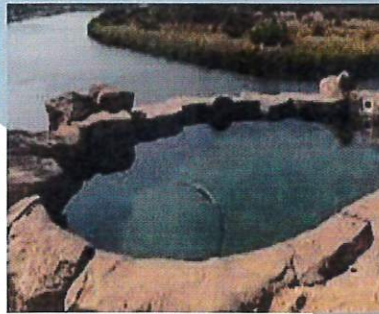




**REPUBLIC OF NAMIBIA**



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

# **TOWN COUNCIL OF NKURENKURU**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**



**REPUBLIC OF NAMIBIA**



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

I have the honour to submit herewith my report on the accounts of the Town Council of Nkurenkuru for the financial year ended 30 June 2023, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honorable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, September 2024**

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

0.1 2.2 2.2

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS  
OF THE TOWN COUNCIL OF NKURENKURU  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

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**SECTION A: FINANCIAL AUDIT**

**1. ADVERSE AUDIT OPINION**

I have audited the financial statements of the Nkurenkuru Town Council for the financial year ended 30 June 2023 provided by the Accounting Officer as attached in Annexure A-F. These financial statements comprise the statement of financial position, the statement of financial performance, the statement of changes in owners' equity, statement of cash flows, notes to the financial statements and a summary of significant accounting policies.

In my opinion, because of the significance of matters discuss in the Basis for Adverse audit opinion paragraph, the financial statements do not present fairly, in all material respects, the financial position of Nkurenkuru Town Council as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

**2. BASIS FOR ADVERSE 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 sufficient and appropriate to provide a basis for my opinion. An adverse audit opinion is being expressed due to the following reasons:

**2.1 USEFUL LIFE OF ASSETS**

The submitted financial statements disclosed the useful life of assets not in compliance to the Council's manual accounting policy.

The Council is recommended to ensure that the adopted accounting policy agrees to the policies as per financial statements submitted.

**2.2 INTANGIBLE ASSETS**

The Council did not disclose its accounting policy related to the subsequent measurement of Intangible Assets as required by IPSAS 31.

The Council is recommended to fully comply with IPSAS 31.

### **2.3 ADDITION TO INFRASTRUCTURE**

Work-in-progress overstatement with an amount of N\$ 8 089 748 as this amount was not deducted from the presented work in progress in the current financial year as per note 7 of Property, Plant and Equipment (PPE) of the financial statements.

The Council is recommended to perform regular reconciliation of the work in progress and additions to infrastructure.

### **2.4 WORK IN PROGRESS CAPITALIZED IN WRONG FINANCIAL YEAR**

A transaction to the value of N\$ 503 314 relates to the 2022 financial year but was recognized in the 2023 financial year.

The Council is recommended to recognize invoices for work in progress in the correct accounting period.

### **2.5 REVENUE FROM SALE OF ERVEN**

The Council incorrectly recognized revenue amounting to N\$ 7 717 767 and N\$ 3 085 320 for the sale of residential and business plots respectively.

These transactions do not meet the revenue recognition criteria as required by IPSAS 9 paragraph 28 that states that *“revenue from the sale of goods shall be recognized when all the following conditions have been satisfied: (a) The entity has transferred to the purchaser 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 or service potential 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.”*

The Council is recommended to ensure that all revenue recognition criteria are met prior to the recognition of revenue and that the Council develops guidelines with regards to the point of revenue recognition.

### **2.6 PROPERTY VALUATION AND ASSESSMENT RATES**

There are differences between the land and improvement values as per the general valuation roll and the amounts in the billing system, resulting in a projected misstatement of N\$ 1 381 130 between the recalculated assessment rates and the amounts billed.

The Council is recommended to ensure that property valuations are correctly updated on the system.

### **2.7 VAT RECEIVABLES**

There is a difference of N\$ 3 038 309 between the VAT payable, N\$ 4 636 as per the NAMRA consolidated statement and the balance disclosed in the financial statements, N\$ 3 033 673.

The Council is recommended to ensure that the VAT control account is reconciled with NAMRA and any related adjustments, where relevant, are passed and provided for audit purposes.

**2.8 TRADE RECEIVABLES**

There is a difference of N\$ 2 836 322 between the debit balances as per the age analysis amounting to N\$ 59 958 765 and the trade receivables balance presented in the financial statements of N\$ 57 122 442. This is a result of the Council including negative balances of N\$ 2 836 322 in the trade receivables while they were also presented separately as un-earned revenue (liability).

The Council is recommended to ensure that customer’s negative balances are correctly presented in the financial statements and that the unearned income is reconciled.

**2.9 BUILD TOGETHER ADVANCES**

The current and long term portion of the build together loan accounts with a closing balance of N\$ 1 023 664 could not be recalculated, as a result of the amortization schedule not being updated with the accurate payments made to determine the actual amounts owed to the Council as at different times of the loan period.

The Council is recommended to ensure that it maintains an accurate amortization schedule for all the build together beneficiaries and that it correctly classifies long and short term portion of the total loan amount.

**2.10 SUBSISTENCE AND TRAVEL ALLOWANCE**

The Council implemented a new policy for Traveling and Subsistence Allowance despite a directive from the Minister advising against its implementation. The rates are provided below:

**Rate 1: Accommodation, meals and incidental expenses**

Region	Mayor, Deputy Mayor, Chairperson of MC, CEO and HOD		Councilors and Staff Members	
	Day	Hour	Day	Hour
All Regions	1 248	52	1 200	50

**Rate 2: Meals and incidental expense**

Region	Mayor, Deputy Mayor, Chairperson of MC, CEO and HOD		Councilors and Staff Members	
	Day	Hour	Day	Hour
All Regions	450	18.75	402	16.75

**Rate 3: Incidental expense**

Region	Mayor, Deputy Mayor, Chairperson of MC, CEO and HOD		Councilors and Staff Members	
	Day	Hour	Day	Hour
All Regions	300	12.50	252	10.50

**KM Rate Payable for the use of own Vehicle**

The Council shall pay an amount N\$ 7 per km travelled for the use of own vehicle when on official trip.

It is recommended that the Council adhere to the Directive issued by the Ministry of Urban and Rural Development (MURD). In the event that the Council has objections to the directive, it is advised that the Council engage in consultations with MURD.

**2.11 SUSPENSE ACCOUNT**

The suspense account balance of N\$ 294 323 disclosed under trade and other payables were not reconciled at year end.

It is recommended that the Council perform reconciliations to ensure that transactions are allocated to the correct account balance.

**2.12 STATEMENT OF CHANGES IN EQUITY**

The audit noted a difference of N\$ 2 312 346 between the presented net assets in the statement of financial position to the statement of changes in equity.

The Council is recommended to properly account for changes in statement of equity as it also affects the statement of financial position.



## **2.13 SUPPORTING DOCUMENTS TO THE VALUE OF N\$ 3 728 258 FOR THE FOLLOWING ITEMS**

Supporting documents were not submitted for the following account areas:

- Sales of erven amounting to N\$ 79 127 (residential erven) and N\$ 2 050 000 (Business erven).
- Other income amounting to N\$ 184 050.
- Unreconciled trade payable amount of N\$1 415 081. This balance is referred to as unearned revenue in the statement of financial position.
- Work in progress capitalized documents in terms of completion certificate, take over certificates for audit to fully assess the projects take over dates, completion dates and project values to total amounts capitalized to fixed assets.

It is recommended that the Council ensure that all supporting documents are provided for audit purposes.

## **2.14 NON-COMPLIANCE TO IPSAS DISCLOSURES**

**THE FOLLOWING MATERIAL NON-COMPLIANCE TO IPSAS DISCLOSURE REQUIREMENTS WERE OBSERVED:**

### **STATEMENT OF FINANCIAL POSITION**

- Receivables from exchange and Receivables from non-exchange transactions not presented separately on the face of the financial statements as per IPSAS 1 paragraph 88 (h) and (g).

### **STATEMENT OF FINANCIAL PERFORMANCE**

- Rendering of services not presented separately as per IPSAS 9 paragraph 39 (b) (i).
- Sale of water & electricity not presented separately as per IPSAS 9 paragraph 39 (b) (ii).
- Rental revenue from facility & equipment not presented separately as per IPSAS 9 paragraph 39 (b) (i) (ii).
- Finance income - external investments not presented separately as per IPSAS 9 paragraph 39 (b) (iii).
- Finance income - outstanding receivables not presented separately as per IPSAS 9 paragraph 39 (b) (iii).

### **NOTES TO THE FINANCIAL STATEMENTS**

- Related party disclosures not fully disclosed as standard requires specific disclosure to be made in aggregate about: Remuneration of Key management personnel as per IPSAS 20.

The Council is recommended to comply with IPSAS in compiling their financial statements.

## **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 my opinion thereon,

and I do not provide a separate opinion on these matters. I do not have anything to report on this matter.

#### **4. OTHER INFORMATION**

My opinion on the financial statements does not cover the other information and I do 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 knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard

#### **5. RECURRING MATTERS**

##### **5.1 INVESTMENT IN NORED ELECTRICITY (PTY) LTD**

An investment made in NORED Electricity (Pty) Ltd amounting to N\$ 17 822 408 could not be validated, as the Council did not provide any share certificates. This finding was reported in the 2021 audit report. For the year 2022, the Council reclassified investment to electrical infrastructure. However, the Council did not provide supporting documents to substantiate this transaction for the year under review.

It is recommended that the Council provide supporting documents for the investment in NORED and/or the transfer from Investment to Electrical infrastructure.

##### **5.2 PROVISION FOR DUMP SITE**

The Council did not make a provision for the rehabilitation and restoration of the dumping site after its useful life in accordance with IPSAS 17 and IPSAS 19. This finding was also reported in the 2022 audit report.

It is recommended that the Council should make a provision for the restoration and rehabilitation of the dumpsite in accordance with IPSAS 17 and IPSAS 19.

##### **5.3 OPEN LAND**

The Council did not disclose its open land in the fixed asset register. This is in non-compliance to IPSAS 23. This finding was also reported in the 2022 audit report.

