



**REPUBLIC OF NAMIBIA**



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

# **TOWN COUNCIL OF OKAHAO**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024**

**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 Okahao for the financial year ended 30 June 2024 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, December 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  
TOWN COUNCIL OF OKAHAO  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024**

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**1. ADVERSE AUDIT OPINION**

I have audited the financial statements of the Town Council of Okahao for the financial year ended 30 June 2024. These financial statements comprise the statement of financial position, statement of financial performance, statement of changes in net assets, statement of cash flows and a summary of significant accounting policies.

Because of the significance of the matters described in the Basis for Adverse Audit Opinion paragraph, the financial statements do not present fairly the financial position of the Town Council of Okahao for the financial year ended 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

**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:

**2.1 OPENING BALANCES - STATEMENT OF FINANCIAL POSITION**

A difference of N\$ 10 348 033 was observed in the Statement of Financial Position between the 2023 Audit Report closing balances and the 2023 Annual Financial Statement (AFS) opening balances for 2023 amounts.

**2.2 LANDFILL**

The Council failed to recognise the landfill/dumpsite as a tangible asset in accordance with the approved accounting policy, which requires assets to be recorded at cost. Instead, an inappropriate market value was considered for reporting purposes, despite the absence of an established market for such specialised assets.

Furthermore, although a rehabilitation provision of N\$ 2 743 369 was recognised, the corresponding asset value of N\$ 907 600 is inappropriate from the financial statements. This treatment is not compliant with IPSAS 17 and results in the incomplete and misstated presentation of the landfill/dumpsite in the Council's financial records.

This measurement is not in compliance with IPSAS 17 (30) which states that the cost of an item of property, plant and equipment comprises:

*“(a) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.*

*(b) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.*

*(c) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular per”*

### **2.3 ADJUSTMENTS TO THE STATEMENT OF CHANGES IN EQUITY**

In contravention of IPSAS 3 paragraph 47 and 54, the Council effected amendments to the Statement of Changes in Net Assets/Equity without providing supporting documentation for the following adjustments:

- Adjustment to the surplus for the 2022/2023 financial year amounting to N\$ 167 798; and
- Opening balance for the 2023/2024 financial year amounting to N\$ 466 745.

The Council is required to fully comply with IPSAS 3 paragraph 47 and 54 that states the following:

Paragraph 47 “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; or
- (b) If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.”

Paragraph 54 “In applying paragraph 47, an entity shall disclose the following:

- (a) The nature of the prior period error;
- (b) For each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected;
- (c) The amount of the correction at the beginning of the earliest prior period presented; and
- (d) If retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

### **2.4 HOMESTEAD COMPENSATION**

Transactions amounting to N\$ 1 000 457 relating to homestead provision is recorded as an expense in the 2024 financial year, despite the fact that the underlying transactions did not occur within that financial period. Although the Council provided a complete list supporting the closing balance of N\$ 7 300 012 for homestead provision as reflected in the Statement of Financial Position, it did not specify which transactions within this amount corresponds to the N\$ 1 000 457 recognised in the Statement of Financial Performance.

## **2.5 HOMESTEAD COMPENSATION PROVISION LIABILITY**

The Council did not recognize the full present obligation of N\$ 38 955 349 as required by IPSAS 19, paragraph 22. Instead, it recorded only N\$ 7 300 012 based on its internal prioritization. This resulted in an understatement of N\$ 31 655 337 between the total homestead compensation obligation and the amount recognized in the Annual Financial Statements (AFS).

## **2.6 PROVISION FOR DUMPING SITE**

The Council did not present each material class of similar items and/or items of dissimilar nature separately in accordance with IPSAS 1 paragraph 45 as the Council grouped Provision for dump site amounting to N\$ 2 743 369 with other expenditure.

## **2.7 ADJUSTMENT TO SALES OF ERVEN**

The Council did not provide evidence supporting the journal to the value of N\$ 2 902 693 that was passed to the income from sales of erven account in response to the management letter observation. The auditors could therefore not determine the accuracy and completeness of the correction made.

## **2.8 AMORTIZATION OF THE BUILD TOGETHER LOANS**

The Council does not prepare and maintain loan amortization schedules for the build together loan beneficiaries over the loan term. As a result, the auditors could not verify the accuracy and valuation of the current and long term portions of the build together loans amounting to N\$ 562 448 and N\$ 6 419 903 respectively.

## **2.9 BUILD TOGETHER PROGRAMME REVOLVING FUND**

The Council did not present the Housing Revolving Fund as equity in its financial statements.

Section 8(1) of the National Housing Development Act 28 of 2000 states that “*every regional council and every local authority council shall establish, in the prescribed form and manner, in respect of its region or its local authority area, as the case may be, a fund to be known as the Housing Revolving Fund for that region*”.

## **2.10 DISCLOSURE OF THE BUILD TOGETHER LOANS (CONCESSIONARY LOANS)**

The Council did not make the following disclosures as required by paragraph 37 of IPSAS 30: Financial Instruments:

“(a) *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.”*

## **2.11 OPEN LAND**

The Council did not disclose its open land (un-serviced land) in the fixed asset register. IPSAS 23 paragraph 97 “On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition, which may be ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair value will be readily ascertainable by reference to quoted prices in an active and liquid market. For example, current market prices can usually be obtained for land, non-specialized buildings, motor vehicles and many types of plant and equipment.”

## **2.12 SUBSISTENCE AND TRAVEL ALLOWANCE**

As reported in the 2023 financial year, the Council implemented a Policy for Travelling 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 and a total of N\$ 1 167 138 was paid on travelling expenses.

## **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 have determined that there are no key audit matters identified in respect of the financial statement for the Town Council of Okahao.

