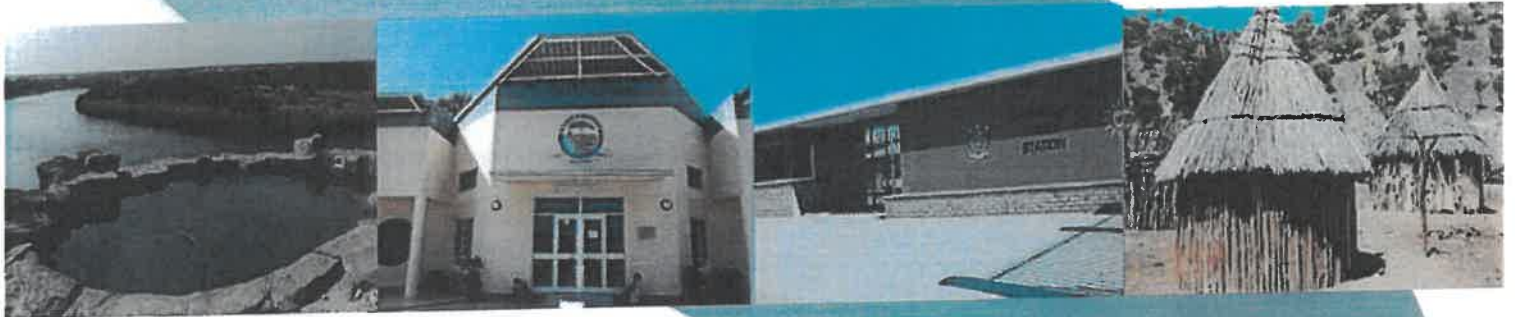




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
TOWN COUNCIL OF NKURENKURU
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Town Council of Nkurenkuru for the financial year ended 30 June 2024, 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, July 2025

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS
OF THE TOWN OF NKURENKURU
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024**

1. ADVERSE AUDIT OPINION

I have audited the financial statements of the Town Council of Nkurenkuru for the financial year ended 30 June 2024 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 discussed 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 2024 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 Comparative figures presented in the 2024 financial statements - Accumulated surplus/deficit

There is a difference of N\$ 2 334 985 between the "balance as at 01 July 2023" of N\$ 118 318 492 as presented in the statement of changes in equity and the balance of N\$ 120 653 477 as per the prior year's audited financial statements.

2.2 Accumulated surplus/deficit per the Statement of Changes in Equity and the Statement of Financial Position

There is a difference of N\$ 1 818 168 between the closing accumulated surplus/deficit amount as per the statement of changes in net assets/equity of N\$ 118 422 586 and the amount presented in the statement of financial position of N\$ 120 240 754.

2.3 Accumulated surplus/deficit per the Statement of Changes in Equity and the Notes to the Financial Statements

There is a difference of N\$ 1 634 281 between the closing accumulated surplus/deficit amount as per the statement of changes in net assets/equity of N\$ 118 422 586 and the amount presented in the notes to the financial statements of N\$ 116 788 305.

2.4 Net Cash Flows from Operating Activities - Cash flow statement

There is a difference of N\$ 1 027 322 between the recalculated amount of N\$ 1 130 160 and the amount presented of N\$ 2 157 482. The same difference was noted on the net increase/decrease in cash and cash equivalents.

2.5 Cash and cash equivalent at the end of the period - Cash flow statement

There is a difference of N\$ 1 695 812 between the recalculated closing balance of N\$ 3 340 341 and the amount presented of N\$ 1 644 529.

2.6 Interest received

There is a difference of N\$ 1 389 496 between the interest received amount presented in the statement of financial performance of N\$ 1 544 891 and the amount in the notes to the financial statement of N\$ 155 395.

2.7 Total revenue

There is a difference of N\$ 1 376 495 (2024) and N\$ 882 269 (2023) between the recalculated total revenue of N\$ 32 141 990 (2024) and N\$ 41 930 104 (2023) and the total amount presented in the statement of financial performance of N\$ 30 765 495 (2024) and N\$ 41 047 835 (2023).

Furthermore, there is a difference of N\$ 835 686 (2024) and N\$ 2 107 799 (2023) between the amount presented in the statement of financial performance of N\$ 30 765 495 (2024) and N\$ 41 047 834 (2023) and amounts presented in the notes to the financial statements of N\$ 29 929 808 (2024) and N\$ 38 940 035 (2023) respectively.

2.8 Surplus/(deficit) for the year

There is a difference of N\$ 1 376 495 (2024) and N\$ 882 269 between the recalculated the surplus/(deficit) for the year of N\$ 1 500 589 (2024) and (N\$ 1554 254) for 2023 and the amount presented in the statement of financial performance of N\$ 124 094 (2024) and (N\$ 2 436 523) for 2023.

2.9 Total of trade and other receivables in the Notes to the Financial Statements

There is a difference of N\$ 65 999 999 between the recalculated sum of trade receivable in the notes to the financial statements of (N\$ 44 885 775) and the amount presented in the notes of N\$ 21 114 225.

2.10 Difference between the balance in the Statement of Financial Position and the recalculated total in the Notes to the Financial Statements- Trade and other receivables

There is a difference of N\$ 65 926 713 between the amount presented in the statement of financial position of N\$ 21 040 938 and the recalculated amount in the notes to the financial statements of (N\$ 44 885 775).

2.11 Trade and other payables- Notes to the financial statements

There is a difference of N\$ 2 035 106 between the recalculated amount of N\$ 4 413 873 and the amount presented in the notes to the financial statements of N\$ 2 378 767. This resulted in a difference of N\$ 2 030 836 between the recalculated amount and the amount presented in the statement of financial position of N\$ 2 383 037.