It is recommended that the Council should disclose its open land in the asset register.

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

##### **6.1 SUBMISSION OF FINANCIAL STATEMENTS**

The financial statements for the financial year ended 30 June 2023 were not submitted in compliance with Section 85 of the Local Authorities Act, 1992 (Act No. 23 of 1992).

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standard (IPSAS) and the relevant legislations, 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.

## **8. 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 in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- 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 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. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify the opinion. My conclusions are based on the audit evidence obtained up to the date of the audit report.

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

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

## **SECTION B: AUDIT OF PERFORMANCE INFORMATION**

I conducted an audit on the performance information of Nkurenkuru Town Council consecutively with the audit of financial statements for the year ended 30 June 2023.

### **1.1 DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND SCOPE**

A Performance Management System (PMS) is a systematic process for achievement and improvement in obtaining results from an organization and its staff members managing performance within an agreed framework consisting of objectives, outputs, key performance indicators (KPIs) and timelines.

The primary function of the PMS is to enable the Council to achieve success in fulfilling its mandate and provide improvements in service delivery to the public.

### **1.2 AUDIT OBJECTIVE**

The objective of the Key Performance Indicator (KPI) audit is to provide assurance whether the reported performance information measured against key performance indicators is useful, reliable and evidence-based. Key performance indicators also provide the basis for the Council to inform the Parliament, the public and other stakeholders about its strategic priorities, programs and projects.

### **1.3 AUDIT CRITERIA**

The audit was mainly concentrated on two (2) criteria, namely:

- Usefulness of reported performance information in terms of measurability and relevancy of indicators, as well as consistency of use of indicators throughout the period under review; and
- Reliability of reported performance information in terms of whether the actual reported performance did occur and was reported accurately.

### **1.4 KEY AUDIT FINDINGS**

#### **1.4.1 STRATEGIC AND ANNUAL PLAN AND REPORTING**

**Criteria: Usefulness**

**Sub-criterion: Measurability**

The measurement of four (4) out of the twenty-one (21) total KPIs could not be verified as the indicated measurement are percentages and could not be quantified. Details are as listed below:

1. % of Human Capital Plan targets per annum
2. % of PMS Implementation
3. % of Overall Strategy Execution per annum
4. % Compliance with all Acts, Regulations and Policies per annum

Furthermore, these KPIs were not reported on in the Annual Report 2022/2023.

### **Criteria: Reliability**

Only two (2) of the twenty-one (21) total KPIs undertaken by the Council could be verified due to non-submission of requested information. These were:

1. Revenue Growth (N\$)
2. % Budget Execution

Although the Organisational Annual Report was provided for audit purposes no other supporting information was submitted to collaborate the reported performance of the Council.

#### **1.4.2 PERFORMANCE AGREEMENTS**

The Council did not submit the performance agreements for the following positions:

- Manager: Technical Services and Planning

It is recommended that the Council ensures that all supporting documents are provided for audit purposes.

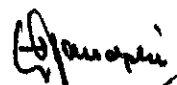
#### **1.5 CONCLUSION ON SUBJECT MATTER**

Because of the significance of the key audit findings section of my report, I have not been able to obtain sufficient appropriate evidence to form a conclusion on the Key Performance Information of the Council. Accordingly, I do not express a conclusion.

#### **9. ACKNOWLEDGEMENT**

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

**WINDHOEK, September 24**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**TOWN COUNCIL OF NKURENKURU  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE**

	Note	2023 N\$	2022 N\$
<b>ASSETS</b>			
<b>Current assets</b>		<b>22 058 479</b>	<b>27 343 881</b>
Cash and Cash Equivalents	2	3 793 654	982 454
Trade and Other Receivables	3	17 317 311	26 196 549
Inventories	4	933 822	159 279
Pre-payments	5	13 692	5 599
<b>Non-current assets</b>		<b>103 709 285</b>	<b>98 879 012</b>
Property, Plant and Equipment	6	73 678 492	73 370 945
Intangible Assets	7	271 527	271 527
Land & Buildings	8	13 579 074	11 084 417
Work In Progress	9	12 672 213	10 603 072
Trade and Other Receivables		3 507 979	3 549 051
<b>TOTAL ASSETS</b>		<b>125 767 764</b>	<b>126 222 893</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Current Liabilities</b>		<b>5 728 344</b>	<b>4 020 161</b>
Trade and Other Payables	10	*5 552 160	3 856 887
Employee Benefits	11	171 914	163 274
<b>Non-current liabilities</b>		<b>1 698 290</b>	<b>1 549 256</b>
Employee Benefits	12	1 453 028	1 359 486
Consumer Deposit		245 262	189 770
<b>Total Liabilities</b>		<b>*7 426 634</b>	<b>5 569 416</b>
<b>NET ASSETS</b>		<b>118 341 131</b>	<b>120 653 477</b>
Accumulated Fund		120 725 263	110 916 778
Surplus/Deficit	13	^(2 384 132)	9 736 699
Other Reserves			
<b>Total net asset and liabilities</b>		<b>*125 767 764</b>	<b>126 222 893</b>

\*The Council made changes of N\$ 4 270 on the trade and other payables without re-adjusting the whole statement of financial position on the affected balances.

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

		2023	2022
	Note	N\$	N\$
<b>Revenue from exchange transactions</b>		<b>N\$29 698 740</b>	<b>N\$26 516 844</b>
Revenue from exchange transactions	14	**29 409 035	**26 335 940
Other Revenue	15	289 705	180 904
<b>Revenue from non-exchange transactions</b>		<b>11 349 104</b>	<b>7 691 592</b>
Transfers from other government entities	16	9 143 066	5 804 359
Non Exchange Transaction	17	2 206 038	1 887 233
<b>Total Revenue</b>		<b>41 047 845</b>	<b>34 208 436</b>
<b>Expenses</b>		<b>^43 431 976</b>	<b>24 471 737</b>
Wages, Salaries, and Employees Benefits	18	10 989 654	10 608 633
Grants and Other Transfer Payments		-	-
Supplies and Consumables used	19	340 756	312 314
Depreciation and Amortization Expenses	20	5 355 825	5 247 807
Expense Impairment of PPE		-	-
Other Expenses	21	26 238 705	8 025 199
Non-operational expense Finance Cost	22	440 710	277 783
<b>Surplus/(Deficit) for the period</b>		<b>*(2 384 131)</b>	<b>*9 736 699</b>

\*\*Revenue from exchange transactions – the correct amounts are N\$ 29 691 279 (2023) and N\$ 26 295 062 (2022).

^Total expenses – the correct amount is N\$ 43 365 650.

\*Deficit/surplus for the year not tallying up due to the above points.



**TOWN COUNCIL OF NKURENKURU**  
**STATEMENT OF CHANGES IN OWNERS EQUITY FOR THE YEAR ENDED 30 JUNE**

	<u>Accumulated surplus/deficit</u> N\$
<b>BALANCE AS AT 01 JULY 2021</b>	<b>(97 678 118)</b>
<b>Changes in accounting policies, errors and corrections</b>	
Correction - prior year	97 678 118
<b>Restated Balance</b>	<b>110 916 778</b>
Surplus/Deficit for the period	9 736 699
<b>BALANCE AS AT 01 JULY 2022</b>	<b>120 653 477</b>
<b>Restated Balance</b>	<b>120 653 477</b>
Surplus/Deficit for the period	*(2 384 132)
<b>NET ASSETS / EQUITY AS AT 30 JUNE 2023</b>	<b><u>*120 653 477</u></b>

\*Deficit for the year not tallying up due to the above points mentioned under the statement of comprehensive income.

**TOWN COUNCIL OF NKURENKURU**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE**

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>CASH FLOWS ACTIVITIES</b>		
<b>Receipts</b>	<b>46 203 630</b>	<b>27 867 568</b>
Sales of goods and services	36 739 080	21 999 612
Grants	9 143 066	5 804 359
Interest	187 535	30 850
Other receipts	133 949	32 747
<b>Payment</b>	<b>38 057 836</b>	<b>24 109 641</b>
Employees Cost	10 989 654	10 608 633
Suppliers	26 627 472	13 223 225
Finance Cost/Interest Paid	440 710	277 783
<b>Net cash flows from operating activities</b>	<b>*8 301 899</b>	<b>3 763 179</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	<b>5 597 345</b>	<b>3 483 214</b>
Purchase of plant and equipment	207 560	123 700
Work in progress	5 389 785	3 359 514
Net cash increase (decrease) in cash and cash equivalents	2 704,554	279 965
Cash and cash equivalents at beginning of period	982 454	730 139
<b>Cash and cash equivalents at end of period</b>	<b>3 793 654</b>	<b>982 454</b>

\* There is a difference of N\$ 156 105 (2023) and N\$ 5 252 (2022) between the presented Net cash flow from operating activities and the recalculated amount.