## **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 legislation, and for such internal control as management deems it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible of 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, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- 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 the purpose of 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 my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit;

- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements 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 my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

- 7.1. The financial statements for the financial year ended 30 June 2024 were not submitted in compliance with Section 85 of the Local Authorities Act, 1992 (Act No. 23 of 1992) that requires the Council to submit its financial statements three months after financial year end. Financial statement was submitted on 07 March 2025.
- 7.2. In addition to non-compliance with the Local Authorities Act regarding the statutory submission of financial statements, the Town Council's reporting process exhibited significant deficiencies. The financial statements were recalled and resubmitted in 14 and 29 July and 03 September, 2025 indicating a critical and recurrent failure to produce finalized, accurate statements within acceptable operational timeframes.

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

I conducted an audit on the performance information of the Town Council of Okahao for the period of 2024, consecutively with the audit of the financial statements for the year ended 30 June 2023.

### **1. KEY AUDIT FINDINGS**

#### **1.1. STRATEGIC AND ANNUAL PLAN AND REPORTING**

It was observed that the Council does not have a Strategic plan encompassing the period 2024, however, the Council upon recommendation of the Office of the Prime Minister via Circular No. 5 of 2022, 15 March 2022) utilized the last Approved Strategic Plan for the period 2017/18 to 2021/22 for the period 2024.

Furthermore, the Council did not provide an Annual Performance Report or Review Report on the Annual Plan for the period. However, the Council submitted an Annual Plan for 2023/24 from which all Key Performance Indicators (KPIs) were selected against which the audit criteria was tested. It was observed from these tests that twenty-eight (28) out of sixty-two (62) KPIs (i.e. 47%) could not be verified due to non-submission of information.

## **1.2. PERFORMANCE AGREEMENTS**

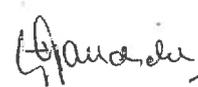
The Council did not submit signed performance agreements for the 2024 period for the following positions:

- Chief Executive Officer;
- LED & Tourism Officer

## **8. ACKNOWLEDGEMENT**

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

**WINDHOEK, December 2025**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**TOWN COUNCIL OF OKAHAO  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024  
GENERAL INFORMATION**

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<b>Country of incorporation and domicile</b>	Namibia
<b>Legal form of entity</b>	Town Council as per Section 2(b) of Local Authority Act 23 of 1992
<b>Nature of business and principal activities</b>	Principal activities of Town Council of Okahao are: <ul style="list-style-type: none"><li>• providing its residents with equitable municipal services;</li><li>• ensuring sustainable service delivery to all its inhabitants; and</li><li>• Promoting social and economic development within the municipal area.</li></ul>
<b>Council</b>	
<b>Mayor</b>	Cornelia N Iiyambula
<b>Councillors</b>	Julia M Katoole - Dep. Mayor Johannes K Uushini – Chairperson of MC Andreas E Nekwaya Aina K Amalovu Petrus S Shaanika Magdalena I Iitula
<b>Grading of local authority</b>	Town Council as per Section 2(b) of Local Authority Act 23 of 1992
<b>Chief Executive Officer</b>	Simon Shinguto (Acting)
<b>Management team</b>	Efraim Tshivute Shikesho
<b>Registered office</b>	Okahao
<b>Postal address</b>	PO Box 699 Okahao Namibia
<b>Auditors</b>	Auditor-General of Namibia



**TOWN COUNCIL OF OKAHAO  
ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

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The Accounting Officer is required by the Local Authorities Act 23 of 1992, 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 judgements 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 endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The annual financial statements set out on pages 12 to 51, which have been prepared on the going concern basis, were approved on 09 December 2024 and were signed by:

Approval of financial statements

Simon Shinguto  
**Acting Chief Executive Officer**

Efraim Tshivute Shikesho  
**Manager Finance and ICT**

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

		<b>2024</b>	<b>2023</b>
			<b>Restated*</b>
	Note	N\$	N\$
<b>Assets</b>			
<b>Current Assets</b>		<b>28 791 641</b>	<b>47 243 562</b>
Cash and cash equivalents	9	5 006 555	15 818 482
Consumer debtors	10	11 675 572	10 348 033
VAT receivable	11	2 371 269	777 599
Receivables from exchange transactions	12	701 625	879 428
Housing loans current	13	562 448	-
Inventory	14	8 474 172	19 420 020
<b>Non-Current Assets</b>		<b>192 710 554</b>	<b>168 687 592</b>
Property, plant and equipment	15	186 270 401	162 969 591
Intangible assets		20 250	20 250
Housing loans	13	6 419 903	5 697 751
<b>Total Assets</b>		<b>221 502 195</b>	<b>215 931 154</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>		<b>18 021 053</b>	<b>15 063 790</b>
Payables under exchange transactions	16	8 707 083	7 476 218
Provisions	17	9 313 970	7 587 572
<b>Non-Current Liabilities</b>		<b>2 743 369</b>	
Provisions	17	2 743 369	-
<b>Total liabilities</b>		<b>20 764 422</b>	<b>15 063 790</b>
<b>Reserve</b>		<b>200 737 773</b>	<b>200 867 364</b>
Accumulated surplus		<sup>a</sup> 200 737 773	200 867 364
<b>Total Equity and Liabilities</b>		<b>221 502 195</b>	<b>215 931 154</b>

- a. There is a difference of N\$ 467 444 between the amount presented of N\$ 200 737 773 and the recalculated amount of N\$ 200 270 329 disclosed in the 2024 financial statements.