2.12 Reconciliation of property, plant and equipment

The Council did not disclose a property, plant and equipment reconciliation. This is not in compliance with IPSAS 17 paragraph 88) (e) which states that: *“the financial statements shall disclose, for each class of property, plant and equipment recognized in the financial statements: A reconciliation of the carrying amount at the beginning and end of the period showing: (i) Additions; (ii) Disposals; (iii) Acquisitions through entity combinations; (iv) Increases or decreases resulting from revaluations under paragraphs 44, 54 and 55 and from impairment losses (if any) recognized or reversed directly in net assets/equity in accordance with IPSAS 21; (v) Impairment losses recognized in surplus or deficit in accordance with IPSAS 21; (vi) Impairment losses reversed in surplus or deficit in accordance with IPSAS 21; (vii) Depreciation; (viii) the net exchange differences arising on the translation of the financial statements from the functional currency into a different presentation currency, including the translation of a foreign operation into the presentation currency of the reporting entity; and (ix) Other changes.”*

2.13 Disclosures of carrying amount of property plant and equipment

The Council did not make the following disclosures required by IPSAS 17 paragraph 89 as the Council had items listed for auction that were not successfully sold as at year end. *“(b) the carrying amount of temporarily idle property, plant and equipment; The gross carrying amount of any fully depreciated property, plant and equipment that is still in use; (c) the carrying amount of property, plant and equipment retired from active use and held for disposal; and (d) When the cost model is used, the fair value of property, plant and equipment when this is materially different from the carrying amount”.*

2.14 Accounting for sale of erven

The Council incorrectly accounts for sales of erven by recognizing revenue upon allocation of plots to the buyer and not when all the revenue recognition criteria are met.

Paragraph 28 of IPSAS 9 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.”*

In the year under review, the Council has sales of erven debtors to the value of N\$ 36 474 482, of which 98% are over 120 days due. This is an indication that the Council has prematurely recognized revenue from sales of erven by recognizing revenue on allocation of plots and not when all revenue recognition criteria are met, as it is not probable that the selling price will be paid in full for the transfer of property from the Council to the buyer.

2.15 Revenue from sales of erven

The Council incorrectly recognized revenue from the sale of business and residential erven that are not fully paid amounting to N\$ 4 796 641 and N\$ 442 645 respectively. This resulted in the overstatement of revenue and trade receivables.

2.16 Cost of sales

The Council recognized a total of N\$ 6 804 635 from the sale of erven, however, no expense was recognized in the financial statement relating to the items sold. This resulted in the understatement of expenses and overstatement surplus for the year.

This is not in compliance with IPSAS 12 paragraph 44 that states that *“when inventories are sold, exchanged or distributed the carrying amount of those inventories shall be recognized as an expense during the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when the goods are distributed or related service is rendered.”*

2.17 Re-allocation of erven/plots

The Council repossessed residential and business erven with a total purchase price of N\$ 670 076 and reallocated them in the year under review without de-recognizing the previously recognized revenue and making appropriate disclosures in the financial statements.

2.18 Difference between the trial balance and amount presented in the financial statements

There is a difference of N\$ 65 476 474 between the account receivables balance as per the financial statements of N\$ 441 136 and the trial balance amount of N\$ 66 441 136.

2.19 Adjustment to the Value Added Tax (VAT) Account

The Council made an adjustment of N\$ 3 033 372 to restate the opening balance to the balance as per the Namibian Revenue Agency (NAMRA) balance without restating the 2023 figures in the 2024 financial statements. This is not in compliance with IPSAS 3 paragraph 47 that states that: *“subject to paragraph 48, an entity shall correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by: (a) Restating the comparative amounts for prior period(s) presented in which the error occurred”*.

2.20 Unearned revenue

There is a difference of N\$ 2 142 803 between the amount of N\$ 2 836 305 presented as unearned revenue in the financial statements and the amount in the trial balance of N\$ 693 502.

2.21 Allowance for doubtful debts

There is a difference of N\$ 33 471 682 between the recalculated current year's allowance for doubtful debts of N\$ 11 847 201 and the allowance as per the financial statements of N\$ 45 318 883.

2.22 Presentation of the build together loans

The Council incorrectly classified the entire receivables from build together loans amounting to N\$ 3 417 785 as non-current assets instead of splitting them between the current and long-term portion resulting in the overstatement of non-current assets and understatement of current assets. Furthermore, this is not in compliance with IPSAS 1 paragraph 76 that states that: *“an entity should disclose for each asset and liability item that combines amounts expected to be recovered or settled both before and after twelve months from the reporting date, the amount expected to be recovered or settled after more than twelve months.”*

2.23 Disclosures of the build together loans

The Council did not make the following disclosures as required by IPSAS 30: Financial Instruments:

Paragraph 37: *“(a), reconciliation between the opening and closing carrying amounts of the loans, including: (i) Nominal value of new loans granted during the period; (ii) The fair value adjustment on initial recognition; (iii) Loans repaid during the period; (iv) Impairment losses recognized; (v) Any increase during the period in the discounted amount arising from the passage of time; and (vi) Other changes. (b) Nominal value of the loans at the end of the period; (c) The purpose and terms of the various types of loans; and (d) Valuation assumptions.”*

RECURRING AUDIT FINDINGS

2.24 Traveling and subsistence allowance

As reported in the 2023 financial year, the Council implemented a Policy for Traveling and Subsistence Allowance in the 2022/2023 financial year, despite a directive from the Minister advising against its implementation. The Council cited paragraph 18 of the Local Authority Act as justification. However, Paragraph 18 (2) of the Act stipulates that any remuneration, allowances, or other benefits provided by a council must not exceed those determined by the Minister. This policy was still being utilized by the Council for the year under review.

2.25 Provision for dump site

As reported since the 2022 financial year, 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.

2.26 Intangible asset

As reported in the 2023 financial year, the Council did not disclose its accounting policy related to the subsequent measurement of intangible assets as required by IPSAS 31.

2.27 Open land

As reported since the 2022 financial year, the Council did not disclose its open land in the fixed asset register. This is in non-compliance to IPSAS 23.

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. 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.

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes 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, I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Entity's internal control;
- Evaluate the appropriateness of accounting policies 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; and
- 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.

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 2024.