**TOWN COUNCIL OF NKURENKURU  
STATEMENT OF COMPARISONS OF BUDGET AND ACTUAL AMOUNTS FOR THE  
YEAR ENDED 30 JUNE**

	<b>Budgeted Amount</b>	<b>Actual Amount</b>	<b>Variance</b>
	N\$	N\$	N\$
<b>Receipts</b>	<b>39 790 600</b>	<b>41 047 845</b>	<b>(1 257 245)</b>
<b>Receipts from Exchange Transactions</b>	<b>34 349 000</b>	<b>29 698 740</b>	<b>4 650 260</b>
Revenue from exchange transactions	33 205 000	29 409 035	3 795 965
Other Revenue	1 144 000	289 705	854 295
<b>Receipts from non-exchange Transactions</b>	<b>5 441 600</b>	<b>11 349 104</b>	<b>(5 907 504)</b>
Transfers from other government entities	2 741 600	9 143 066	(6 401 466)
Non-Exchange Transaction	2 700 000	2 206 038	493 962
<b>Total Expenses</b>	<b>29 115 600</b>	<b>43 431 976</b>	<b>(14 316 376)</b>
Wages, Salaries, and Employees benefits	12 539 359	10 989 654	1 549 705
Supplies and Consumables used	479 904	340 756	139 148
Depreciation and Amortization expenses	-	5 422 151	(5 422 151)
Other Expenses	15 846 337	26 238 705	(10 392 368)
Non-operational expense: Finance cost	250 000	440 710	(190 710)
<b>Net Receipts/(Payments) From Operating Activities</b>	<b>10 675 000</b>	<b>(2 384 132)</b>	<b>13 059 132</b>

**TOWN COUNCIL OF NKURENKURU**  
**STATEMENT OF COMPARISONS OF BUDGET AND ACTUAL AMOUNTS FOR THE**  
**YEAR ENDED 30 JUNE**

	<b>Budgeted Amount</b>	<b>Actual Amount</b>	<b>Variance</b>
	N\$	N\$	N\$
<b>Assets</b>			
<b>Current Assets</b>	<b>12 514 240</b>	<b>22 058 479</b>	<b>(9 544 239)</b>
Cash and Cash Equivalents	-	3 793 654	(3 793 654)
Trade and Other Receivables	-	17 317 311	(17 317 311)
Inventories	12 514 240	933 822	11 580 418
Prepayments	-	13 692	(13 692)
<b>Non-current assets</b>	<b>14 185 000</b>	<b>103 709 285</b>	<b>(89 524 285)</b>
Property, Plant and Equipment	585 000	73 678 492	(73 093 492)
Intangible Assets	-	271 527	(271 527)
Land & Buildings	-	13 579 074	(13 579 074)
Work In Progress	13 600 000	12 672 213	927 787
Trade and Other Receivables	-	3 507 979	(3 507 979)
<b>TOTAL ASSETS</b>	<b>26 699 240</b>	<b>125 767 764</b>	<b>(99 068 524)</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Current Liabilities</b>	<b>300 000</b>	<b>5 728 344</b>	<b>(5 428 344)</b>
Trade and Other Payables	300 000	5 556 430	(5 256 430)
Employee Benefits	-	171 914	(171 914)
<b>Non-current liabilities</b>	<b>-</b>	<b>1 698 290</b>	<b>(1 698 290)</b>
Employee Benefits	-	1 453 028	(1 453 028)
Consumer Deposit	-	245 262	(245 262)
<b>Total Liabilities</b>	<b>300 000</b>	<b>7 426 634</b>	<b>(7 126 634)</b>
<b>Net assets</b>	<b>10 675 000</b>	<b>118 341 131</b>	<b>(107 666 131)</b>
Accumulated Fund	-	120 725 263	(120 725 263)
Surplus/Deficit	10 675 000	(2 384 132)	13 059 132
<b>Total net asset and liabilities</b>	<b>10 975 000</b>	<b>125 767 764</b>	<b>(114 792 764)</b>

**TOWN COUNCIL OF NKURENKURU  
STATEMENT OF COMPARISONS OF BUDGET AND ACTUAL AMOUNTS FOR THE  
YEAR ENDED 30 JUNE 2023**

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**Revenue from exchange transaction**

The variance of 87% from budgeted amount from service charges is as a result of some income services which were not fully utilized by the client as a result Council could not charge the tariff assign to them. Council could not levy revenue as initially anticipated due to non-availability of services at certain areas as capital project funds to install services were cut by the central government, thus affecting the budget comparisons.

**Transfers – Namibia government**

333% this over transfers happened due to prior year's budgeted amount which was not paid in the same financial period as there was a delay from line Ministry to transfer funds thus the funds were only transferred in the year under review. The Council received additional RFA funds from the Kavango West Regional Council to upgrade one of the road thus the revenue increased.

**Non-Exchange Transaction**

The 82% below budgeted amount was caused by the slow in additional properties which were already transferred to the owners, pending the document that we could not obtain from Ministry of Agriculture, Water & Land Reform.

**Salaries and Employee Benefits**

On the vote, the Council could only reach 88% because the Council approved a 5% salary increase however the line ministry only approved 3%.

**Supplies and Consumable used**

The Council only spend 71% of the budgeted figure as this vote is for emergency use and the Council has no control on its utilization as its part of the daily operation cost.

**Other expenses**

166% above the total budgeted amount, was caused by the urgent needs of some water items and the provision of doubtful debts in terms of the accounting policy.

**Non operation expenses**

The Council spend 175% above the total budgeted amount, this was caused by the amount of transactions that took place during the year as the project fund transfers also increased.

**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2023**

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**1. BASIS OF PREPARATION**

The financial statements have been prepared in accordance with accrual basis International Public Sector Accounting Standards (IPSAS). The financial statements have been prepared using the historical accounting basis. The accounting policies have been consistently applied to all the years.

The Town Council shall measure assets and liabilities using accounting policies consistent with IPSAS to the extent of the availability of information relating to specific items.

**Presentation currency and rounding**

The financial statements are presented in Namibia dollar which is the Town Council's presentation and functional currency, and all values, including staff management and Councilor's remuneration disclosures.

**Significant judgments and sources of estimation uncertainty**

The preparation of financial statements in accordance with accrual basis IPSAS requires Nkurenkuru Town Council management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Given that uncertainty is inherent in the use of estimates and assumptions, actual results may differ significantly from management estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Examples of estimates include useful lives of tangible and intangible assets; inventory valuation; collectability of receivables; provisions and adjustments of advances of cash assistance; and contingencies.

Information on critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements and which could have a significant risk of resulting in a material adjustment shall be included in the following, but not limited to: (a) Contingencies: legal proceedings covering a wide range of matters which are or may be pending or threatened against Nkurenkuru Town Council. (b) Provisions: are recorded for pending matters when it is determined that an unfavorable outcome is probable, and the amount of loss can be reasonably estimated. Owing to the inherently uncertain nature of the matters, the ultimate outcome or actual cost of settlement may materially vary from estimates.

**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2023**

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**2. Changes in accounting policy**

There has been no changes in the accounting policies for Nkurenkuru Town Council in the year ended 30 June 2023.

**Nkurenkuru Town Council accounting policies**

A summary of significant accounting policies which have been applied in the preparation of these annual financial statements are disclosed below.

**IPSAS 1 - Presentation of financial statements**

This standard prescribe the manner in which the general purpose financial statements of the Council should be presented to ensure comparability with previous financial periods, and sets out guidance for the structure of and minimum requirements for financial statements prepared under the accrual basis of accounting.

**The Town Council's annual financial statements, prepared in accordance with IPSAS, include:**

- a. Statement of Financial Position;
- b. Statement of Financial Performance;
- c. Statement of Changes in Net Assets;
- d. Statement of Cash Flows;
- e. A Statement of Comparison of Budget and Actual Amounts, on the basis of the budget; and,
- f. Notes to the Financial Statements, comprising a summary of significant accounting policies and other explanatory notes.

**Nkurenkuru Town Council disclosure**

Disclosures follow the prescribed IPSAS 1, presentation of financial statements. Additional line items, sub-headings are added where necessary. Other disclosures required should include the judgments that management made in the process of applying accounting policies.

**IPSAS 2 - Statement of cash flows**

This standard requires the provision of information about the historical changes in cash and cash-equivalents of an entity by means of a cash flow statement that classifies cash flow statement during period from operating, investing, and financing activities.

**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2023**

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**IPSAS 2 - Statement of cash flows (Continued)**

**Nkurenkuru Town Council disclosure**

The statement of cash flow shall report cash flows from three categories namely operating activities, investing activities, and financing activities. The statement of cash flow shall be prepared using the direct method. The net surplus or deficit of the Town Council shall be adjusted for the effects of non-cash transactions in a reconciliation forming part of explanatory notes to the financial statements.

**IPSAS 3 - Accounting policies, changes in accounting estimates and errors**

This standard prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosures of changes in accounting policies, changes in accounting estimates and errors.

**Nkurenkuru Town Council disclosure**

Changes to accounting policies shall be applied retrospectively by restating prior year financial statements unless impracticable. Changes in accounting estimate shall be applied in the financial period of change and prospectively. All changes relating to IPSAS adoption shall be applied in the year of adoption and prospectively except for opening balances which will be restated for initial transition to IPSAS. Correction of material errors in the preparation of financial statements of one or more periods are corrected retrospectively by restating comparative period amounts. Where IPSAS does not provide guidance as to whether a change is a change in accounting policy or a change in accounting estimate, the change shall be considered to be a change in accounting estimate.

**IPSAS 14 - Events after the reporting date**

This standard prescribes when the entity should adjust its financial statements for events after the reporting date and the disclosures that the entity should give about the date when the financial statements were authorized for issue, and about events after the reporting period.

The standard also requires that an entity should not prepare its financial statements on a going concern basis if events after the reporting period indicate that the going concern assumption is not appropriate (if those responsible for the preparation of financial statements or the governing body determine after the reporting date that there is no realistic alternative but to do so).



**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2023**

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**Nkurenkuru Town Council disclosure**

The Town Council shall disclose the following for each material category of non-adjusting event after the reporting date: (a) the nature of the event; and (b) an estimate of its financial effect, or a statement that such an estimate cannot be made. Other disclosures shall include the date when financial statements were authorized for issue, and the name and identity of the person giving that authorization. No other body shall have the power to amend or direct the amendment of financial statements except the Auditor General directing such amendment in terms of statutory audits.

**Recognition and Measurement**

In the period between the reporting date and the date of authorization for issue, pronouncements relating to certain, specific matters may affect how Nkurenkuru town Council has to report events and transactions in its general-purpose financial reports. Such pronouncements are mostly conveyed to Nkurenkuru town Council through local government. Whether or not these pronouncements should be recognized as adjusting events would depend upon

- (a) Whether they provide more information about the conditions existing at the reporting date, and
- (b) Whether there is sufficient evidence that they can and will be fulfilled. In most cases, the announcement of central government intentions will not lead to the recognition of adjusting events. Instead, they would generally qualify for disclosure as non-adjusting events

**Nkurenkuru Town Council disclosure**

The Town Council shall disclose the date when financial statements were authorized for issue, and the name and identity of the person giving that authorization. No other body shall have the power to amend or direct the amendment of financial statements except the Auditor General directing such amendment in terms of statutory audit for the purposes of adding value to the Nkurenkuru Town Council's financial reporting.