**TOWN COUNCIL OF OKAHAO**  
**STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE**

		<b>2024</b>	<b>2023</b>
		<b>N\$</b>	<b>Restated*</b>
	Note	N\$	N\$
<b>Revenue</b>			
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates		29 356 108	14 503 232
<b>Transfer revenue</b>			
Transfers from government and related entities	2	16 614 951	2 620 087
Public contributions and donations		703 632	827 185
Fines, penalties and levies		81 075	58 633
<b>Revenue from exchange transactions</b>			
Sale of erven		1 593 885	4 927 750
Service charges	3	14 489 378	13 888 729
Surcharges and interest		578 558	542 120
Recoveries		1 137 763	-
Rental of facilities and equipment's usage		1 475 625	1 259 074
Licences and permits		348	21
Other revenue	4	1 817 891	2 122 672
Interest earned on investments		1 164 619	1 519 239
Interest earned on outstanding debtors		15 439 317	11 378 021
<b>Total revenue</b>		<b>67 053 492</b>	<b>50 140 858</b>
<b>Expenses</b>			
Bulk purchases	5	(4 228 898)	(4 423 915)
Employee costs	6	(17 892 229)	(15 598 123)
Remuneration of Councillors	7	(683 196)	b -
Depreciation and amortisation expense		(3 247 794)	(2 886 171)
Repairs and maintenance		(961 110)	(1 355 165)
Debt impairment		(17 499 233)	(8 508 676)
General Expenses	8	(23 029 601)	(10 686 665)
<b>(Deficit)/surplus for the year</b>		<b>(488 569)</b>	<b>6 682 143</b>

b. There is a difference of N\$ 510 686 between the amount presented to the note number 12 and not disclosed in the 2024 financial statements.

**TOWN COUNCIL OF OKAHAO**  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED**  
**30 JUNE**

	<b>Accumulated surplus</b>	<b>Total net assets/equity</b>
	N\$	N\$
<b>Balance at 1 July 2022</b>	<b>194 185 221</b>	<b>194 185 221</b>
Changes in net assets/equity		
Surplus for the year	6 682 143	6 682 143
<b>Total changes</b>	<b>6 682 143</b>	<b>6 682 143</b>
Opening balance as previously reported	<sup>c</sup> 200 867 364	200 867 364
Prior year adjustments	<sup>d</sup> (108 466)	(108 466)
<b>Restated* Balance at 1 July 2023 as restated*</b>	<b>200 758 898</b>	<b>200 758 898</b>
Changes in net assets/equity		
Surplus for the year	(488 569)	(488 569)
<b>Total changes</b>	<b>(488 569)</b>	<b>(488 569)</b>
<b>Balance at 30 June 2024</b>	<b>200 270 329</b>	<b>200 270 329</b>

- c. There is a difference of N\$ 467 444 between the amount presented of N\$ 201 334 808 and the recalculated amount of N\$ 200 867 364 disclosed in the 2024 financial statements
- d. There is a difference of N\$ 250 512 between the amount presented of N\$ 358 978 in the cash flow statement and the amount of N\$ 108 466 disclosed in the statement changes in equity for the 2024 financial year.

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

		<b>2024</b>	<b>2023</b>
		N\$	<b>Restated*</b>
	Note	N\$	N\$
Cash flows from operating activities			
(Deficit) surplus		(488 569)	6 682 143
<b>Adjustments for:</b>			
Depreciation and amortisation expense		3 247 794	2 886 171
Debt impairment		17 499 233	8 508 676
Movements in provisions		4 469 767	389 821
Direct adjustments to appropriation		358 978	850 951
<b>Changes in working capital:</b>			
Inventories		10 945 848	(105 680)
Receivables from exchange transactions		177 803	(110 587)
Consumer debtors		(18 826 772)	(9 913 082)
Payables under exchange transactions		1 230 867	1 258 717
VAT		(1 593 670)	(654 810)
<b>Net cash flows from operating activities</b>		<b>17 021 279</b>	<b>9 792 320</b>
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(26 548 606)	(13 672 642)
Decrease / (Increase) in Long-term Receivables		(1 284 600)	-
Proceeds from sale of housing loans		-	49 640
<b>Net cash flows from investing activities</b>		<b>(27 833 206)</b>	<b>(13 623 002)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(10 811 927)</b>	<b>(3 830 682)</b>
Cash and cash equivalents at the beginning of the year		15 818 482	19 649 164
<b>Cash and cash equivalents at the end of the year</b>	9	<b>5 006 555</b>	<b>15 818 482</b>

The accounting policy on pages 10 to 21 and the notes on pages 22 to 34 form an integral part of the annual financial statements.

**TOWN COUNCIL OF OKAHAO  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR JUNE 2024**

**Figures in Namibia Dollar**

	Approved budget	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	N\$	N\$	N\$	N\$	
<b>Revenue from non-exchange transactions</b>	<b>30 535 440</b>	<b>30 535 440</b>	<b>29 356 108</b>	<b>(1 179 332)</b>	
Property rates	13 000 000	13 000 000	11 956 450	(1 043 550)	R2
<b>Other revenue</b>					
Transfers from other government entities	15 985 440	15 985 440	16 614 951	629 511	R3
Public contributions and donations	1 500 000	1 500 000	703 632	(796 368)	R4
Fines, penalties and levies	50 000	50 000	81 075	31 075	R1
<b>Revenue from exchange transactions</b>	<b>27 866 000</b>	<b>27 866 000</b>	<b>37 697 384</b>	<b>9 831 384</b>	
Sale of goods	4 500 000	4 500 000	1 593 885	(2 906 115)	
Service charges	17 400 000	17 400 000	14 489 378	(2 910 622)	R4A
Royalty income	650 000	650 000	578 558	(71 442)	
Rental of facilities and equipment	710 000	710 000	1 475 625	765 625	R5
Licences and permits	-	-	348	348	
Recoveries	1 200 000	1 200 000	1 137 763	(62 237)	
Other revenue	2 226 000	2 226 000	1 817 891	(408 109)	R8
Interest earned - external investments	830 000	830 000	1 164 619	334 619	R9
Interest earned - outstanding debtors	350 000	350 000	15 439 317	15 089 317	R10
<b>Total Revenue</b>	<b>58 401 440</b>	<b>58 401 440</b>	<b>67 053 492</b>	<b>8 652 052</b>	

