	2 842 542	2 516 648	2 274 435	1 893 973
Provision for Bonus	36 898	-	-	-
Provision for Severance Pay	527 770	527 770	496 393	496 393
Closing balance as at 30 June	3 407 210	3 044 418	2 770 828	2 390 366
Opening balance as at 1 July	3 044 418	2 770 828	2 390 367	2 956 438
Movement in provisions charged to profit or loss	-	-	-	-
- Provisions raised/ (reduced)	362 792	273 590	380 461	(566 072)

LUDERITZ TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED (Continued)

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
13. Revenue				
	137 291 130	147 227 743	128 688 970	123 514 635
Water	31 703 795	27 070 542	24 992 479	23 321 709
Electricity	73 488 888	87 523 708	76 593 854	78 745 488
Sewerage	6 994 204	6 521 125	6 365 452	6 155 606
Rates and Taxes	16 188 079	16 172 538	12 219 254	8 046 403
Housing	2 619 133	2 397 933	2 247 050	2 183 807
Refuse Removal	5 821 041	7 052 425	-	-
Sundries	475 990	489 472	6 270 881	5 061 622
14. Cost Of Sales Of Goods And Rendering Services				
	79 341 001	80 895 555	87 756 848	71 508 373
Cost of Sales of Goods	19 340 682	17 257 344	16 085 169	12 507 798
Cost of Rendering Services	60 000 319	63 638 211	71 671 679	59 000 575
15. Other Income				
	17 585 687	15 332 567	16 825 763	6 971 821
Insurance Claims	-	-	77 498	-
Interest Received	5 985 616	11 057 536	10 047 364	6 670 330
Rental Income	139 197	173 783	156 055	161 110
RFA Contributions	3 022 497	2 242 093	2 315 000	-
Sundry Income	8 438 377	1 859 155	4 229 846	140 381

LUDERITZ TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED (Continued)

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
16. Staff Cost	40 785 146	38 462 880	37 942 218	33 249 857
Salaries and Overtime	24 027 001	23 605 900	21 270 972	19 843 364
Subsistence and Allowances	4 984 861	5 001 421	6 606 605	4 521 484
Bonuses	1 452 027	1 419 346	1 293 274	1 288 262
Pension Contributions	3 828 455	3 643 558	3 437 359	3 307 740
Medical Aid Contributions	5 136 503	4 473 251	3 567 853	3 303 602
Social Security contributions	107 457	112 920	107 823	106 564
Staff Welfare	60 000	9 775	-	30 000
Training	218 696	131 334	289 633	86 684
NTA Levy	-	242 891	332 430	315 928
Leave Pay	131 628	415 294	248 250	133 439
Relocation	18 376	14 020	1 500	1 000
WCA	320 522	(413 189)	317 283	311 790
Other	173 726	(640 345)	-	-
Salary Reserve Fund	325 894	446 704	469 236	-

17. Changes In Provisions

Movement in provisions charged to Profit or Loss	176 000	22 526 385	-	(566 071)
Change in Provision for Severance Pay	-	31 377	-	(640 089)
Change in Provision for Bad Debts	176 000	22 495 008	-	74 018

18. Operating Expenses

	16 624 439	14 107 345	10 141 647	11 834 294
Bank Charges	266 200	261 990	238 023	192 356
Cleaning	459 288	392 351	272 527	263 361
Commission	393 513	375 396	233 229	514 802
Computer Expenses	814 906	633 485	680 868	627 399
Consulting Fees	2 333 010	898 317	88 070	561 792
Courier and Postage	361 401	250 183	398 052	350 978
Donations	433 038	477 538	462 814	468 799
Entertainment	68 923	77 268	208 030	77 976
Fuel	927 739	946 308	725 971	780 621
Insurance	1 263 985	983 587	1 029 507	747 219
Legal Costs	207 050	180 310	125 246	277 146
Licences and Registration Fees	152 779	185 890	137 522	59 791
Materials and Tools	2 641 275	1 358 596	1 946 003	2 335 768
Motor Vehicle Expenses	886 549	1 903 569	859 878	798 785

LUDERITZ TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED (Continued)

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
19. Operating Expenses (continue)				
Operating Lease Expense	281 330	275 311	259 663	279 697
Printing and Stationary	146 747	138 965	249 889	119 547
Protective Clothing	176 232	7 824	1 835	-
Rent Paid	1 000	89 174	5 430	-
Repairs and Maintenance	445 465	93 437	22 966	78 460
Safety and Health Costs	102 248	199 797	18 922	13 981
Security	1 273 214	1 206 994	1 070 287	397 983
Subscription Fees	855 066	864 468	673 610	84 950
Telephone	390 828	456 897	433 305	505 690
Water and Electricity	1 742 653	1 849 690	-	2 297 193

19.1 Operating Lease

An Operating Lease was entered into with Independent Business Systems (Pty) Ltd in June 2017 to rent several copiers and fax systems over a period of 36 months for a monthly rental of N\$ 16 121 excl VAT. The rental is linked to the prime rate.

19.1 Operating Lease

	-	1 160 700	1 160 700	1 160 700
Future Minimum Lease Payments	-	580 350	580 350	580 350
Within the Next 12 Months	-	193 450	193 450	193 450
Between 12 Months and 36 Months	-	386 900	386 900	386 900

LUDERITZ TOWN COUNCIL
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED

20. CASH (UTILISED)/GENERATED BY OPERATIONS

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
	11 965 018	(5 691 500)	24 014 480	8 022 814
Net Operating (Loss) / Profit before Interest and Transfers	9 154 995	(2 067 034)	209 782	14 776 421
Adjustments for:				
Prior year Adjustments	(362 389)	(1 475 699)	24 007 362	(57 484)
Depreciation	8 440 764	8 237 504	9 018 761	-
Changes in Other Provisions	362 792	273 590	380 462	(566 072)
Interest Income	(5 985 616)	(11 057 536)	(10 047 364)	(6 670 330)
Interest Paid	354 472	397 675	445 477	540 279

21. Related Parties

The Electricity Control Board has been changed to meet the requirements of IPSAS. No longer on the Income Statement. Recorded and Recovery.

The Lüderitz Crayfish Festival is a related party because this annual event is organised and managed by the Town Council.

22. Events after the reporting period

No events occurred after the financial year-end and the date of this report that would significantly influence the figures herein presented.

23. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities contingent obligations and commitments will occur in the ordinary course of business.