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 SUMMARY OF METHODS APPLIED

I reviewed the strategic plans for the strategic periods 2022 to 2022, specifically the 2024 period and comprising of a review of the Strategic Plan and documentation review.

1.5 KEY AUDIT FINDINGS

1.5.1 STRATEGIC AND ANNUAL PLAN REPORTING

It was observed that the Council has a Strategic plan encompassing the financial period ending 30 June 2024, however, this Strategic plan was not signed. Furthermore, the Council submitted a signed Annual plan and Organizational Annual Report for the period 2023/24. However, no supporting information on the attainment of twenty (20) out of the twenty-two (22) KPIs as reported in the Organizational Report was submitted.

1.5.2 PERFORMANCE AGREEMENTS

The Council did not submit the performance agreements for the Manager: Technical Services and Planning and Property Officer. Additionally the submitted performance agreements for the Accountant (Debtors), Accountant (Creditors), Human Resource Practitioner and Town Planning Officer were not signed.

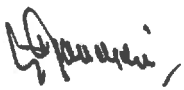
1.6 CONCLUSION ON SUBJECT MATTER

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.

7. ACKNOWLEDGEMENT

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

WINDHOEK, July 2025


JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

TOWN COUNCIL OF NKURENKURU
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

General Information

Country of incorporation and domicile	Namibia
Legal form of entity	Town Council as per Section 2(b) of Local Authority Act, (Act No.23 of 1992) as amended
Nature of business and principal activities	Principal activities of Town Council of Nkurenkuru are: 1. Provide its residents with equitable municipal services; 2. Ensure sustainable service delivery to all its inhabitants; 3. Promote social and economic development within the town council boundary area,
Mayor	Cllr. Jafet M Muti) Cllr. Fani M Kaundu (Dep. Mayor)
Council	Dr. Angelius K Liveve, (MC Chairperson) Cllr. Robert M.Katura, (MC Member) Cllr. Leena P Kaveto (MC Member), Cllr. Andreas M Katanga (Ordinary Council Members) Cllr. Agatha K Muhepa (Ordinary Council Members)
Grading of local authority	Town Council as per Section 2(b) of Local Authority Act, (Act No.23 of 1992) as amended
Chief Executive Officer	Mr. Sindimba PS
Registered office	Nkurenkuru Main Road Postal address Po. Box 6004, Nkurenkuru Namibia
Auditors	Auditor General

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TOWN COUNCIL OF NKURENKURU
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Statement of Changes in Net Assets	16
Cash Flow Statement	17
Statement of Comparison of Budget and Actual Amounts	18
Accounting Policies	19-34
Notes to the Annual Financial Statements	35-46

The following supplementary information does not form part of the annual financial statements and is unaudited:

IPSAS	International Public Sector Accounting Standards
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TOWN COUNCIL OF NKURENKURU

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

The accounting officer is required by the Local Authorities (Act 23 of 1992) as amended, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IPSAS) including any interpretations, guidelines and directives issued by the Public Sector Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, sets standards for internal control aimed at reducing the risk of error in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The annual financial statements set out on pages 4 to 30, which have been prepared on the going concern basis, were approved for resubmission on the 3rd of April 2025 and were signed by:

.....
Sindimba PS
Chief Executive Officer

.....
Magana Mukuve
Manager: Finance, HR and Administration

ANNEXURE A

TOWN COUNCIL OF NKURENKURU
STATEMENT OF FINANCIAL POSITION AT 30 JUNE

	Note	2024 N\$	2023 N\$
ASSETS			
Current assets		23 469 240	22 087 931
Cash and cash equivalents	13	1 644 529	3 823 407
Trade and other receivables	14	21 040 938	17 317 010
Inventories	15	758 646	933 822
Prepayments	16	25 127	13 692
Non-current assets		101 221 190	103 716 518
Property, plant and equipment	17	73 804 929	73 685 725
Intangible assets	18	271 527	271 527
Land & buildings	19	13 888 251	13 579 074
Work in progress	20	9 838 697	12 672 213
Trade and other receivables		3 417 785	3 507 979
Total assets		^a 124 763 607	125 804 450
NET ASSETS AND LIABILITIES			
Current Liabilities		2 566 121	5 787 667
Trade and other payables	21	2 383 037	5 615 754
Current portion of employee benefits	22	183 084	171 914
Non-current liabilities		1 956 732	1 698 290
Employee benefits	23	1 628 842	1 453 028
Consumer deposit	24	327 890	245 262
Total Liabilities		4 522 853	^b 7 480 957
Net assets		120 240 754	118 318 492
Accumulated fund	25	120 116 660	120 755 015
Surplus/(Deficit)	26	124 094	(2 436 523)
Total net asset and liabilities		124 763 607	125 804 450

^a There is a difference of N\$ 73 178 between the recalculated amount of N\$ 124 690 429 and the amount presented. The same difference is noted between the recalculated total assets and the total net assets.

^b There is a difference of N\$ 5 000 between the recalculated amount of N\$ 7 485 957 and the amount presented. The same difference is noted on the total net asset and liabilities.

ANNEXURE B

TOWN COUNCIL OF NKURENKURU

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE

	Note	2024 N\$	2023 N\$
Revenue from non-exchange transaction		^a 3 934 117	^c 11 349 104
Property rates	1	2 277 477	1 745 659
Transfer from government and Related entities	6	1 374 371	9 143 066
Revenue from Exchange transaction		^b 26 831 377	^d 29 698 730
Rental of facilities and equipment	2	49 137	24 254
Services charges	3	10 566 782	9 774 821
Tender fees		18 821	21 369
Other fees and charges		2 200	112 581
Refunds		85 930	6 696
Clearance/ valuation certificate		37 115	11 780
Temporary structure		60 300	72 000
Investment properties		85 963	46 800
Change of ownership of property		4 980	2 400
Commission received		13 675	16 080
Repair & maintenance water meter		23 045	17 979
Occupational rent/lease		820 133	786 987
Promotional items		42 774	178 550
Build together program		870	-
Sale of sand		307 650	54 950
Sewer connection		42 790	16 558
Royalties and surcharges		419 796	341 830
Water connection		380 597	282 244
Reconnection/disconnection		82 899	72 259
Animal ponding fees		-	60
Advertisement board		-	20
Garden refuse		-	300
Interest on arrears		5 059 426	4 009 432
Photocopies & fax & penalty fees		16 331	20 846
Rental of community hall		76 406	37 915
Fire brigade levy		505 578	468 395
Building plan fees		319 461	252 865
Sale of erven residential		650 649	8 982 770
Sale of erven business		6 153 986	3 557 189
Interest received	5	1 544 891	1 462 929
Other revenue	7	282 270	46 379
Expo & Build Together Program (BTP)		835 687	362 141
Total revenue		^e 30 765 495	^f 41 047 834