**TOWN COUNCIL OF OKAHAO  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR JUNE 2024**

	Approved budget	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	N\$	N\$	N\$	N\$	
<b>Expenditure</b>					
Bulk purchases	(8 116 792)	(8 116 792)	(4 228 898)	3 887 894	R11
Employee cost	(18 690 313)	(18 690 313)	(17 892 229)	868 084	R11A
Remuneration of Councillors	(60 000)	(60 000)	(683 196)	(623 196)	R12
Depreciation and amortisation expense	-	-	(3 247 794)	(3 247 794)	R13
Repairs and maintenance	(3 051 550)	(3 051 550)	(961 110)	2 090 440	R14
Debt impairment	-	-	(17 499 233)	(17 499 233)	R16
General expenses	(9 737 000)	(9 737 000)	(23 029 601)	(13 362 601)	R18
<b>Total expenditure</b>	<b>(39 535 655)</b>	<b>(39 535 655)</b>	<b>(67 542 061)</b>	<b>(27 886 406)</b>	
<b>SURPLUS/(DEFICIT)</b>	<b>18 865 785</b>	<b>18 865 785</b>	<b>(488 569)</b>	<b>(19 234 354)</b>	

**TOWN COUNCIL OF OKAHAO  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**EXPLANATION TO REFERENCE NOTES ON STATEMENT OF COMPARISON OF  
BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

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.

R1: It was under-budgeted for fines as it was not anticipated that more fines will be issued.

R2: It was under budgeted for Rates and Taxes as we anticipated business properties under construction to be completed and evaluated for rates payment.

R3: There was more funds transferred from government for services rendered by the suppliers due to cash flow problem.

R4: There was no budget for public contributions and donations as it is difficult to predict total receipt without commitment from donors.

R4A: It was over Budgeted for water sales in anticipation that houses under NHE would have been completed, however they are not yet occupied

R5: It was under budgeted because most of the tenants at Open Market and Technical Business Centres are not paying their bills as expected.

R6: It was not budgeted for gains on defined benefits resulting in a favourable variance.

Note that none cash items are not included in the budget submitted to the Minister for approval. The Actual payments current service costs and related are included as part remuneration.

R7: No provision was made for this item.

R8: There was over budget for all items.

R9: It was under budgeted for interests on investment mostly because of interests earned from Build Together accounts which were not budgeted for.

R10: It was under budgeted because it was anticipated that most debtors will settle their accounts through the Councils De Debt incentive programme.

R11: Over Budgeted on water bulk purchases due to the assumption that bulk users will consume more water during the period under review.

R11A: Savings are derived as a result of staff turn-over and budgeted positions were not filled as planned during the year.

R12: Councillor's sitting allowance remained the same during the year.

R13: Depreciation and impairment of assets are non-cash items thus not budgeted for Ministerial approval however Capital expenditure is.

R14: Maintenance of roads was under budgeted as it was only budgeted as per the RFA allocation which is low in comparison to the value of the work needed to be carried out.

R15: There was no provisions made for this item.

R16: It was under-budgeted for debt impairment.

R17: It was under-budgeted for debt impairment.

R18: It was under-budgeted.

R19: The favourable variance is mainly due to savings realised from cost-cutting measures which eased cash flow.

**TOWN COUNCIL OF OKAHAO**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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**1. Presentation of annual financial statements**

The annual financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) as approved by the line minister in consultation with the Auditor-General in accordance with Section 87 (1) of the Local Authorities Act 23 of 1992 as amended.

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

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

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

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

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

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

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

The following are the critical judgements and estimations that management have made in the process of applying the Council's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

**Revenue recognition**

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

**TOWN COUNCIL OF OKAHAO  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**1.1 Significant judgements and sources of estimation uncertainty (continued)**

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

**Impairment of Financial Assets**

Accounting policy 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 Council considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the 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 default on payments already due and an assessment of their ability to make payments based on their credit worthiness. This is performed per service-identifiable categories across all classes of debtors.

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

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

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

**TOWN COUNCIL OF OKAHAO  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**1.1 Significant judgements and sources of estimation uncertainty (continued)**

**Impairment: Write-down of Property Plant & Equipment Intangible Assets Investment Property and Inventory**

Accounting Policy 1.6 on Impairment of Assets Accounting Policy 1.5 on Intangible Assets – Subsequent Measurement Amortisation and Impairment and Accounting Policy 1.8 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the Council. Significant estimates and judgements are made relating to impairment testing of Property Plant and Equipment impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value.

In making the above-mentioned estimates and judgement management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Inventory Property Plant and Equipment Intangible Assets and Investment Property are disclosed in Notes 23 24 25 and to the Annual Financial Statements if applicable.

**1.2 Revenue from non-exchange transactions**

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

**Rates and Taxes**

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

**Government Grants and Receipts**

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

**TOWN COUNCIL OF OKAHAO**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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**1.2 Revenue from non-exchange transactions (continued)**

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

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

**Debt forgiveness and assumption of liabilities**

The entity recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

**Fines**

Fines constitute both spot fines and summonses.

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

**Bequests**

Bequests that satisfy the definition of an asset are recognised 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.

**Public Contributions**

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

**Services in-kind**

Services in-kind are recognised as revenue and as assets.

**TOWN COUNCIL OF OKAHAO  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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### **1.3 Revenue from exchange transactions**

#### **Sale of goods (including Houses)**

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

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

#### **Service Charges**

Service Charges are levied in terms of the approved tariffs.

