



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
TOWN COUNCIL OF ONDANGWA
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 Ondangwa 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 No 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, July 2025

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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

1. QUALIFIED AUDIT OPINION

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

In my opinion, except for the effects of the matters described in the Basis for Qualified Audit Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Town Council of Ondangwa as at 30 June 2024 and financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

2. BASIS FOR QUALIFIED 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 the audit report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to the audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. The qualified audit opinion is expressed due to the following:

2.1. AMORTISATION OF THE BUILD TOGETHER LOANS

The Council did not provide amortization schedules for the build together loans for audit and as a result, the presentation and disclosure of the cumulative amount of N\$ 5 343 820 relating build together project housing loans (N\$ 3 626 631) and build together project debtors (N\$ 1 717 189) disclosed as current receivables could not be assessed for correctness.

2.2. DISCLOSURE OF BUILD TOGETHER LOANS

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

Paragraph 37:

“(a), reconciliation between the opening and closing carrying amounts of the loans, including:

(i) Nominal value of new loans granted during the period;

(ii) The fair value adjustment on initial recognition;

(iii) Loans repaid during the period;

(iv) Impairment losses recognized;

(v) Any increase during the period in the discounted amount arising from the passage of time; and

(vi) Other changes.

(b) Nominal value of the loans at the end of the period;

(c) The purpose and terms of the various types of loans; and

(d) Valuation assumptions.”

2.3. RESERVES

The Council reclassified an amount of N\$ 4 000 635 from other reserves to retained earnings without making any disclosures in the financial statements. This is not in compliance with IPSAS 1 paragraph 62 that states: *“When the presentation or classification of items in the financial statements is amended, comparative amounts should be reclassified, unless it is impracticable to do so, to ensure comparability with the current period, and the nature, amount of, and reason for any reclassification should be disclosed. When it is impracticable to reclassify comparative amounts, an entity should disclose the reason for not reclassifying and the nature of the changes that would have been made if amounts were reclassified.”*

2.4. PROVISION FOR REHABILITATION OF LAND FILL SITE

The Council did not comply with IPSAS 19 paragraph 97 and 98 which states that:

“97. For each class of provision, an entity shall disclose:

(a) The carrying amount at the beginning and end of the period;

(b) Additional provisions made in the period, including increases to existing provisions;

(c) Amounts used (that is, incurred and charged against the provision) during the period;

(d) Unused amounts reversed during the period; and

(e) The increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.

Comparative information is not required.

98. An entity shall disclose the following for each class of provision:

(a) A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits or service potential;

(b) An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph 58; and

(c) The amount of any expected reimbursement, stating the amount of any asset that has been recognized for that expected reimbursement. ”

2.5. APPROVAL OF REMUNERATION TO KEY MANAGEMENT PERSONNEL

The Council implemented an increase in the remuneration of the Chief Executive Officer (CEO), as a counter offer to retain his service, on the directive provided by the Management Committee that are contrary to the refusal to amend the remuneration by the Minister of Urban and Rural Development in a letter dated 13 September 2023. This is not in compliance with Section 27(1) (c)(ii)(bb) of the Local Authorities Act, No. 23 of 1992 that states that *“a Town Council may, with the approval of the Minister, determine the remuneration of and provide or give pension and other benefits and housing facilities or benefits for or to its chief executive officer or other staff members.”*

2.6. TRAVELING AND SUBSISTENCE 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\$ 1 816 067 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 the audit of the financial statements as a whole, and in forming an audit opinion thereon, and I do not provide a separate opinion on these matters. I have nothing to report in this regard.

3.1. OTHER MATTERS

Attention is drawn to the management on the following matter that relate to my responsibility in the audit of the financial statements, and excluding matters already disclosed by the Council in the financial statements. My opinion is not modified in respect of this matter.

3.1.1. OTHER FINANCIAL ASSETS

The Council holds 15 shares in the Local Authority Electrical Company (LAEC), as evidenced by the share certificate. The initial investment, as per the agreement, was N\$ 5 000 000 (i.e. 9.2.1 Shareholders of LAEC shall contribute electrical assets and cash as an investment amount in NORED totalling N\$ 5 000 000). However, the Council recognized an investment amounting to N\$ 68 978 646, based on the total equity of N\$ 1 393 508 000 derived from the financial statements of NORED. The Council does not have direct ownership in NORED and only holds shares in LAEC, therefore the Council did not comply with IPSAS 41 paragraph 61.

IPSAS 41 paragraph 61 states that “*after initial recognition an entity shall measure a financial asset in accordance with paragraph 39-44 at: (a) Amortization Cost (b) Fair value through net asset/equity; or (c) Fair value through surplus or deficit.*”

4. OTHER INFORMATION

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

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 the International Public Sector Accounting Standards and legislation, and for such internal control as management determines is 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 free from material misstatement, whether due to fraud or error and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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, I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my 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;
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit; and
- 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.

AUDIT OF KEY PERFORMANCE INFORMATION

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

1. DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND SCOPE

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

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

The scope of the key performance indicators was performed by looking at the high-level statements, which are indicated in the mandate of the Council as provided for in the Local Authorities Act, Act No. 23 of 1992 and its' Strategic Plan. Key performance indicators were selected based on what would be significant to the intended users and their usefulness in assessing the entity's achievements in terms of its service performance objectives.