**IPSAS 19 - Provisions, contingent liabilities, and contingent assets**

The objective of this standard is to identify the circumstances in which provisions, contingent liabilities, and contingent assets should be recognized, how they should be measured and the required disclosures in the financial statements.

**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2023**

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**Nkurenkuru Town Council disclosure**

The Town Council is guided by the definition of an obligation as per the standard. The Town Council shall record an obligation that derives from a contract (through its implicit and/or explicit terms), legislation or operation of the law (legal obligation), and an obligation that derives from the Town Council's actions whereby an established pattern of past practice, published policies, or sufficiently specific current statement, the Nkurenkuru Town Council has indicated to other parties that it will accept certain responsibilities; and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge the obligation.

**Recognition and Measurement**

A Payable should be recognized:

- a) When goods or services are received or supplied and invoiced or formally agreed with the vendor.
- b) In respect of payments received from other organizations, at the time of signing of formal agreements for specified amounts.

A provision shall be recognized when:

- (a) The Town Council 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 or service potential 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 should be recognized.

The Town Council shall not recognize a contingent liability.

**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2023**

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Nkurenkuru Town Council shall not recognize a contingent asset. Contingent assets usually arise from unplanned or other unexpected events that:

- (a) Are not within the control of the Town Council, and
- (b) Give rise to the possibility of an inflow of economic benefits or service potential to the Town Council. An example is a claim that an entity is pursuing through legal processes, where the outcome is uncertain. Contingent assets are not recognized in financial statements, since this may result in the recognition of revenue that may never be realized. However, when the realization of revenue is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate. The Town Council shall disclose a contingent asset as required by the standard, where an inflow of economic benefits or service potential is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits or service potential has become probable, an entity discloses the contingent asset. The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. The risks and uncertainties that inevitably surround many events and circumstances shall be taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate (or rates) shall be a rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) shall not reflect risks for which future cash flow estimates have been adjusted. Future events that may affect the amount required to settle an obligation shall be reflected in the amount of a provision where there is sufficient objective evidence that they will occur.

**IPSAS 20 - Related party disclosure**

The objective of this standard is to set the disclosure requirements for transactions between Town Council and its related parties in certain circumstances. Related party relationships are disclosed in the notes to the financial statements. Transactions where they occur within a normal relationship of supplier and recipient and on arms-length terms are also disclosed.

**Nkurenkuru Town Council disclosure**

The Town Council shall disclose related party transactions and management remuneration (including an analysis by type of remuneration). With respect to related parties, the Town Council shall disclose the nature of the related party relationship, and type of transactions that have occurred.

**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2023**

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**IPSAS 21 - Impairment of non-cash generating assets**

This standard prescribes the procedures that the Town Council applies to determine whether a non-cash generating asset is impaired, and to ensure that impairment losses are recognized. This standard further specifies when an impairment loss can be reversed and prescribes disclosures.

**Nkurenkuru Town Council disclosure**

The Town Council shall disclose the amount of impairment loss recognized in surplus or deficit during the period, the amount of reversal of impairment loss recognized in surplus or deficit.

**Recognition and Measurement**

If, and only if, the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable service amount and that reduction is an impairment loss. The Standard requires the Town Council to make a formal estimate of recoverable service amount only if an indication of a potential impairment loss is present. An impairment loss shall be recognized immediately in surplus or deficit. When the amount estimated for an impairment loss is greater than the carrying amount of the asset to which it relates, an entity shall recognize a liability if, and only if, that is required by another IPSAS. Where the estimated impairment loss is greater than the carrying amount of the asset, the carrying amount of the asset is reduced to zero, with a corresponding amount recognized in surplus or deficit. A liability would be recognized only if another IPSAS so requires. After the recognition of an impairment loss, the depreciation (amortization) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

**IPSAS 24 - Presentation of budget information in financial statements**

Requires a comparison of budget amounts and actual amounts arising from execution of the budget to be included in the financial statements of the Town Council since it is required to make publicly available its approved budget and for which the Town Council is therefore held accountable.

**Nkurenkuru Town Council disclosure**

The Town Council shall disclose reconciliation between actual amounts on a comparable basis in the Statement of Comparison of Budget and Actual Amounts. The Town Council shall disclose the budgetary basis and classification basis adopted in the approved budget and the financial period of the approved budget. Explanation of variances between the final budget and actual as presented in the comparison shall be disclosed to in the notes to the financial statements.

**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2023**

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**IPSAS 31 - Intangible assets**

This standard prescribes the accounting treatment for intangible assets that are not dealt with specifically in another standard. This standard requires an entity to recognize an intangible asset if, and only if, specified criteria are met. This standard further specifies how to measure the carrying amount of intangible assets and requires specific disclosures about intangible assets.

**Nkurenkuru Town Council disclosure**

Nkurenkuru Town Council shall disclose useful lives, amortization methods, gross carrying amount, and any accumulated amortization at the beginning and end of the period, line items of the statement of surplus or deficit in which amortization of intangible assets is included, and a reconciliation of the carrying amount at the beginning and end of the period. The Council shall further disclose a movement table showing changes in carrying amount and accumulated amortization and details about impairment of intangible assets if any in the notes to the financial statements.

**Recognition and Measurement**

Intangible assets shall be recognized if and only if the Town Council demonstrates that the item meets the definition of an intangible asset and the item meets the recognition criteria. An intangible asset shall be recognized if, and only if it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and the cost or fair value of the asset can be measured reliably. An intangible asset shall be measured initially at cost. Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition, shall be measured at its fair value as at that date.

Recognition of costs in the carrying amount of an intangible asset ceases when the asset is in the condition necessary for it to be capable of operating in the manner intended by management. Therefore, costs incurred in using or redeploying an intangible asset are not included in the carrying amount of that asset.

**Expenses recognition**

**1.1 IPSASs not adopted by Nkurenkuru Town Council**

Under IPSAS, there is no specific standard that prescribes the accounting treatment of expenses and expense recognition. The accounting for expenses arises from the fundamental principle of accrual basis accounting. As per IPSAS 1, presentation of financial statements, under the accrual basis, expenses are recognized when the transaction or event that causes the expenses occur. Expenses shall be analyzed by nature in the statement of surplus or deficit.

**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2023**

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**IPSASs not adopted by Nkurenkuru Town Council (Continued)**

The International Public Sector Accounting Standards listed below have not yet been adopted for the purposes of reporting financial information for the year ended 30 June 2023.

Management shall apply any of the IPSAS where the Town Council's future transactions render it necessary to apply the provisions of the respective IPSAS

IPSAS 4 - The effects of changes in foreign exchange rates

IPSAS 5 - Borrowing costs

IPSAS 10 - Financial reporting in hyperinflationary times

IPSAS 11 - Construction contracts

IPSAS 13 - Leases

IPSAS 16 - Investment property

IPSAS 26 - Impairment of cash-generating assets

IPSAS 27 - Agriculture

IPSAS 32 - Service concession arrangements: Grantor

IPSAS 34 - Separate financial statements

IPSAS 35 - Consolidated financial statements

IPSAS 36 - Investment in associates and joint ventures

IPSAS 37 - Joint arrangements

IPSAS 38 - Disclosure of interest in other entities

IPSAS 40 - Public sector combinations

**1.2 Revenue**

Revenue comprises 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.

**1.2.1 Revenue from exchange transactions**

An exchange transaction is when the Council receives assets or services or has liabilities extinguished, and directly gives approximately equal value to the other part in exchange. Fair value is the amount for which an asset can be exchanged, or liability settled, between knowledgeable willing parties, in an arm's length transaction.

**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2023**

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**Revenue from exchange transactions (Continued)**

**Recognition - Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, the Town Council shall recognize revenue by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably.
- It is probable that future economic benefits or service potential associated with the transaction will flow to the entity.
- The stage of completion of the transaction at the reporting date can be measured reliably; and.
- The costs incurred for the transaction and the costs to complete the transaction can be estimated reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognized on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant, than any other acts, the recognition of revenue is postponed until after the execution of that significant act. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is only recognized to the extent of the expenses recognized that are recoverable. Service revenue is recognized by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

**TOWN COUNCIL OF NKURENKURU**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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**Recognition - Sale of goods**

Revenue from the sale of goods is recognized when all of the following conditions are satisfied:

- The Town Council has transferred to the purchaser the significant risks of rewards of ownership of the goods;
- The Town Council retains neither continued managerial involvement to the degree normally associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that economic benefits, or service potential associated with the transaction will flow to the Town Council; and,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.
- As for land sales, the Town Council requires that 3 criteria be met for revenue to be recognized;
- The purchaser must obtain Council approval (based on Council selection criteria) to qualify to purchase a plot(s) of land, The purchaser must obtain ministerial approval for the purchase of an identified portion of land; and, a full payment of the purchase price must be made by the purchaser to the Council. Where the above criteria is not met, proceeds received by the Council from potential purchasers are accounted for as liabilities.

**Measurement**

Revenue is measured at the fair value of consideration received or receivable, net of trade discounts and volume rebates Service charges relating to solid waste, sanitation and sewerage are levied in terms of approved tariffs.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and revenue is recognized in the period when the consumption took place. Provisional estimates of consumption are made monthly when meter readings are not performed. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognized as revenue in the invoicing period. Services provided on a prepayment basis are recognized at a point of sale. An adjustment to an unutilized portion is made at year end, based on the average consumption history.



**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2023**

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**1.2.2 Revenue from non-exchange transactions**

Town Council is not required to change its accounting policies in respect of the recognition and measurement of revenue from non-exchange transactions. Control of an asset arises when the Town Council can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or regulate the access of others to that benefit.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Town Council receives value from another party without directly giving approximately equal value in exchange. Conditions on transferred assets are stipulations that specify that future economic benefits or service potential embodied in the asset is required to be consumed by the Town Council as specified or service potential must be returned to the transferor. Restrictions on transferred assets are stipulations that limit or direct the purpose for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified. Taxes such as property rates are economic benefits or service potential compulsorily paid to the Town Council in accordance with laws and/or regulations. Taxes do not include fines or penalties imposed as a result of breaches of the law. Transfers are future economic benefits or service potential from non-exchange transactions other than taxes.