Service Charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption based on the consumption history are made monthly when meter readings have not been taken. The provisional estimates of consumption are recognised as revenue when invoiced except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meter have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date an accrual is made based on the average monthly consumption of consumers.

Service Charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties that have improvements. Tariffs are determined per category of property usage and are levied based on the number of bins on each property.

Service Charges relating to sewerage are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are levied based on the extent and/or zoning of each property. All properties are levied based on the number of toilets as per the approved building plan using the tariffs approved by Council and are levied monthly.

#### **Prepaid Electricity**

Revenue from the prepaid sales is recognised at the point of sale.

**TOWN COUNCIL OF OKAHAO  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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## **1.4 Property plant and equipment**

### **Initial Recognition**

Property Plant and Equipment are initially recognised at cost.

Where an asset is acquired by the 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.

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

<b>Item</b>	<b>Average useful life</b>
<b>Buildings</b>	
• Improvements	8 - 80
<b>Infrastructure</b>	
• Roads and storm water	8 - 80
• Sanitation	10 - 90
• Solid waste	5 - 80
• Water	10 - 90
<b>Community</b>	
• Facilities	8 - 80
<b>Other</b>	
• Computer equipment	5 - 15
• Emergency equipment	5 - 15
• Furniture and fittings	5 - 25
• Motor vehicles	5 - 15
• Office equipment	5 - 25
• Plant & equipment	5 - 50
• Specialised vehicles	5 - 15

**TOWN COUNCIL OF OKAHAO  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**1.4 Property plant and equipment (continued)**

**Land**

Land is stated at valuation 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.

**Derecognition**

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 derecognised. Gains are not classified as revenue.

**1.5 Intangible assets**

**Initial recognition**

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

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

**Intangible Assets are initially recognised at cost.**

Where an intangible asset is acquired by the Council for no or nominal consideration (i.e. non-exchange transaction) the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

**TOWN COUNCIL OF OKAHAO**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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### **1.5 Intangible assets (continued)**

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

#### **Subsequent Measurement Amortisation and Impairment**

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

#### **Derecognition**

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

### **1.6 Impairment of cash-generating assets**

The Council classifies all assets held with the primary objective of generating a commercial return as cash generating assets. All other assets are classified as non-cash generating assets.

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

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

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

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

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

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

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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**1.6 Impairment of cash-generating assets (continued)**

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

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

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

**1.7 Impairment of non-cash-generating assets**

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

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

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

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

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

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

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

**TOWN COUNCIL OF OKAHAO**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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**1.7 Impairment of non-cash-generating assets (continued)**

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

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

**1.8 Financial instruments**

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

**Initial Recognition**

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

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

**Fair Value Methods and Assumptions**

The fair 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;

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:

**TOWN COUNCIL OF OKAHAO  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**1.8 Financial instruments (continued)**

**Classification**

<b>Class</b>	<b>Category</b>
Cash and cash equivalent	Financial asset measured at amortised cost
VAT receivable	Financial asset measured at amortised cost
Receivable from exchange transactions	Financial asset measured at amortised cost
Housing loan	Financial asset measured at amortised cost

Trade and Other Receivables (excluding Value Added Taxation Prepayments and Operating Lease receivables) Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as Financial Assets at Amortised Cost.

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks net of bank overdrafts.

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

<b>Class</b>	<b>Category</b>
Payables under exchange transactions	Financial liability measured at amortised cost

**Initial and subsequent measurement of financial assets and financial liabilities**

**Financial Assets:**

**At Fair Value through Surplus or Deficit**

Financial Assets at Fair Value through Surplus and Deficit are initially and subsequently at the end of each financial year measured at fair value with the profit or loss being recognised in Surplus or Deficit.

**Financial assets measured at amortised cost**

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

**TOWN COUNCIL OF OKAHAO  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**1.8 Financial instruments (continued)**

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

**Financial Liabilities: At Amortised Cost**

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables Loans and Borrowings are classified as Other Liabilities) and are initially measured at Fair Value net of transaction costs. Trade and Other Payables Interest-bearing Debt including Finance Lease Liabilities Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

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

Prepayments are carried at cost less any accumulated

**Impairment losses. Impairment of Financial Assets:**

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

**Financial Assets at Amortised Cost**

A provision for impairment of Accounts Receivables is established when there is objective evidence that the 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.

**TOWN COUNCIL OF OKAHAO**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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**1.8 Financial instruments (continued)**

Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

**Derecognition**

**Financial assets**

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

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 recognises 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 recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

**Financial liabilities**

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

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

**1.9 Inventory**

**Initial Recognition**

Inventory is initially measured at cost except where inventory is acquired through a non-exchange transaction then their costs are their fair value as at the date of acquisition.

**TOWN COUNCIL OF OKAHAO**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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**1.9 Inventory (continued)**

The cost of inventory comprises of all costs of purchase costs of conversion and other costs incurred in bringing the inventory to their present location and condition

Where inventory are 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.

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

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

**Water Inventory**

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

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

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

**Other Arrangements**

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

**TOWN COUNCIL OF OKAHAO  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**1.9 Inventory (continued)**

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

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

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

**1.10 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 recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items the obligation is estimated by weighting all possible outcomes by their associated probabilities.

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

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

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

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**1.10 Provisions and contingencies**

**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 recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to Surplus or Deficit.

**Contingent assets and contingent liabilities**

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

**1.11 Employee benefits**

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

**Short-term employee benefit**

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

**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**

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.

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

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**1.12 Related parties**

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

**1.13 Budget information**

The annual budget figures have been prepared in accordance with IPSAS 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 online 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 2023 to 30 June 2024.