ANNEXURE B

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

		2024	2023
	Note	N\$	N\$
EXPENSES		g 30 641 407	43 484 358
Employee related cost	8	11 532 282	10 989 654
Supplies and consumables	9	301 219	340 756
Depreciation and amortization expenses	10	5 375 446	5 423 264
General expenses	11	13 114 233	26 289 973
Non-operational expense finance cost	12	318 221	440 710
Surplus/(Deficit) for the year		h 124 094	i (2 436 523)

^a There is a difference of (N\$ 282 269) between the amount presented and the recalculated amount of N\$ 3 651 848.

^b There is a difference of N\$ 1 658 765 between the amount presented and the recalculated amount of 28 490 142.

^c There is a difference of (N\$ 460 379) between the amount presented and the recalculated amount of N\$ 10 888 725.

^d There is a difference of N\$ 1 342 649 between the amount presented and the recalculated amount of N\$ 31 041 379.

^e There is a difference of N\$ 1 376 495 between the amount presented and the recalculated amount of N\$ 32 141 990.

^f There is a difference of N\$ 882 269 between the amount presented and the recalculated amount of N\$ 41 930 104.

^g There is a difference of N\$ 6 between the recalculated amount of N\$ 30 641 401 and the amount presented.

^h There is a difference of N\$ 1 376 495 between the recalculated amount of N\$ 1 500 589 and the amount presented.

ⁱ There is a difference of N\$ 882 269 between the recalculated amount of (N\$ 1 554 254) and the amount presented.

ANNEXURE C

TOWN COUNCIL OF NKURENKURU

STATEMENT OF CHANGES IN OWNERS EQUITY FOR THE YEAR ENDED 30 JUNE

	Accumulated surplus/deficit	Total net assets/equity
	N\$	N\$
BALANCE AS AT 01 JULY 2022	120 653 477	120 653 477
Changes in accounting policies, errors and corrections		
Reinstated Balance	120 755 015	120 755 015
Surplus/Deficit for the period	(2 436 523)	(2 436 523)
BALANCE AS AT 01 JULY 2023	118 318 492	118 318 492
Reinstated Balance at 01 July 2023 as Restated	118 318 492	118 318 492
Surplus/Deficit for the period	124 094	124 094
NET ASSETS / EQUITY AS AT 30 JUNE 2024	^a 118 422 586	118 422 586

^a There is a difference of N\$ 20 000 between the recalculated amount of N\$ 118 442 586 and the amount presented.

ANNEXURE D

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

	2024	2023
	N\$	N\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts	28 123 928	46 203 631
Sales of goods and services	26 542 686	36 739 080
Grants	1 374 371	9 143 066
Interest	185 851	187 535
Other receipts	21 021	133 949
Payment	26 993 768	38 028 084
Employees Cost	11 532 282	10 989 654
Suppliers	15 143 475	26 597 719
Finance Cost/Interest Paid	318 011	440 710
Net cash flows from operating activities	^a 2 157 482	^b 8 331 652
CASH FLOWS FROM INVESTING ACTIVITIES	1 613 226	5 597 345
Purchase of plant and equipment	1 364 453	207 561
Work in progress	248 773	5 389 785
Net cash increase (decrease) in cash and cash equivalents	544 255	2 734 307
Cash and cash equivalents at beginning of period	3 823 407	982 454
Cash and cash equivalents at end of period	^c 1 644 529	^d 3 823 407

^a There is a difference of N\$ 1 027 322 between the recalculated amount of N\$ 1 130 160 and the amount presented. The same difference was noted on the net increase/decrease in cash and cash equivalents. Reported under 2.4.

^b There is a difference of N\$ 156 104 between the recalculated amount of N\$ 8 175 548 and the amount presented. The same difference was noted on the net increase/decrease in cash and cash equivalents.

^c There is a difference of N\$ 1 695 812 between the recalculated closing balance of N\$ 3 340 341 and the amount presented. Reported under 2.5.

^d There is a difference of N\$ 262 751 between the recalculated closing balance of N\$ 3 560 656 and the amount presented.

ANNEXURE E

TOWN COUNCIL OF NKURENKURU

STATEMENT OF COMPARISONS OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

	Budgeted Amount N\$	Actual Amount N\$	Variance N\$
Revenue from exchange transactions	-	^a 26 812 326	(26 812 326)
Revenue from exchange transactions	-	26 503 341	(26 503 341)
Other revenue	-	308 985	(308 985)
Revenue from non-exchange transactions	-	^b 3 934 117	(3 934 117)
Transfers from other government entities	-	1 374 371	(1 374 371)
Non exchange transaction	-	2 559 747	(2 559 747)
Total revenue	-	30 746 443	(30 746 443)
Expenses	-	^c 30 642 397	(30 642 397)
Wages, salaries, and employees benefits	-	11 532 282	(11 532 282)
Supplies and consumables used	-	301 219	(301 219)
Depreciation and amortization expenses	-	5 375 446	(5 375 446)
Other expenses	-	13 115 439	(13 115 439)
Non- operational expense finance Cost	-	318 011	(318 011)
Surplus/(deficits) for the period	-	104 046	(104 046)

1. Note: Council is not required to prepare and publish Budgets for Financial Position and Cash flow, thus exempted in terms of IPSAS 24.5, from preparing the Statement of Comparison of the Budget and Actual Amounts for those statement in.
2. Government (GRN) subsidy decreased than expected and this is a norm of Ministry of Urban and Rural Development (MURD) not being consistent to the budget allocation.
3. Council received more new service applications, e.g. waters, sewer and other municipal services.3: Less erven were fully settled than projected.
4. Northern Regional Electricity Distributor (NORED) Surcharges has declined.
5. Revenue increased due to some recovery and gain on provisions.
6. Depreciation increase due to acquisition and capitalization of assets.
7. The maintenance expenses increased by the vehicles repairs.