**Recognition**

The Town Council recognizes revenue from fees, and fines when the event occurs, and the asset recognition criteria is met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenue is recognized when it is probable that future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be reliably measured.

**1.3. Property plant and equipment**

The Town Council has adopted IPSAS as set out in the basis for preparation paragraph above. Amongst the IPSASs adopted is IPSAS 17 Property, Plant, and Equipment (PPE). In its previous basis of accounting, the Town Council did not have an accounting policy for the recognition, and measurement of items of PPE that is consistent with IPSAS 17, 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 expected to be used for more than one period.

**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**Property plant and equipment (Continued)**

**Recognition**

The cost of an item of Property, plant and, equipment is recognized as an asset when the following criteria are met:

- It is probable that future economic benefits, or service potential associated with the item of PPE flow to the Town Council.
- The cost of the item can be measured reliably

**Initial measurement**

An item of property, plant, and equipment is initially measured at cost. The cost of an item of property, plant and, equipment is the purchase price and the other cost attributable to bringing the asset to its present 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 cost. Where an item of PPE is acquired in exchange for non-monetary asset(s) or monetary asset(s), or a combination of monetary and non-monetary asset(s), the asset acquired is initially measured at fair value. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up. Where an asset is acquired through a non-exchange transaction, its cost is its fair value at the date of acquisition. When significant components of an item of PPE have different useful lives, they are accounted for as separate items (major components) of PPE. The cost of an item of PPE includes costs incurred initially to acquire or construct an item of PPE and costs subsequently incurred to add to, and/or to replace part of the item of PPE. If a replacement cost is recognized in the carrying amount of an item of PPE, the carrying amount of the replaced item of PPE is derecognized.

The initial estimate of the costs of dismantling and removing the item and restoring the site in which it is located is also included in the cost of PPE where the Town Council has an obligation to incur such an expenditure, and the obligation arises as a result of acquiring the asset or using it for the purposes other than the production of inventories. Recognition of costs in the carrying amount of an item of PPE ceases when the item is in the location, and condition, necessary for it to be operated in the manner intended by management. Major spare parts and standby equipment which are expected to be used for more than one period are included in PPE. Major inspection costs which are a condition of continuing use of an item of PPE and which meet the recognition criteria above are included as a replacement in the cost of item of PPE. Any remaining inspection costs from the previous inspection are derecognized. PPE is carried at cost less accumulated depreciation and any impairment losses except for land which is not depreciated. PPE items are depreciated using the straight-line depreciation method over the item's useful life. Items of PPE shall not have any residual value as they shall be fully employed in the provision of goods and/or services. For plant and equipment, useful lives and depreciation method shall be reviewed annually, and changes shall be recognized prospectively as a change in accounting estimate in the statements of surplus or deficit.

**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2023**

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**Property plant and equipment (Continued)**

The initial estimate of the costs of dismantling and removing the item and restoring the site in which it is located is also included in the cost of PPE where the Town Council has an obligation to incur such an expenditure, and the obligation arises as a result of acquiring the asset or using it for the purposes other than the production of inventories. Recognition of costs in the carrying amount of an item of PPE ceases when the item is in the location, and condition, necessary for it to be operated in the manner intended by management. Major spare parts and standby equipment which are expected to be used for more than one period are included in PPE. Major inspection costs which are a condition of continuing use of an item of PPE and which meet the recognition criteria above are included as a replacement in the cost of item of PPE. Any remaining inspection costs from the previous inspection are derecognized. PPE is carried at cost less accumulated depreciation and any impairment losses except for land which is not depreciated. PPE items are depreciated using the straight-line depreciation method over the item's useful life. Items of PPE shall not have any residual value as they shall be fully employed in the provision of goods and/or services. For plant and equipment, useful lives and depreciation method shall be reviewed annually, and changes shall be recognized prospectively as a change in accounting estimate in the statements of surplus or deficit.

Assets below N\$1 000 are not depreciated. They are expensed in the year of acquisition. Assets that are fully depreciated and are no longer used in the production of goods and/or services are held at a dollar value in the fixed asset register for the purposes of completeness and monitoring pending disposal. Items of PPE are derecognized when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. Gains or losses arising from the de-recognition of an item of PPE are recognized in the statement of surplus or deficit as other income. The gain or loss arising from the de-recognition of an item of PPE is determined as the difference between the net disposal proceeds (if any) and the carrying amount of the item. Assets which the Town Council holds for rental to others and subsequently routinely sells as part of the ordinary course of activities are transferred to inventories when the rentals end and they are available for-sale.

These assets are not accounted for as non-current assets held for sale. Proceeds from sale of these assets are recognized as revenue. Profit or loss from the disposal of these assets are included in the cash flow statement under operating activities. Each part of any item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognized in the statement of surplus or deficit unless if it is included in the cost of another asset. Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The useful lives of items of property.

**TOWN COUNCIL OF NKURENKURU**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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**Property Plant and Equipment (Continued)**

Plant and equipment have been assessed as follows:

<b>TYPE OF ASSET</b>	<b>DEPRECIATION METHOD</b>	<b>USEFUL LIFE</b>
Land and Buildings	Straight line	10 - 50
Computer Equipment	Straight line	3 - 5
Infrastructure	Straight line	10 - 50
Furniture and Fittings	Straight line	5 - 10
Motor Vehicles	Straight line	5 - 20
Office Equipment, Plant and Machinery	Straight line	2 - 20

The useful life of each item of property, plant and equipment is reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

**1.3.1. Site restoration and dismantling costs**

The Town Council has an obligation to dismantle, remove and/or restore items of property, plant, and equipment in circumstances where dismantlement, removal or restoration is necessitated. At recognition of an item of PPE, the cost shall include the initial estimates of costs of dismantling and removing the item and restoring the site on which it is located as a consequence of having used the item during a particular period for the purposes other than to produce inventories during the period. This accounting policy is attributable to the dumpsite under ownership and control of the Town Council.

Measurement using the cost model:

- a) Subject to b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- b) If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in the statement of surplus or deficit;
- c) If the adjustment results in an addition to the cost of the asset, the Town Council considers whether this is an indication that the carrying amount of the asset is not fully recoverable. If it is such an indication, the asset is tested for impairment by testing its recoverable amount and any impairment loss is recognized the statement of accumulated surplus or deficit on the date of the adoption of IPSAS and/or in subsequent accounting periods within the transitional period. The Town Council may rely on further guidance in accordance with the accounting policy on impairment of cash generating assets and/or impairment of non-cash generating assets.

**TOWN COUNCIL OF NKURENKURU**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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#### **1.4 Inventories**

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their cost is the fair value at the date of acquisition. Subsequently, inventories are measured at the lower of cost and net realizable value. Net realizable 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 sell, exchange or distribution. The cost of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories shall be determined using the first in first out formula (FIFO). The same formula is used for all inventories having a similar nature and use to the Town Council. When inventories are sold and/or used, the carrying amounts of those inventories are recognized as expenses in the period in which the related revenue is recognized. If there is no related revenue, the expenses are recognized when the goods are distributed, or services are rendered. The amount of any write-down of inventories to net realizable value and all losses on inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value are recognized as a reduction in the amount, of inventories recognized as an expense in the period in which the reversal occurs.

#### **1.5 Provisions and contingencies**

Provisions are recognized when:

The Town Council has a present obligation as a result of past events

It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation

A reliable estimate can be made of the obligation

The amount of the provision is the best estimate of the expenditure expected to be required to settle the obligation at the reporting date. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Where some or all of the expenditure required to settle the provision is reimbursed by another part, the reimbursement is recognized when, and only when, it is virtually certain that the reimbursement will be received. The reimbursement is treated as a separate asset. The amount recognized for the reimbursement does not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an out flow of resources embodying economic benefits or service potential will be required to settle the obligation. A provision is used only for the expenditures for which the provision was initially recognized Provisions are not recognized for future operating deficits.

**TOWN COUNCIL OF NKURENKURU**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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**Provisions and contingencies (Continued)**

If the Town Council has an onerous contract, the present obligation (net of recoveries) under the contract is recognized and measured as a provision.

**1.6 Employee benefits**

Employee benefits are all forms of consideration given by Nkurenkuru Town Council in exchange for services rendered by employees. There are four categories of employee benefits:

- Short term employee benefits
- Post-employment benefits
- Other long-term employee benefits
- Termination benefits

The categories are explained below together with the Town Council's employee benefits included in these categories.

**Short term employee benefits**

Short term employee benefits are benefits payable within a year of the end of the year in which an employee rendered services within Nkurenkuru Town Council, this category includes wages and salaries, fixed and variable allowances, social security contributions, paid sick leave, and variable short-term remuneration. The costs of these employee benefits are recognized in the statement of surplus or deficit when the service is rendered, or the rights to benefits are accrued.

**Post-employment benefits**

These are employee benefits that fall due after the completion of employment. They include pension and job-related early retirement. Nkurenkuru Town Council's pension plan is administered by Retirement Fund for Local Authorities and Utilities Services in Namibia (RFLAUN). The retirement fund was established in March 1992 and is registered in terms of both the pension Fund Act, (No. 24 of 1956) and Income Tax Act, (Act No. 24 of 1981). The pension plan is regarded as a group scheme involving more than one employer qualifying it as a defined contribution plan.

The affiliated employers have no supplementary obligation to make additional contributions in the event of a deficit at RFLAUN nor are they entitled to any surpluses in addition to paying the premium set by RFLAUN;

- The members bear the actuarial and investment risk in full.
- Each year, the premium is set by RFLAUN board on the basis of its own file data, with due regard for prescribed parameters or requirements.

**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2023**

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**Employee benefits (Continued)**

Accordingly, in measuring the obligation arising from the pension plan, the Town Council recognizes pension contributions payable as an expense in the statement of surplus or deficit.