**1.14 Going concern assumption**

Though the Town Council was not spared from the impact of Covid-19 and related effects the Town Council have prepared the annual financial statements under the going concern assumption based on management assumptions that it has adequate resources and cash flow projection for the coming year present a positive outlook. In addition Council receives adequate support from central government.

**1.15 Heritage assets**

Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

**1.16 Unauthorised expenditure**

Unauthorised expenditure means:

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

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

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**1.17 Fruitless and wasteful expenditure**

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

**1.18 Net assets**

**Accumulated surplus**

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

**1.19 Grants-In-Aid**

The Town Council transfers money to individuals' organisations 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 recognised in surplus or deficit as expenses in the period that the events giving rise to the transfer occurred.

**1.20 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).

**1.21 Events after reporting date**

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

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

	<b>2024</b>	<b>2023</b>
	N\$	N\$
<b>2. Transfers from government and related entities</b>		
<b>Operating grants</b>	<b>16 614 951</b>	<b>2 620 087</b>
<b>Operating grants</b>		
Road Fund Administration	943 440	893 400
<b>Capital grants</b>		
GRN - Development capital	13 069 683	1 726 687
GRN - Homestead Compensation (Land Acquisition)	2 601 828	-
<b>3. Service charges</b>	<b>14 489 378</b>	<b>13 888 729</b>
Sale of electricity	62 452	46 059
Sale of water	10 142 954	9 793 958
Sewerage and sanitation charges	2 136 796	2 016 902
Refuse removal	2 147 176	2 031 810
The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.		
<b>4. Other income</b>	<b>1 817 891</b>	<b>2 122 672</b>
Building plan fees	99 971	94 301
Business fitness certificate fees	172 468	210 352
Meat inspection	11 338	6 114
Billboard advertising	111 820	113 070
Valuation and related fees	62 757	53 147
Sundries	327 216	326 182
Sewer and water connection fees	121 256	330 646
Fire brigade fees	196 528	181 889
Administration fees	249 246	84 600
Disconnection and reconnection fees	175 235	189 380
Road infrastructure fees	161 106	157 494
Business registration fees	100 960	127 006
Income from Mayoral Funds	-	248 491
Discount received	3 300	-
Income from sale of sand	24 690	-

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

	<b>2024</b>	<b>2023</b>
	N\$	N\$
<b>5. Bulk purchases</b>	<b>4 228 898</b>	<b>4 423 915</b>
Electricity	1 611 538	1 324 681
Water	2 617 360	3 099 234

Bulk Purchases are the cost of commodities not generated by the Town Council which the council distributes in the municipal area for resale to the consumers. Electricity is purchased from Nored whilst Water is purchased from NamWater

<b>6. Employee related costs</b>	<b>17 892 229</b>	<b>15 598 123</b>
Salary and Wages	7 507 890	11 426 999
Employer Contribution to Medical Aid	2 352 168	1 911 620
Employer Contribution to Pension	1 764 816	1 625 065
Employer Contribution to SSC	38 538	35 793
Leave pay provision charge	1 581 604	(72 820)
Apprentice and Internship Allowance	227 975	79 500
Overtime payments	216 135	-
13th Cheques	694 515	591 966
Transport allowance	303 962	-
Car allowance	272 360	-
Housing allowance and subsidies	2 731 016	-
Standby allowance	126 700	-
Cellphone allowance	74 550	-
<b>Chief Executive Officer</b>	<b>828 430</b>	<b>1 043 407</b>
Annual Remuneration	379 969	491 868
Car Allowance	77 026	108 770
13th Cheque	38 701	40 989
Contributions to UIF, Medical and Pension Funds	169 946	205 033
Housing allowance	151 988	196 747
Cellphone Allowance	10 800	-

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

	<b>2024</b>	<b>2023</b>
	N\$	N\$
<b>Employee related costs (Continued)</b>		
<b>Other Executives</b>	<b>1 823 076</b>	<b>1 686 994</b>
Annual Remuneration	815 808	792 048
Car Allowance	195 334	195 334
13th Cheque	67 984	66 004
Contributions to UIF, Medical and Pension Funds	398 427	316 789
Housing allowance	326 323	316 819
Cellphone Allowance	19 200.00	-
<b>7. Remuneration of Councillors</b>	<b>683 196</b>	<b>510 686</b>
Mayor	114 450	89 500
Deputy Mayor	100 350	76 951
MC Chairperson	105 346	80 733
Management Committee Members	193 158	134 334
Ordinary Councillors	169 892	129 168
<b>In-kind benefits</b>		
Councillors may utilise official Council transportation when engaged in official duties.		
<b>8. General expenses</b>	<b>23 029 601</b>	<b>10 686 665</b>
Advertising	174 251	110 565
Bank charges	434 785	450 503
Catering & Entertainment Cost	119 161	215 011
Cleaning	97 088	76 544
Consulting and professional fees	259 499	888 260
Donations	1 500	21 525
Fuel and oil	586 482	506 905
Homestead Compensation	1 000 458	104 676
IT expenses	502 374	371 608
Insurance	185 220	425 534
Levies - 5% Regional Council	566 571	549 851
Motor vehicle expenses - Licenses	88 912	178 924
Other Expenses	3 480 988	1 568 274
Postage, courier and telephone	54 537	106 141
Pre-paid Services Tokens	54 307	-
Printing and stationery	78 018	164 764
Promotions and sponsorships	62 888	90 128