^a There is a difference of N\$ 1 677 816 between the recalculated actual amounts in the statement of financial performance of N\$ 28 490 142 and the amount presented.

^b There is a difference of N\$ 282 269 between the recalculated actual amounts in the statement of financial performance of N\$ 3 651 848 and the amount presented.

^c There is a difference of N\$ 996 between the recalculated actual amounts in the statement of financial performance of N\$ 30 641 401 and the amount presented.

TOWN COUNCIL OF NKURENKURU
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2024

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS), as approved by the line minister in consultation with the office of the Auditor General in accordance with Section 87 (1) of the Local Authorities Act, (Act No.23 of 1992) as amended.

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

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

The financial statements have been prepared in accordance and in compliance with accrual basis International Public Sector Accounting Standards (IPSASs). The financial statements have been prepared using the historical accounting basis.

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

1.1 Significant judgments and sources of estimation uncertainty

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

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

The following are the critical judgments and estimations that management have made in the process of applying the Town Council's accounting policies and that have the most significant effect on the amounts recognized in annual financial statements:

TOWN COUNCIL OF NKURENKURU
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2024

1.1 Significant judgments and sources of estimation uncertainty (continue)

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

In making their judgment, the management considered the detailed criteria for the recognition of revenue asset outline IPSAS 9 (revenue from exchange transactions) and IPSAS 23 (revenue from non-exchange transactions). as far as revenue from non-exchange transactions is concerned (see basis of preparation above), and, in particular, whether the Town Council, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the Town Council is satisfied that recognition of the revenue in the current year is appropriate.

Impairment of financial assets

Accounting policy 1.9 on financial instruments sub-paragraph impairment of financial assets describes the process followed to determine the value at which financial assets should be impaired. In making the estimation of the impairment, the management of the Town Council considered the detailed criteria of impairment and used its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the Town Council is satisfied that impairment of financial assets recorded during the year is appropriate.

Impairment of trade receivables:

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

TOWN COUNCIL OF NKURENKURU
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2024

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

As described in accounting policies 1.4, 1.5 and, the Town Council depreciates its property, plant & equipment and investment property, excluding intangible assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

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

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

Accounting policy 1.7 on impairment of assets, accounting policy on intangible assets – subsequent measurement, and impairment and accounting policy 1.10 on inventory – subsequent measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the Town Council. Significant estimates and judgments are made relating to impairment testing of property, plant and equipment, impairment testing of intangible assets and write-down of inventories to the lowest of cost and net realizable value.

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

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

Deemed cost

In line with IPSAS 33 management have adopted deemed cost for property, plant and equipment and investment properties in arriving at the cost of the assets. For property, plant and equipment (other than land and building), where information regarding the cost of the asset was not available management used depreciated replacement cost to arrive at the deemed cost. While land and building, including investment property, management used the last municipal values as per last approved valuation roll.

In making their judgment, management considered the replacement cost and remaining useful lives of the assets. Where deemed cost has been applied, management used take on date for the assets as 1 July 2019 for land and building, while for other assets is 1 July 2021.

**TOWN COUNCIL OF NKURENKURU
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2024**

1.2 Revenue from non - exchange transactions

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

Rates and taxes

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

Government grants and receipts

Conditional grants, donations and funding are recognized as revenue to the extent that the Town Council has complied with any of the criteria, conditions or obligations embodied in the agreement. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Town Council with no future related costs, are recognized in surplus or deficit in the period in which they become receivable.

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

Fines

Fines constitute both spot fines and summons.

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

Bequests

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

**TOWN COUNCIL OF NKURENKURU
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2024**

Public contributions

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

Services in-kind

Services in-kind are not recognized.
Services in-kind are recognized as revenue and as assets.

1.3 Revenue from exchange transactions

Sale of goods.

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

- The entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service charges

Service charges are levied in terms of the approved tariffs. Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognized as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been taken or malfunction.

Service charges relating to refuse removal are recognized on a monthly basis in arrears by applying the approved tariff to all properties that have improvements. Tariffs are determined per category of property.

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

**TOWN COUNCIL OF NKURENKURU
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2024**

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognized when:

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

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

Royalties (surcharge) are recognized as they are earned in accordance with the substance of the relevant agreements. Dividends or similar distributions are recognized, in surplus or deficit, when the entity's right to receive payment has been established.

1.4 Property, plant and equipment

Initial recognition

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

Subsequent measurement

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

Depreciation

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

TOWN COUNCIL OF NKURENKURU
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2024

Property, plant and equipment (continued)

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

TYPE OF ASSET	DEPRECIATION METHOD	USEFUL LIFE
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

Land

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

Incomplete construction work

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

De - recognition

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

1.5 Investment property

Initial recognition

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

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

TOWN COUNCIL OF NKURENKURU**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2024**

Subsequent measurement

Investment property is measured using the cost model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 10-80 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The gain or loss arising on the disposal of an investment property is recognized in surplus or deficit.

De-recognition

The gain or loss arising from the de - recognition of an item of investment property is included in surplus or deficit when the item is de - recognized. Gains are not classified as revenue.