**Other long-term employee benefits**

These are employee benefits which do not wholly fall due within a year of the end of the period in which the employee renders the service.

**Termination benefits**

These are benefits paid as a result of the Town Council's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for such benefits. The costs are recognized in full in the statement of surplus or deficit as soon as a decision is made. Termination benefits are recognized at the present value of the obligation.

**1.7 Unauthorized expenditure**

Unauthorized expenditure means:

- Overspending on a vote or a main division within a vote; and
- Expenditure not in accordance with the purpose of a vote, in the case of a main division not in accordance with the purpose of a main division.

**1.8 Fruitless and wasteful expenditure**

Fruitless expenditure means expenditure made in vain and would have been avoided had reasonable care been exercised. All fruitless and unauthorized expenditure are recognized in the statement of surplus or deficit in the year in which they are incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered it is subsequently recognized as revenue in the statement of surplus or deficit.

**1.9 Conditional grants and receipts**

Revenue received from conditional grants, donations is recognized as revenue to the extent that the Town Council has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions, or obligations have not been met a liability is recognized.

**TOWN COUNCIL OF NKURENKURU**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2023**

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**1.10 Debt forgiveness**

The Town Council recognizes revenue in respect to debt forgiveness when the former debt no longer meets the definition of a liability.

**1.11 Bequests**

Bequests that satisfy the definition of an asset are recognized as assets and revenue when it is probable that future economic benefits or service potential will flow to the Town Council, and the fair value of the assets can be measured reliably.

**1.12 Gifts and donations**

Gifts and donations including goods in kind that satisfy the definition of an asset are recognized as assets and revenue when it is probable that future economic benefits or service potential will flow to the Town Council, and the fair value of the assets can be measured reliably.

**Measurement**

An asset acquired through a non-exchange transaction shall initially be measured at its fair value at the date of acquisition. Revenue from non-exchange transactions shall be measured at the amount of the increase in net assets recognized by the entity.

**1.13 Fines**

Assets arising from fines are measured at the best estimate of the inflow of resources to the Town Council.

**1.14 Investments**

Where the carrying amount of an investment is greater than the recoverable amount, the investment must be written down to its recoverable amount, and an impairment loss is charged to the statement of surplus or deficit in the year in which the impairment has occurred.

**1.15 Transfers**

The Town Council recognizes an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfies the recognition criteria as an asset.



**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2023**

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**1.16 Cash and cash equivalents**

Cash and cash equivalents include all cash balances, deposits held at call at financial institutions, and short term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash. Liquid investments with an original maturity exceeding three months are excluded from cash and cash equivalents and reported under accounts receivables. Bank overdrafts are included in the short-term payables.

**1.17 Customer advance prepayments**

Advance payments from customers are accounted for as a liability until an exchange of equal value is rendered. Customer advance payments commonly form part of accounts receivables at the end of the financial year. It is the Town Council's policy to reclassify all advance payments from accounts receivables to current and / or (none) liabilities in line with the matching concept. Funds and Accounts the Build together fund balance is either:

- Non-spendable (not in spendable form)
- Restricted (restricted for particular purposes)
- Committed (committed to particular purposes)
- Assigned (assigned for particular purposes)

Non-spendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

**Related parties**

Related parties arise where an individual is either a member of the governing body or is involved in the financial and operating decisions of the Town Council. This also extent to entities owned by key management personnel, Councilors, and close family members of such individuals, and other entities with significant influence on the reporting entity.

**Related party transactions – loans**

There were no loans advanced to top management, Councilors during the financial year.

**Related parties – interest in Nkurenkuru Town Council**

Management and Councilors had no business or commercial interests in the Town Council for the financial year ended 30 June 2023.

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

In the preparation of these annual financial statements, management is required to make estimates, and assumptions that affect the amounts presented in these annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the making of estimates. Actual results in the future could differ from these estimates which could be material to the annual financial statements. The Council may receive information after the date of adoption of IPSAS about estimates that it had made under the previous basis of accounting. The Council shall account for such information in the same way as non-adjusting events in accordance with IPSAS 14, Events after the reporting period. This, however, shall not apply where estimates were in error or the adjustment is due to differences in accounting policies. Judgments exercised by management incorporate recent developments regarding the impact of the corona virus and its implications on Council's financial reporting.

**Provisions, contingent liabilities, and contingent assets**

Management shall establish the requirements for the recognition of provisions and disclosure of contingent liabilities and contingent assets. In light of the corona virus (an event that existed as at the reporting date), management's actions are only accounted for as a provision to the extent that there is a present obligation for which the outflow of economic benefits is probable and can be reliably measured.

**Accounts receivables, loans, and other receivables**

The Council assesses its accounts receivables, loans, and other receivables at the end of each reporting date. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgment based on past practices or observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. As a prudent precaution on accounts receivables, management shall make an allowance for credit losses where an allowance for credit losses shall be shown as an expense in the statement of surplus or deficit. Accounts receivables shall be presented on the face of the statement net of allowance for receivables. Management judges that the directive from the government issued in 2019 requiring that all local authorities reconnect water services (where disconnected due to outstanding customer payments) has increased uncollectable receivables as some customers were already defaulting on payments before the corona virus pandemic.

**Allowance for slow moving, obsolete or damaged inventory items**

Inventory items shall be written down to the lower of cost and net realizable value.

**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2023**

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**Useful life of items of property, plant, and equipment**

Management determines the useful life of all items of property, plant, and equipment and the related depreciation charges. Management shall assess the useful life of items of property, plant, and equipment every year and, where useful life are less than previously estimated, a review shall be performed to increase the useful life of the respective items.

**1.19 Offsetting**

Assets and liabilities, and revenue and expenses are reported in these financial statements separately and shall not be offset unless required or permitted by an IPSAS.

**1.20 Value added tax (VAT)**

Items in the financial statements are stated exclusive of value added tax, except for accounts receivables and accounts payables which are presented on a value added tax inclusive basis. Where value added tax is not recoverable, it forms part of the stated asset or expense. Commitments or contingencies are disclosed exclusive of value added tax.

**1.21 Budget information**

The budget figures for the Council are those approved by the Ministry of Urban and Rural Development. General purpose financial reporting by the Council shall provide information on whether resources were deployed in accordance with the set limit and provisions of the respective legislative oversight.

The approved budget is prepared on the modified cash basis and covers the financial period beginning 01 July 2022 and ending 30 June 2023.

**Comparative information shall not be required for the budget**

Differences between actual figures and budget figures shall be considered to be material where such a difference is above 10%. Significant variances shall be explained in the statement of comparison of budget and actual amounts to the annual financial statements. The budget has been prepared on modified cash basis and the financial statements have been prepared on the full accrual basis. A separate statement of comparison of actual and budget has henceforth been presented and forms part of these financial statements.

**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2023**

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**1.22 Going concern**

These financial statements have been prepared using accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the Council's operations.

Management judges that considerations for the potential implications of corona virus and the measures taken to control it when assessing the entity's ability to continue as a going concern are critical. Further, management judges that the government lockdown program is a material development which could have reasonably been expected to affect other parts of the country post reporting date.

**1.23 Land compensation**

Land compensation involves voluntary handover of communal land to Nkurenkuru Town Council in exchange for a cash consideration as per compensation policy (per square meter) for all privately owned land falling within the proclaimed area. Nkurenkuru Town Council receives all voluntary considerations for sale of land from willing communal land owners occupying communal land within the proclaimed area. The Council obtains the size of the land proposed for disposal by using its technical staff and staff from Ministry of Agriculture, Water & Land Reform to obtain measurements (in hectares or square meters) followed by the determination of the amount of compensation per hectare in line with the government compensation policy. The Council creates a creditor based on the amount to be paid as compensation to the willing seller.

**TOWN COUNCIL OF NKURENKURU**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE**

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>2 Cash and Cash Equivalents</b>	<b>3 793 654</b>	<b>982 454</b>
Bank Operation/Current Account	154 823	298 142
Bank Call Account	2 717 996	24 229
Bank Revenue Account	4 746	4 685
Bank Standard Bank	1 444	1 444
Bank Current Account	359 863	21 120
Bank Call Deposit	253 037	243 290
Bank Revenue Account	301 745	389 544

Unrestricted cash and Cash Equivalent in the amount of N\$ 2 879 009 while restricted comprise an amount N\$ 914 645 are not constrained to specific purpose.

**3 Trade and Other Receivables**

	<b>17 317 311</b>	<b>26 196 549</b>
Account Receivable	57 122 443	50 079 354
Vat Control Account	3 033 673	2 608 037
Provision For Doubtful Debts	(42 854 295)	(26 490 841)
Account Receivable-NAMPOST	15 490	-

Value added tax (VAT) reported is as an excess of input vat over output vat the Council of Nkurenkuru collect VAT and remits it to the Receiver of Revenue and relies on the polices of the Receiver of Revenue in administering collections and remittances.

Account receivable of Nampost attributes to two chairs that were damaged during transportation Council lodge a claim with Nampost for refund of the damaged chair

<b>4 Inventories</b>	<b>933 822</b>	<b>159 279</b>
Compensation Fund	17 717	-
Inventory/Stock	916 105	159 279

In line with compensation policy affected land owners whose land fell under the proclaimed where compensated in monetary value

## ANNEXURE F

**TOWN COUNCIL OF NKURENKURU**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE**

	2023	2022
	N\$	N\$
<b>5 Pre-paid expenses</b>	<b>13 692</b>	<b>5 599</b>

Prepayments are attributable to motor vehicle licenses that had not expired as at the end of the financial year.