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

	<b>2024</b>	<b>2023</b>
	N\$	N\$
<b>8. General expenses (Continued)</b>		
Protective clothing	45 914	12 411
Refuse bins	-	13 095
Refuse removal	876 700	872 600
Rezoning and Subdivision	175 932	917 697
Security (Guarding of municipal property)	812 159	911 005
Service Connections	10 986 032	-
Sport and Recreation	186 687	198 100
Subscriptions and membership fees	67 500	54 300
Telephone and fax	356 805	380 374
Training	287 889	284 707
Travel - local	1 110 138	1 213 163
Travel - overseas	220 385	-
	<b>5 006 555</b>	<b>15 818 482</b>
<b>9. Cash and cash equivalents</b>		
Cash on hand	1 487	1 094
Bank balances	5 005 068	15 817 388
	<b>11 675 572</b>	<b>10 348 033</b>
<b>10. Consumer debtors net balance</b>		
Consumer debtors	62 805 490	46 289 565
<b>Less: Allowance for impairment</b>		
Consumer debtors	(51 129 918)	(35 941 532)
	<b>2 371 269</b>	<b>777 599</b>
<b>11. VAT Receivable</b>		
VAT	<b>2 371 269</b>	<b>777 599</b>

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

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

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

	<b>2024</b>	<b>2023</b>
	N\$	N\$
<b>12. Receivables from exchange transactions</b>	<b>701 625</b>	<b>879 428</b>
Prepayments	103 059	214 844
Deposits	49 166	46 253
Accruals	548 950	618 331
Submission fee control	450	-

Receivables from exchange transactions are billed monthly latest end of month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by the Council on the outstanding balance. The Town Council strictly enforces its approved credit control policy to ensure the recovery of Receivables.

The Town Council did not pledge any of its Receivables as security for borrowing purposes.

**Housing loans**

<b>13. Receivables from exchange transactions</b>	<b>6 982 351</b>	<b>5 697 751</b>
Long term receivables	6 419 903	5 697 751
Current Portion of Long-term Receivables	562 448	-

The long term receivables are composed of the following:

**DEVELOPMENT AND HOUSING**

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

**SALE OF LAND**

Stands in low income are as are sold on an instalment basis at an interest rate of 30% per annum. The loans are repayable over a period of 12 months depending on the stipulations of the contract.

The Town Council does not hold deposits or any other security for its Long-term Receivables.

<b>14. Inventories</b>	<b>8 474 172</b>	<b>19 420 020</b>
Finished goods	339 701	299 517
Erven	8 134 471	19 120 503

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

No inventories have been pledged as collateral for Liabilities of the Town Council

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

**15. Property, plant and equipment**

	2024		2023	
	N\$	N\$	N\$	N\$
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
	N\$	N\$	N\$	N\$
Land	15 954 625	-	15 954 625	15 688 625
Buildings	29 932 163	(4 131 902)	25 800 261	29 069 275
Plant and machinery	8 322 811	(3 160 981)	5 161 830	7 932 940
Furniture and fixtures	1 319 671	(399 386)	920 285	1 232 042
Motor vehicles	4 323 858	(1 427 261)	2 896 597	3 617 531
Office equipment	817 696	(337 017)	480 679	1 207 567
IT equipment	984 420	(389 609)	594 811	788 705
Infrastructure	120 919 090	(15 324 516)	105 594 574	119 129 016
Work In Progress	28 856 739	-	28 856 739	6 213 705
Heritage	10 000	-	10 000	10 000
<b>Total</b>	<b>211 441 073</b>	<b>(25 170 672)</b>	<b>186 270 401</b>	<b>184 889 406</b>
			<b>(21 919 815)</b>	<b>162 969 591</b>

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

**15. Property, plant and equipment (Continued)**

**Property, plant and equipment**

**Reconciliation of property, plant and equipment - 2024**

	Opening balance	Additions	Transfers	Other changes, movements	Depreciation	Total
	N\$	N\$	N\$	N\$	N\$	N\$
Land	15 688 625	-	-	-	-	15 954 625
Buildings	25 521 571	266 000	-	-	(584 199)	25 800 261
Plant and machinery	5 076 951	862 889	389 871	(3 898)	(301 094)	5 161 830
Furniture and fixtures	883 393	87 629	-	-	(50 737)	920 285
Motor vehicles	2 436 194	706 327	-	-	(245 924)	2 896 597
Office equipment	899 359	-	(389 871)	3 898	(32 707)	480 679
IT equipment	453 231	195 715	-	-	(54 135)	594 811
Infrastructure	105 786 562	1 510 142	276 870	-	(1 979 000)	105 594 574
Work In Progress	6 213 705	22 919 904	(276 870)	-	-	28 856 739
Heritage	10 000	-	-	-	-	10 000
	<b>162 969 591</b>	<b>26 548 606</b>	<b>-</b>	<b>-</b>	<b>(3 247 796)</b>	<b>186 270 401</b>

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

**15. Property, plant and equipment (Continued)**

**Reconciliation of property, plant and equipment - 2023**

	Opening balance	Additions	Transfers	Depreciation	Total
	N\$	N\$	N\$	N\$	N\$
Land	15 688 625	-	-	-	15 688 625
Buildings	19 781 684	6 277 835	-	(537 948)	25 521 571
Plant and machinery	5 209 259	153 300	-	(285 608)	5 076 951
Furniture and fixtures	358 643	566 385	-	(41 635)	883 393
Motor vehicles	769 953	1 772 455	-	(106 214)	2 436 194
Office equipment	546 094	389 871	-	(36 606)	899 359
IT equipment	268 217	233 573	-	(48 559)	453 231
Capital Infrastructure	100 958 031	-	6 658 133	(1 829 602)	105 786 562
Work In Progress	8 592 615	4 279 223	(6 658 133)	-	6 213 705
Heritage	10 000	-	-	-	10 000
	<b>152 183 121</b>	<b>13 672 642</b>	<b>-</b>	<b>(2 886 172)</b>	<b>162 969 591</b>