1.6 Leases

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

1.7 Financial instruments

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

Initial Recognition

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

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

**TOWN COUNCIL OF NKURENKURU
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2024**

Fair value methods and assumptions

The fair value of financial instruments are determined as follows:

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

Classification

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

Class	Category
Loan1	Financial asset measured at amortized cost
Loan2	Financial asset measured at amortized cost
Loan3	Financial asset measured at amortized cost

Financial instruments

Initial and subsequent measurement of financial assets and financial liabilities.

Financial Assets:

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

TOWN COUNCIL OF NKURENKURU**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

Financial assets measured at amortized cost

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

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

Financial Liabilities:**At amortized Cost**

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

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

Prepayments are carried at cost less any accumulated impairment losses.

Impairment of Financial Assets:

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

TOWN COUNCIL OF NKURENKURU
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2024

Financial assets at amortized cost

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

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

De-recognition

Financial assets

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

TOWN COUNCIL OF NKURENKURU
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2024

Financial instruments (continued)

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

Financial liabilities

The Town Council de - recognizes financial liabilities when, and only when, the Town Council's obligations are discharged, cancelled or they expire.

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

1.8 Inventories

Initial Recognition

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

Where inventory is acquired by the Town Council for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired. Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Subsequent Measurement

Consumable stores, raw materials, work-in-progress and finished goods

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

TOWN COUNCIL OF NKURENKURU
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2024

Inventories (continued)
Other Arrangements

Redundant and slow-moving inventories identified are written down from cost to current replacement cost, if applicable. Inventories identified to be sold by public auction are written down from cost to net realizable value with regard to their estimated economic or reliable values. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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

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

1.9 Provisions and contingencies

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Provisions and contingencies (continued)

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

Decommissioning, restoration and similar liability

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

Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognized.

1.10 Employee benefits

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

Short-term employee benefits

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

TOWN COUNCIL OF NKURENKURU
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2024

Post-employment benefits

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

1.11 Borrowing costs

The Town Council uses the benchmark treatment of borrowing costs as such borrowing costs are recognized as an expense in the period in which they are incurred regardless of how the borrowing costs were applied.

1.12 Related parties

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

1.13 Budget information

The annual budget figures have been prepared in accordance with the IPSAS's and are consistent with the accounting policies adopted by the Council for the preparation of these annual financial statements. The amounts are scheduled as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over-or under spending on line items. The annual budget figures included in the annual financial statements are for the Town Council and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation. The approved budget covers the period from 1 July to 30 June annually.

TOWN COUNCIL OF NKURENKURU
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2024

1.14 Going concern assumption

Unauthorized expenditure means:

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

1.15 Net assets

Accumulated surplus

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

1.16 Grants-In-Aid

The Town Council transfers money to individuals, organizations and other sectors of government from time to time.

When making these transfers, the Town Council does not:

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

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

1.17 Value Added Tax

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

1.18 Events after reporting date

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

ANNEXURE F

TOWN COUNCIL OF NKURENKURU

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

	2024	2023
	N\$	N\$
1. Property rates		
Income-assessment rates	2 277 477	1 745 659
Other revenue		
Others expo & Build together project	835 687	362 141
2. Rental of facilities and equipment	49 137	24 254
Hire of machinery/equipment	8 535	7 850
Nkurenkuru (NKU) beach/open space	40 602	16 404

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

3. Services charges	10 566 782	9 774 821
Refuse removal	1 544 891	1 462 930
Sewerage fees	1 700 540	1 599 700
Water sales	7 304 550	6 695 391
Private boreholes	16 800	16 800

This amounts disclosed above for revenue from service charges are in respect of service rendered which are billed to the consumers on a monthly basis according to approved tariffs.

4. Other services	^a 15 224 276	19 370 855
Tender fees	18 821	21 369
Other fees and charges	2 200	112 581
Refunds	85 930	6 696
Clearance/ valuation certificate	37 115	11 780
Temporary structure	60 300	72 000
Investment properties	85,963	46 800
Change of ownership of property	4 980	2 400
Commission received	13 675	16 080
Repair & maintenance water meter	23 045	17 979
Occupational rent/lease	820 133	786 987
Promotional items	42 774	178 550
Build together program	870	-
Animal ponding fees	-	60
Advertisement board	-	20

^a There is a difference of N\$ 18 951 between the recalculated amount of N\$ 15 205 325 and the amount presented.

ANNEXURE F

TOWN COUNCIL OF NKURENKURU

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

	2024	2023
	N\$	N\$
4. Other services (continued)		
Garden refuse	-	300
Interest on arrears	5 059 426	4 009 432
Photocopies & fax & penalty fees	16 331	20 846
Rental of community hall	76 406	37 915
Fire brigade levy	505 578	468 395
Building plan fees	319 461	252 865
Sale of erven residential	650 649	8 982 770
Sale of erven business	6 153 986	3 557 189
Sewerage connection	42 790	16 558
Water connection	380 597	282 244
Royalties & surcharges	413 445	341 8290
Reconnection/disconnection	82 899	72 259
Sales of sand	307 950	54 950
5. Interest received		
Capitalized interest from bank	155 395	166 660
6. Transfers from other government entities	1 374 371	9 143 066
Subsidy Ministry of Urban and Rural Development (MURD)	510 921	7 702 295
Road Fund Administration (RFA)	863 449	1 440 771
7. Other revenue	282 270	460 379
Fitness certificate	215 192	236 796
Discount received	67 078	223 584
Total Revenue	^a29 929 808	^a38 940 035

^a There is a difference of N\$ 835 686 (2024) and N\$ 2 107 799 (2023) between the amount presented in the statement of financial performance of N\$ 30 765 495 and N\$ 41 047 834 and this amount. Reported under 2.7.