<b>6 Property, Plant and Equipment:</b>	<b>73 678 492</b>	<b>73 370 945</b>
Computer Equipment	319 370	270 174
Furniture, Fixtures & Fitting	489 221	373 420
Office Equipment	20 499	21 673
Plants and Machineries	1 421 820	1 421 820
Vehicles	5 933 742	7 947 131
Capital Infrastructure	81 504 013	79 453 388
Electrical Infrastructure	25 369 470	22 181 181
Accumulated depreciation - Electrical Infrastructure	(920 142)	(388 361)
Accumulated depreciation - Computer Equipment	(211 215)	(187 327)
Accumulated depreciation - Office Equipment	(20 499)	(21 673)
Accumulated depreciation - Plant and Machinery	(1 172 010)	(1 072 885)
Accumulated depreciation - Vehicles	(5 327 891)	(6 996 003)
Accumulated depreciation -Furniture, Fixture & Fittings	(335 445)	(306 357)
Accumulated depreciation - Capital Infrastructure	(33 392 441)	(29 325 235)

<b>7 Intangible Assets</b>	<b>271 527</b>	<b>271 527</b>
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There has been no accumulated amortization of the Town Councils intangible asset due to the policy which prescribes non-amortization of intangibles and as a result, no movements due to amortization or Impairment during the financial year were recorded in relation to impairment assessment of intangible assets; There has been no decline in performance of the intangible asset in relation to increasing volume of transaction; and there has been no change in cost which would result in the Council reviewing the need to continue using the intangible.

<b>8 Land &amp; Buildings</b>	<b>13 579 074</b>	<b>11 084 417</b>
Land Cost	4 671 000	4 671 000
Buildings Cost	11 626 532	8 775 696
Accumulated depreciation- Buildings	(2 718 457)	(2 362 279)

## ANNEXURE F

**TOWN COUNCIL OF NKURENKURU**  
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**30 JUNE**

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>9 Work In Progress</b>	<b>12 672 213</b>	<b>10 603 072</b>
Construction of Expo Warehouse	-	2 241 818
Municipal Service Ext3 Phase 2	6 403 533	5 746 147
Electrification of Ext 3 Phase 4	-	1 067 049
Construction of Open Market	1 502 184	191 991
Water Tank Kahenge	-	73 872
Kahenge Ext 5 (survey & planning)	352 800	352 800
Kahenge Ext 6 (survey & planning)	352 800	352 800
Nkurenkuru Ext 10 & 13 (survey & planning)	576 595	576 595
Upgrade to Bitumen 1.5KM	3 484 301	-
<b>10 Trade and Other Payables</b>	<b>5 552 160</b>	<b>*3 852 937</b>
Control-Retention on Capital Project	212 196	218 507
Account Payable	640 872	-
Accrued Expenses (creditors)	1 576 005	1 146 728
Salary Control	(4 770)	3 820
Suspense Account	294 323	152 304
Accrued Expo Fund Expenses/Income	(2 770)	(3 450)
Un-Earned Revenue	2 836 305	2 335 028
Consumer Deposit	-	189 770
Unearned revenue comprises advance payments by customers on accounts for which the town Council had not offered an exchange of equal value in return as at the reporting date		
*Trade and other payables is not tallying up to the recalculated N\$ 3 852 937 a difference of N\$ 189 770 is observed with the recalculated N\$ 4 042 707		
<b>11 Current portion of employee Benefits</b>	<b>171 914</b>	<b>163 274</b>
Provision for Bonus	171 914	163 274

Contribution of service render relating to bonus during the year of N\$ 171 914 and its pro-rata.

## ANNEXURE F

**TOWN COUNCIL OF NKURENKURU**  
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**30 JUNE**

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>12 Employee Provision</b>	<b>1 453 028</b>	<b>1 359 486</b>
Provision for Leave	1 453 028	1 359 486
<p>Contribution of service render relating to leave during the year of N\$ 1 453 028 leave contribution is an accumulation of leave days by staff members.</p>		
<b>13. Surplus/Deficit</b>	<b>(2 384 132)</b>	<b>9 736 699</b>
Operational Fund	(2 743 430)	9 726 180
Build Together Fund	20 876	13 145
Expo fund	338 423	(2 626)
<b>14. Revenue From Exchange Transactions</b>	<b>29 409 035</b>	<b>26 335 940</b>
Interest on arrears	4 009 432	3 042 148
Photocopies & fax & penalty fees	20 846	17 869
Rental of community hall	37 915	40 450
Fire brigade levy	468 405	418 367
Sale of erven residential	8 982 770	4 221 673
Animal ponding fees	60	15 092
Hire of machinery/equipment	7 850	24 014
NKU beach/open space	16 404	2 400
Sales of sand	54 950	88 413
Building plan fees	252 865	346 232
Occupational rent/lease	786 987	699 958
Sale of erven business	3 557 189	7 629 709
Advertisement board	20	7 239
Refuse removal	1 462 930	1 395 628
Garden refuse	300	-
Sewerage fees	1 599 700	1 265 723



## ANNEXURE F

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**30 JUNE**

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>14. Revenue From Exchange Transaction(Continued)</b>		
Sewerage connection	16 558	21 700
Water connection	282 244	223 672
Royalties & surcharges	341 830	
Water connection	282 244	223 672
Reconnection/disconnection	72 259	34 400
Water sales	6 695 391	6 474 713
Private boreholes	16 800	16 800
Repair & maintenance water meter	17 979	16 704
Capitalized interest from bank	166 660	17 705
Promotional items	178 550	8 753
Donation/pledges	-	6 913
Pigeon box	-	21 970
Build Together Fund - Revenue from exchange transactions	20 876	13 145
Expo Fund - Revenue from exchange transactions	341265	-
	<b>289 705</b>	<b>180 904</b>
<b>15. Other Revenue</b>		
Tender fees	21 369	30 973
Other fees and charges	112 581	1 774
Refunds	6 696	1 739
Clearance/ Valuation certificate	11 780	9 326
Temporary structure	72 000	73 500
Investment properties	46 800	46 800
Change of ownership of property	2 400	2 000
Commission received	16 080	14 793
Other revenue comprise gross inflow of service potential from different sources.		
<b>16. Transfer from other Government entities</b>	<b>9 143 066</b>	<b>5 804 359</b>
Subsidy MURD	7 702 295	5 704 998
Subsidy RFA (Road Fund Administration)	1 440 771	99 361

Transfer from Government and other Institutions amount to N\$ 7 702 295 while an amount of N\$1 440 771 was from Road Fund Administration for upgrading of gravel road to Bitumen standard

## ANNEXURE F

**TOWN COUNCIL OF NKURENKURU**  
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**30 JUNE**

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>17. Revenue From Non Exchange Transactions</b>	<b>2 206 038</b>	<b>1 887 233</b>
Assessment rates	1 745 659	1 688 226
Income-fitness certificate	236 796	178 334
Discount received	223 584	20 673
<b>18. Wages, Salaries, and Employees Benefits</b>	<b>10 989 654</b>	<b>10 608 633</b>
Salaries & wages	5 698 075	5 195 907
Contribution-social security -company	30 346	33 096
Service bonus	426 228	430 348
Contribution-medical aid fund-company	1 103 861	945 319
Contribution-pension fund-company	1 132 749	1 129 706
Car allowance	281 333	281 333
Housing allowance	1 698 448	1 708 063
Transport allowance	242 034	246 528
Overtime	81 169	66 131
Standby allowance	27 300	21 600
Back pay	80 485	-
Employee compensation fund (ECF)	119 826	-
Casual laborers/Job attachment	67 800	67 510
Councilors allowance	-	483 092

Employee costs relate to short term and long-term employee benefits resulting from rendering services. All services rendered by employees outline above, fall under formal agreements between the employees. Nkurenkuru Town Council employee cost include pension falling due after completion or formal termination of employment. All employee benefits were provided directly to Town Council employees and none were provided to Employee dependents.

**TOWN COUNCIL OF NKURENKURU**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2023**

**COMPENSATION OF KEY  
MANAGEMENT PERSONEL**

	<b>CHIEF EXECUTIVE OFFICER</b>	<b>MANAGER FINANCE</b>	<b>MANAGER TECHNICAL SERVICE</b>
	N\$	N\$	N\$
Basic Salary	556 889	303 256	309 322
Housing Allowance	220 725	121 302	123 729
Car Allowance	102 701	89 316	89 316
Bonus	47 890	25 519	26 030
Back Pay	10 025	4 162	4 246
<b>TOTAL</b>	<b>938 230</b>	<b>543 556</b>	<b>552 642</b>

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>19. Supplies and Consumables used</b>	<b>340 756</b>	<b>312 314</b>
Printing & stationery	160 721	183 552
Tools & equipment	3 092	2 572
Cleaning materials	78 997	40 369
Materials & stores	84 815	40 349
Small tools and equipment	13 131	2 435
Protective clothing	-	29 495
Protective clothes & official uniform	-	13 544

Administrative expenses comprise no-capital appropriations for daily operation of administration.

## ANNEXURE F

**TOWN COUNCIL OF NKURENKURU**  
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**30 JUNE**

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>20. Depreciation and Amortization Expenses</b>	<b>5 355 827</b>	<b>5 247 807</b>
Depreciation - Computer equipment	23 888	17 350
Depreciation - Furniture, fixtures and fittings	28 402	4 841
Depreciation - Building	356 178	345 765
Depreciation - Plants and machineries	99 125	139 074
Depreciation - Vehicles	345 277	345 278
Depreciation - Capital infrastructure	4 059 333	4 007 139
Depreciation - Electrical infrastructure	443 624	388 361
<b>21. Other Expenses</b>	<b>26 238 705</b>	<b>8 025 199</b>
Contract & subscription fee	79 007	78 016
Advertising	116 591	114 285
Entertainment	48 060	72 628
Fuel & oil	402 317	308 776
Insurance	287 222	272 944
Municipal association contribution	59 800	35 500
Refreshment	7 866	5 900
Training	168 779	125 410
Sport	61 100	900
Special events	73 611	67 755
CEO entertainment	28 516	-
Vehicle license fees & registration	26 272	25 416
Km claim	136 621	127 182
Expo/trade fair	697 522	-
Security service	375 407	349 732
Consultant fees	228 600	217 081
Courier services	39 933	55 122
Electricity consumption	740 455	690 858
Computer license fees	204 518	187 525
Relocation expense	174	469
Postage & telephone	96 921	89 981
Travel and accommodation	452 682	297 833
Office equipment	14 434	600
Subscription - DSTV	12 199	4 065
Regional Council levy	57 834	63 588