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

	<b>2024</b>	<b>2023</b>
	N\$	N\$
<b>16. Payables under exchange transactions</b>	<b>8 707 083</b>	<b>7 476 218</b>
Trade payables	4 447 065	4 500 776
Accrued leave pay	2 050 909	1 378 191
Accrued bonus	350 021	338 253
Accrued expense	160 009	668 115
Consumer deposits	1 698 714	590 883
Collection fees control	365	-

**Staff Leave:**

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

**17. Provisions****Reconciliation of provisions - 2024**

	Opening Balance	Additions	Utilised During the year	Total
Provision for Rehabilitation of Land- fill Sites	-	2 743 369		<b>2 743 369</b>
Severance pay	1 288 018	581 753	(112 959)	<b>1 987 816</b>
Homestead Provisions	6 299 554	1 000 458	-	<b>7 300 012</b>

**Reconciliation of provisions - 2023**

	Opening Balance	Additions	Total
Severance pay	898 197	389 821	<b>1 288 018</b>
Homestead Provisions	6 299 554	-	<b>6 299 554</b>
Non-current liabilities		2 743 369	<b>2 743 369</b>
Current liabilities		9 313 970	<b>7 587 572</b>

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

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**16. Provisions (Continued)**

**Rehabilitation of Land-fill Sites**

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of N\$2 743 369 to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the average bond yield interest rate

**Employee benefit cost provision**

Severance pay is payable under the Labour Act 11 of 2007 and the provision is made for the probability of staff members who may be dismissed or die while in the employment of the Town Council; or resigns or retires on reaching the age of 65 years. The uncertainty exist due to the uncertainty around the events in which it is payable.

**17 Related parties**

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

During the year the Town Council rendered services to the following related parties that are related to the Town Council as indicated:

**Related party balances:**

	<b>2024</b>	<b>2023</b>
	N\$	N\$
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Cllr Andreas Nekwaya (NHE042)	(264)	36
Cllr Andreas Nekwaya (AEN003)	(5)	237
Cllr Johannes Uushini (ORE001)	1 189	917
Cllr Johannes Uushini (IJK001)	-	2 953
Cllr Johannes Uushini (UUS003)	-	648
Cllr Julia M Katoole (KAA056)	9 056	4 434
Cllr Julia M Katoole (NHE002)	4 262	4 255
Cllr Julia M Katoole (KAA057)	-	2 160
Cllr Cornelia N Iiyambula (NTC001)	1 360	-
Cllr Magdalena I Iitula (IIT003)	1 307	(55)
Cllr Magdalena I Iitula (IIT004)	1 339	(24)

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

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**17. Related parties (Continued)**

	<b>2024</b>	<b>2023</b>
	N\$	N\$
Cllr Magdalena I Iitula (DAV079)	342 142	219 693
<b>Executive Management</b>		
Simon Shinguto (UUS001)	1 168	1 075

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

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

**Compensation of Related Parties**

Compensation of Key Management Personnel and Councillors is set out in Notes 12&13 to the Annual Financial Statements.

**Purchases from Related Parties**

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

**18 Prior period errors**

1. Consumer debtors have be separately disclosed from receivable from exchange transaction for better disclosure.
2. VAT is restated with an amount of N\$ 690 376 to an amount of N\$ 87 223 because it was not properly disclosed
3. Reversal of accrued expenses amounting to N\$ 522 578 that were not reversed in 2023 financial year.

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

**18. Prior period errors (Continued)**

The change results in adjustment as follows:

	<b>2024</b>	<b>2023</b>
	N\$	N\$
<b>Statement of financial position</b>		
Receivable from exchange transactions	-	(10 348 033)
Consumer debtors	-	10 348 033
Payables from exchange transactions		(522 578)
<b>Statement of Financial Performance</b>		
General expenses (Error 2 & 3)	-	(167 7980)

	<b>Before</b>	<b>Effect of</b>	<b>Total</b>
	N\$	change	N\$
	N\$	N\$	N\$
Cash flow statement			
<b>Working capital changes 30 June 2023</b>	<b>3 752 103</b>	<b>(522 578)</b>	<b>3 229 525</b>
Receivables from exchange transactions	(1 514 993)	1 404 406	(110 587)
Debt impairment	(8 508 676)	8 508 676	-
Consumer debtors	-	(9 913 082)	(9 913 082)
Payables from exchange transactions	13 775 772	(522 578)	13 253 194

**19 Risk management**

**Financial risk management**

It is the policy of the Town Council to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the Town Council is exposed on the reporting date.

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

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

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**19 Risk management (Continued)**

**Risks and exposures are disclosed as follows:**

**Credit risk**

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

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

**Investments/Bank Cash and Cash Equivalentents**

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

**Trade and Other Receivables**

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

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

- The application of the Credit Control Policy which permits the Town Council to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;

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**19 Risk management (Continued)**

- A new owner is advised prior to the issue of a clearance certificate that the property will not be transferred until the full settlement of any debt remaining from the previous owner;
- The consolidation of rates and service accounts enabling the disconnecting services for the non-payment of any of the individual debts;
- The requirement of a deposit for new service connections serving as guarantee and are reviewed annually;
- Encouraging residents to use water and electricity wisely by monitoring consumption.

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

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

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

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

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

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

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**20 Risk management (Continued)**

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

Financial assets exposed to credit risk at year end were as follows:

**The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:**

	<b>2024</b>	<b>2023</b>
	N\$	N\$
	<b>15 061 800</b>	<b>23 173 260</b>
Long term receivables from exchange (Non-current)	6 419 903	5 697 751
Long term receivables from exchange (Current)	562 448	-
Trade and other receivables from exchange transactions (cost)	3 072 894	1 657 027
Cash and cash equivalents	5 006 555	15 818 482

**21 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.

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

**22 Events after the reporting date**

No events having financial implications requiring disclosure occurred subsequent to the financial year end.