ANNEXURE F

TOWN COUNCIL OF NKURENKURU

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

	2024	2023
	N\$	N\$
8. Employee related costs	11 532 282	10 989 654
Salaries & wages	5 933 862	5 698 075
Contribution-social security -company	32 633	30 346
Service bonus	441 654	426 228
Contribution-medical aid fund-company	1 244 633	1 103 861
Contribution-pension fund-company	1 193 668	1 132 749
Car allowance	236 675	281 333
Housing allowance	1 767 549	1 698 448
Transport allowance	260 010	242 034
Overtime	102 533	81 169
Standby allowance	28 800	27 300
Back pay	60 339	80 485
Acting allowance	28 344	-
Sitting allowance	52 500	-
Employee compensation fund (ECF)	27 002	119 826
Casual laborers/ job attachment	122 080	67 800
Chief executive officer	1 066 440	1 047 763
Annual remuneration	591 923	574 682
Car allowance	102 701	102 701
Bonuses	49 327	47 890
Medical contribution	91 341	91 341
Housing allowance	102 701	102 701
Pension contribution	128 447	128 447
Managers	998 631	1 425 682
Annual remuneration	468 530	612 578
Car allowance	133 974	175 336
Bonuses	32 664	58 184
Medical contribution	110 670	198 992
Housing allowance	153 114	245 031
Pension contribution	99 678	135 562

ANNEXURE F

TOWN COUNCIL OF NKURENKURU

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

	2024	2023
	N\$	N\$
8. Employee related costs (continue)		
Remuneration of councilors	579 703	483 086
Mayor	93 000	77 500
Deputy mayor	83 701	69 751
Management Committee (MC) Chairperson	86 800	72 333
MC Member	80 600	67 167
MC Member	80 600	67 167
Ordinary councilor	77 501	64 584
Ordinary councilor	77 501	64 584
In-kind benefits		
Councilors may utilize official Council transportation when engaged in official duties.		
9. Supplies and consumables	301 219	340 756
Printing & stationery	116 577	160 721
Protective clothing	30 400	-
Tools & equipment	10 831	3 092
Cleaning materials	75 101	78 997
Materials & stores	57 326	84 815
Small tools and equipment	10 984	13 131
10. Depreciation and Amortization Expenses:	5 375 446	5 423 264
Depreciation - computer equipment's	40 854	23 888
Depreciation - furniture, fixtures and fitting	43 443	29 514
Depreciation - building	406 562	356 178
Depreciation - plants and machineries	109 166	99 125
Depreciation - vehicles	118 417	345 277
Depreciation - capital infrastructure	4 149 615	4 067 207
Depreciation - electrical infrastructure	507 389	502 075

ANNEXURE F

TOWN COUNCIL OF NKURENKURU

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

	2024	2023
	N\$	N\$
11. General expenses	^a 13 114 233	26 289 973
Contract & subscription fee	114 664	79 007
Advertising	68 785	116 591
Entertainment	51 551	48 060
Fuel & oil	451 786	425 529
Insurance	351 614	287 222
Municipal association contribution	44 000	59 800
Refreshment	44 385	7 866
Training	35 400	168 779
Sport	178 023	61 100
Special events	100 621	73 611
Donation/sponsorship	10 500	-
Cleaning campaign	7 000	-
Claim against council	35 000	-
Chief Executive Officer (CEO) entertainment	27 027	28 516
Car hire	3 290	-
Vehicle license fees & registration	29 848	26 272
Legal advice	72 988	-
Km claim	293 580	136 621
Expo/trade fair	532 919	697 522
Security service	422 581	375 407
Consultant fees	30 250	228 600
Courier services	64 299	37 926
Electricity consumption	1 455 572	740 455
Computer license fees	306 984	204 518
Postage & telephone	81 446	96 921
Travel and accommodation	741 907	452 682
Subscription multi choice	14 389	12 199
Regional council levy	114 528	96 243
Planning and survey	560 544	360 667
Interim valuation roll	121 739	121 739
Service contract	926 159	888 688
Refuse bins	153 755	106 772
Water testing	17 364	12 739
Water bulk purchase	8 422	894 846
Contribution leave days and bonus	277 571	129 235

^a There is a difference of N\$ 1 206 between the recalculated amount of N\$ 13 115 439 and the amount presented.

ANNEXURE F

TOWN COUNCIL OF NKURENKURU

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

	2024	2023
	N\$	N\$
11 General expenses (continue)		
Vehicle mass distance charges	326	-
Strategic planning	32 145	39 734
Vehicle	273 758	397 994
Office furniture & equipment	1 665	-
Computer & equipment	40 985	137 470
Machines & equipment	291 435	312 194
Road infrastructure	770 552	-
Streets, sidewalks & storm water drainage	4 566	-
Council buildings	96 763	-
Garden, seeds, grass & plants	11 614	-
Plant, machinery & equipment	21 423	235 000
Sewerage pump repair	190 131	74 628
Water meters/pre-paid meters	1 118 196	853 230
Reticulation & network upgrade	12 000	295 800
Integrated financial system	34 800	-
Movement on allowance for doubtful debts	2 464 589	16 363 454
Relocation expense	-	174
Office equipment	-	14 434
Sewerage pump repair	-	16 470
Electricity connection	-	44 098
Value Added Tax (VAT) penalties & interest	-	8 407
Street name and signs	-	335 411
Reticulation	-	185 342
12 Non -operational expense - Finance cost:	318 221	440 710
Bank charges	314 657	437 868
Bank charges	3 564	2 842
13 Cash and cash equivalents	*1 644 419	3 823 407
Bank - Operation/Current account	354 864	184 576
Bank - Call account	536 302	2 717 996
Bank - Revenue account	4 746	4 746
Bank – Standard Bank	1 444	1 444
Bank - Call deposit	265 994	253 037

a There is a difference of N\$ 109 between the recalculated amount of N\$ 1 644 529 and the amount presented.

ANNEXURE F

TOWN COUNCIL OF NKURENKURU

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

	2024	2023
	N\$	N\$
13 Cash and cash equivalents (Continued)		
Bank - Revenue account	409 438	301 745
Bank - Current account	71 740	359 863

14 Trade and other receivable	21 114 223	17 317 010
Account receivable	441 136	57 122 443
Vat control account	(10 794)	3 033 372
Provision for doubtful debts	(45 318 883)	(42 854 295)
Account receivable - NamPost	2 766	15 490

Receivables from Exchange Transaction are billed monthly latest the 20th of each month. No interest is charged on Receivables until the end of the following month. There after interest is charged at a rate determined by Council on the outstanding balance. The Town Council strictly enforces its approved credit control policy to ensure the recovery of receivables at 30th June 2024 receivable from exchange transaction were impaired as per Council accounting policy.