**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE**

	2023	2022
	N\$	N\$
<b>21. Other Expenses (Continued)</b>		
Planning and survey	360 667	22 085
Interim valuation roll	121 739	
Service contract	888 688	822 127
Refuse bins	106 772	-
Sewerage pump repair	16 470	-
Electricity connection	44 098	-
Water testing	12 739	3 693
Water bulk purchase	894 846	501 748
Contribution leave days and bonus	129 235	163 274
Strategic planning	39 734	103 312
VAT penalties & interest	8 407	-
Repairs and maintenance:		
Vehicle	397 994	296 505
Office furniture & equipment	8 346	-
Computer & equipment	137 470	350
Machines & equipment	312 194	293 354
Street name and signs	335 411	-
Plant, machinery & equipment	235 000	86 150
Sewerage pump repair	74 628	153 587
Reticulation	185 342	-
Water meters/pre-paid meters	853 230	225 744
Reticulation & network upgrade	295 800	73 862
Movement on allowance for doubtful debts	16 363 454	1 144 557
Donation/sponsorship	-	22 000
Cleaning campaign	-	2 484
Claim against Council	-	95 000
Car hire	-	-
Legal advice	-	30 146
Water consumption	-	83 890
Compensation	-	16 493
Human capital development	-	25 863
Asset disposal	-	667 412

General and Administrative expenses comprise no-capital appropriations for daily operation of administration

## ANNEXURE F

**TOWN COUNCIL OF NKURENKURU**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE**

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	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>22. Non-operational expense Finance Cost:</b>	<b>440 710</b>	<b>277 783</b>
Bank charges	437 868	275 157
Expo Fund - Finance Cost	2 842	2 626

## ANEXURE F

**TOWN COUNCIL OF NKURENKURU**  
**RESTATED – STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED**  
**30 JUNE 2022**

	2023	2022	2022
	N\$	N\$	N\$
Note	Unaudited	Audited	Re-state
<b>ASSETS</b>			
<b>Current Assets</b>	<b>22 058 479</b>	<b>27 343 881</b>	<b>27 343 881</b>
Cash and Cash Equivalents	3 793 654	982 454	982 454
Trade and Other Receivables	17 317 311	26 196 549	26 196 549
Inventories	933 822	159 279	159 279
Prepayments	13 692	5 599	5 599
<b>Non-current Assets</b>	<b>103 709 285</b>	<b>98 879 012</b>	<b>98 855 012</b>
Property, Plant and Equipment	73 678 492	73 370 945	73 370 945
Intangible Assets	271 527	271 527	271 527
Land & Buildings	13 579 074	11 084 417	11 084 417
Work In Progress	12 672 213	10 603 071.72	10 603 072
Trade and Other Receivables	3 507 979	3 549 051	3 525 051
<b>TOTAL ASSETS</b>	<b>125 767 764</b>	<b>126 222 893</b>	<b>26 198 893</b>
<b>Net assets and liabilities</b>			
<b>Current Liabilities</b>	<b>5 728 344</b>	<b>4 020 161</b>	<b>4 020 161</b>
Trade and Other Payables	5 556 430	3 856 887	3 856 887
Current portion of employee Benefits	171 914	163 274	163 274
<b>Non-current liabilities</b>	<b>1 698 290</b>	<b>1 549 256</b>	<b>1 359 486</b>
Employee Benefits	1 453 028	1 359 486	1 359 486
Consumer Deposit	245 262	189 770	-
<b>TOTAL LIABILITIES</b>	<b>7 426 634</b>	<b>5 569 416</b>	<b>5 379 646</b>

## ANEXURE F

**TOWN COUNCIL OF NKURENKURU**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE**

	<b>2023</b>	<b>2022</b>	<b>2022</b>
	N\$	N\$	N\$
<b>Net assets</b>	<b>118 341 131</b>	<b>120 653 477</b>	<b>120 653 477</b>
Accumulated Fund	120 725 263	110 916 778	110 916 778
Surplus/Deficit	(2 384 132)	9 736 699	9 736 699
Other Reserves			
<b>Total net asset and liabilities</b>	<b>125 767 764</b>	<b>126 222 893</b>	<b>126 033 123</b>



**TOWN COUNCIL OF NKURENKURU**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30**  
**JUNE**

Note: 7

**Property, Plant and Equipment**

Asset Category	2023				
	Opening	Additional	Closing	Acc. Depreciation	Carrying
	N\$	N\$	N\$	for the year N\$	Amount N\$
Building	8 775 696	2 850 835	11 626 532	2 717 775	
Computer					
Equipment	270 174	49 196	319 370	211 215	108 155
Electrical					
Infrastructure	22 181 176	3 188 289	25 369 465	920 141	24 449 324
Furniture, Fixtures and Fittings	373 420	115 801	489 221	335 440	153 781
Infrastructure	79 453 388	2 050 624	81 504 013	33 392 441	48 111 571
Intangible Asset	271 527	-	271 527	-	-
Land	4 671 000	-	4 671 000	-	-
Motor vehicle	5 933 742	-	5 933 742	5 327 891	605 851
Office equipment	20 499	-	20 499	20 499	-
Plant and Machine	1 421 820	-	1 421 820	1 172 010	249 810
WIP	10 603 072	-	10 603 072	-	10 603 072
<b>Total</b>	<b>133 975 513</b>	<b>8 254 746</b>	<b>142 230 259</b>	<b>44 097 412</b>	<b>84 281 563</b>

**TOWN COUNCIL OF NKURENKURU**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30**  
**JUNE**

Asset Category	2022				
	Opening	Additional	Closing	Acc. Depreciation for the year	Carrying Amount
	N\$	N\$	N\$	N\$	N\$
Building	8 717 196	58 500	8 775 696	2 362 279	6 413 417
Computer Equipment	180 847	89 327	270 174	187 327	82 847
Electrical Infrastructure	17 822 403	4 358 773	22 181 176	418 065	21 763 111
Furniture, Fixtures and Fittings	314 942	58 478	373 420	306 357	67 063
Infrastructure	75 266 131	4 187 258	79 453 388	29 325 235	50 128 154
Intangible Asset	271 527	-	271 527	-	271 527
Land	-	4 671 000	4 671 000	-	4 671 000
Motor vehicle	7 947 131	-	7 947 131	6 996 003	951 128
Office equipment	21 673	-	21 673	21 673	-
Plant and Machine	1 421 820	-	1 421 820	1 072 885	348 935
<b>Total</b>	<b>111 963 670</b>	<b>13 423 336</b>	<b>125 387 005</b>	<b>40 689 825</b>	<b>84 697 180</b>

**TOWN COUNCIL OF NKURENKURU**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

**ANNEXURE F**

**Reconciliation of Property, Plant and Equipment - 2023**

	Building	Computer equipment	Electrical Infrastructure	Furniture, Fixtures & Fittings	Infrastructure	Intangible asset	Land	Motor Vehicle	Office Equipment	Plant & Machinery	Work In Progress	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Opening Balance	8 775 696	270 174	22 181 176	373 420	79 453 388	271 527	4 671 000	5 933 742	20 499	1 421 820	10 603 072	133 975 513
Additions	2 850 835	49 196	3 188 289	115 801	2 050 624	-	-	-	-	-	6 266 477	14 521 222
Sub-Total	2 850 835	49 196	3 188 289	115 801	2 050 624	-	-	-	-	-	6 266 477	14 521 222
Total	11 626 532	319 370	25 369 465	489 221	81 504 013	271 527	4 671 000	5 933 742	20 499	1 421 820	16 869 548	148 496 735
Transfers	2 850 835	-	-	-	1 346 500	-	-	-	-	-	(4 197 335)	-
Sub - Total	2 850 835	-	-	-	1 346 500	-	-	-	-	-	(4 197 335)	-
Total	14 477 367	319 370	25 369 465	489 221	82 850 512	271 527	4 671 000	5 933 742	20 499	1 421 820	12 672 213	148 496 735
Depreciation	2 717 775	211 215	920 141	335 440	33 392 441	-	-	5 327 891	20 499	1 172 010	-	44 097 412
Sub - Total	2 717 775	211 215	920 141	335 440	33 392 441	-	-	5 327 891	20 499	1 172 010	-	44 097 412
Closing Bal 30/06/2023	11 759 592	108 155	24 449 324	153 781	49 458 071	271 527	4 671 000	605 851	-	249 810	12 672 213	104 399 323

ANEXURE F

**TOWN COUNCIL OF NKURENKURU  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

Reconciliation of Property, Plant and Equipment - 2022											
	Building	Computer equipment	Electrical Infrastructure	Furniture, Fixtures & Fittings	Infrastructure	Intangible asset	Land	Motor Vehicle	Office Equipment	Plant & Machinery	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Opening Balance	8 717 196	180 847	17 822 403	314 942	75 266 131	271 527	-	7 947 131	21 673	1 421 820	111 963 670
Additions	58 450	89 327	4 358 773	58 478	4 187 258	-	4 671 000	-	-	-	13 423 336
Sub-Total	58 450	89 327	4 358 773	58 478	4 187 258	-	4 671 000	-	-	-	13 423 336
<b>Total</b>	<b>8 775 696</b>	<b>270 174</b>	<b>22 181 176</b>	<b>373 420</b>	<b>79 453 388</b>	<b>271 527</b>	<b>4 671 000</b>	<b>7 947 131</b>	<b>21 673</b>	<b>1 421 820</b>	<b>125 387 005</b>
Depreciation	2 362 279	187 327	418 065	306 357	29 325 235	-	-	6 996 003	21 673	1 072 885	40 689 825
Sub - Total	2 362 279	187 327	418 065	306 357	29 325 235	-	-	6 996 003	21 673	1 072 885	40 689 825
Closing Bal 30/06/2023	<b>6 413 417</b>	<b>82 847</b>	<b>21 763 111</b>	<b>67 063</b>	<b>50 128 154</b>	<b>271 527</b>	<b>4 671 000</b>	<b>951 128</b>	<b>-</b>	<b>348 935</b>	<b>84 697 180</b>