15 Inventories	758 646	933 822
Compensation fund	17 717	17 717
Inventory/stock	-	916 105
Inventory/stock – Stationery stock materials	141 116	-
Inventory/stock – Cleaning stock materials	13 815	-
Inventory/stock – Warehouse stock materials	585 998	-

Inventories are held for own use and measured at the lower of cost and current replacement cost. No write downs of inventories to net realizable value were required. No inventories have been pledge as collateral for liabilities of the Town Council

16 Pre - payments	25 127	13 692
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17 Property, Plant and Equipment:	73 804 929	73 685 725
Fixed asset- @cost - Computer equipment	442 871	319 370
Fixed asset- @cost - Furniture, Fixtures & Fitting	574 396	497 567
Fixed asset- @cost - Office equipment	20 499	20 499
Fixed asset- @cost - Plants and Machineries	1 879 959	1 421 820
Fixed asset- @cost - Vehicles	6 261 733	5 933 742
Fixed asset- @cost - Capital infrastructure	85 605 636	81 504 013
Fixed asset- @cost - Electrical infrastructure	25 369 470	25 369 470

ANNEXURE F

TOWN COUNCIL OF NKURENKURU

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

	2024	2023
	N\$	N\$
17 Property, Plant and Equipment (continue)		
Accumulated depreciation - Electrical infrastructure	(1 427 530)	(920 141)
Accumulated depreciation - Computer equipment	(252 069)	(211 215)
Accumulated depreciation - Office equipment	(20 499)	(20 499)
Accumulated depreciation - Plant and machinery	(1 281 177)	(1 172 010)
Accumulated depreciation - Vehicles	(5 446 308)	(5 327 891)
Accumulated depreciation - Furniture, Fixture & Fittings	(379 996)	(336 558)
Accumulated depreciation - Capital infrastructure	(37 542 056)	(33 392 441)
18 Intangible assets	271 527	271 527
19 Land & buildings	13 888 251	13 579 074
Fixed asset- @cost- Land	4 671 000	4 671 000
Fixed asset- @cost - Buildings	12 342 275	11,626,532
Accumulated Depreciation- Buildings	(3 125 024)	(2 718 457)
20 Work in progress	9 838 697	12 672 213
WIP - Municipal service Extension (ext) 3 phase 2	6 403 533	6 403 533
WIP - Upgrade to bitumen 1.5km	-	3 484 301
WIP - Construction of open market	1 696 577	1 502 184
WIP - Kahenge Extension (ext) 5 (survey & planning)	352 800	352 800
WIP -Kahenge Extension (ext) 6 (survey & planning)	352 800	352 800
WIP -Nkurenkuru Extension (ext) 10 & 13 (survey &planning)	576 595	576 595
WIP -Oxidation pond extend (Kakuro)	283 992	-
WIP - Fancing Maraya water tanks	172 400	-
21 Trade and other payables	^a 2 378 767	^b 5 611 484
Control-retention on capital project	76 685	212 196
Account payable	-	678 740
Accrual expenses (creditors)	759 996	1 597 460

^a There is a difference of N\$ 2 035 106 between the recalculated amount of N\$ 4 413 873 and the amount presented in the notes to the financial statements of N\$ 2 378 767. This resulted in a difference of N\$ 2 030 836 between the recalculated amount and the amount presented in the statement of financial position of N\$ 2 383 037.

^b There is a difference of N\$ 4 270 between the amount presented in the note and the amount presented in the statement of financial position of N\$ 5 615 754.

TOWN COUNCIL OF NKURENKURU

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

	2024 N\$	2023 N\$
21 Trade and other payables (continued)		
Salary control	-	(4 770)
Suspense account	234 948	294 323
Accrued build together expenses/income	(1 000)	-
Accrued expo fund expenses/income	506 939	(2 770)
Earned revenue	2 836 305	2 836 305
22 Current portion of employee Benefits:		
Provision for bonus	183 084	171 914
23 Employee benefits		
Provision for leave	1 628 842	1 453 028
Leave accrues to the staff of the Town Council on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.		
24 Consumers deposit	327 890	245 262
Consumer deposits are paid by consumers on application for new water. The deposits are repaid when the water Connections are terminated. In cases where consumers default on their accounts the Town Council can utilize the deposit as payment for the outstanding account.		
25 Accumulated fund		
Retained earnings/surplus	116 788 305	116 695 960
26 Surplus/deficit	^a 124 094	(2 436 523)
Operational fund account	(708 023)	(2 795 822)
Build together fund account	30 456	20 876
Expo fund account	801 877	338 423
27 Value Added Tax (VAT) payable	(1 691)	-

Value Added Tax (VAT) amount adjusted to NAMRA statement with N\$ 3 033 372

^a There is a difference of N\$ 215 between the recalculated amount of N\$ 124 309 and the amount presented. The recalculated amount is different from the surplus presented in the statement of financial performance and statement of changes in equity with the same amount.

TOWN COUNCIL OF NKURENKURU

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

28 Related parties

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

29 Statement of financial position Opening Accumulated Surplus or Deficit

30 Prior period errors

Value Added Tax (VAT) Payable adjusted to NAMRA statement with N\$ 3 033 372

31 Going concern

Management considered the following matters relating to the Going Concern:

- (i) Strict daily cash management processes are embedded in the Town Council's operations to manage and monitor all actual cash inflows and cash outflows in terms of the budget.
- (ii) As the Town Council has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services.
- (iii) The Nkurenkuru Town Council is the only town in Kavango West Region and it is in public interest that the Town Council remains solvent and continue as an ongoing concern.