2. AUDIT OBJECTIVE

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

3. AUDIT CRITERIA

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

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

4. SUMMARY OF METHODS APPLIED

I reviewed the strategic plans for the strategic periods 2022 to 2028 and this comprised documentation review and interviews with senior and top management.

5. KEY AUDIT FINDINGS

5.1. STRATEGIC AND ANNUAL PLAN AND REPORTING

It was observed that the Council has a strategic plan encompassing the period 2024 and has an annual plan for 2023/24, however, the annual plan was not signed off.

Review of these documents and other relevant supporting documents in terms of the above criteria yielded the following results:

| Criteria | Outcome |
|-------------------------------------|--|
| Sub-criterion: Relevance | The strategic objectives are relevant to the Mandate of the Council and aligned to National Planning Documents. |
| Sub-criterion: Consistency | <p>The KPI's in the strategic plan were cascaded to the annual plan, however, no KPI was set on an annual level for 2 KPI on a strategic level, namely:</p> <p>% Stakeholder satisfaction rating % of Customers & Employees satisfaction rating</p> <p>Furthermore, 2 KPIs were set on an annual plan level that are not aligned with any KPI on the strategic level, namely:</p> <p># of MOU signed (NTA, VVTC & NUST) % completion of Risk Management Plan developed</p> |
| Sub-criterion: Measurability | Could not be ascertained due to non-submission of documents for forty-seven (47) out of fifty-two (52) KPIs. |
| Reliability | Could not be ascertained due to non-submission of documents for forty-seven (47) out of fifty-two (52) KPIs. |

5.2. PERFORMANCE AGREEMENTS

The following Performance agreements were not submitted for audit purposes:

- Manager: Property, Town Planning & Building Control

Furthermore, all Performance agreements submitted for audit were unsigned.

6. CONCLUSION ON SUBJECT MATTER

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

7. ACKNOWLEDGEMENTS

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

WINDHOEK, July 2025



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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

| | |
|--|--|
| Country of incorporation and domicile | Namibia |
| Legal form of entity | Town Council as per Section 2(b) of Local Authority Act 23 of 1992 |
| Nature of business and principal activities | Principal activities of Town Council of Ondangwa are: <ol style="list-style-type: none"> 1. Provide its residents with equitable municipal services; 2. Ensure sustainable service delivery to all its inhabitants; 3. Promote social and economic development within the Municipal area, |
| Council Mayor | Amwele Mulanduleni Paavo Ester Mweneni Auala (Dep. Mayor) Julia Kapia (Mc Chairperson) Nicodemus Nyanyukweni Amadhila (Mc Members) Tshithigona Gaus (Mc Members) Maria Ndemutegelela Haufiku Alfeus Hauwanga |
| Grading of local authority | Town Council as per Section 2(b) of Local Authority Act 23 of 1992 |
| Chief Executive Officer | Ismael Namgongo |
| Management team | Malakia Lihongeni (Snr Manager: Finance) |
| Registered office | Ondangwa Main Road |
| Postal address | Private Bag 2032 Ondangwa Namibia |
| Auditors | Auditor-General |

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

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 Public Sector Accounting Standards (IPSAS) including any interpretations, guidelines and directives issued by the International 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, the Council sets standards for internal control aimed at reducing the risk of error or deficit 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 which have been prepared on the going concern basis, were approved by the Council on 30 June 2024 and were signed on its behalf by:

Ismael Ileni Namgongo
Chief Executive Officer

Malakia Lihongeni
Senior Manager: Finance

ANNEXURE A

TOWN COUNCIL OF ONDANGWA
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

| | | 2024 | 2023 |
|--|-------------|----------------------|----------------------|
| | | N\$ | Restated* |
| | Note | | N\$ |
| ASSETS | | | |
| Current assets | | 777 683 223 | 780 391 703 |
| Cash and cash equivalents | 14 | 58 755 662 | 50 284 163 |
| VAT receivable | 15 | 1 315 286 | 2 067 501 |
| Receivables from exchange transactions | 16 | 18 783 604 | 19 325 943 |
| Inventories | 17 | 698 828 671 | 708 714 096 |
| Non-current assets | | 857 245 190 | 769 188 933 |
| Property, plant and equipment | 23 | 776 630 688 | 763 290 097 |
| Investment property | 24 | 11 599 803 | 5 860 524 |
| Heritage assets | 25 | 36 053 | 38 312 |
| Other financial assets | 18 | 68 978 646 | - |
| Total assets | | 1 634 928 413 | 1 549 580 636 |
| LIABILITIES | | | |
| Current liabilities | | 24 288 182 | 26 669 430 |
| Consumer deposits | 20 | 4 527 574 | 4 246 188 |
| Payables from exchange transactions | 19 | 19 760 608 | 19 284 262 |
| Other financial liabilities | 22 | - | 3 138 980 |
| Non-current liabilities | | 11 969 915 | 1 279 643 |
| Other financial liabilities | 22 | - | 1 279 643 |
| Provisions | 21 | 11 969 915 | - |
| Total Liabilities | | 36 258 097 | 27 949 073 |
| Net Assets | | 1 598 670 316 | 1 521 631 564 |
| NET ASSETS/EQUITY | | | |
| Reserves | | 11 228 317 | 15 155 691 |
| Accumulated surplus | | 1 587 441 999 | 1 506 475 873 |
| Total net assets/equity | | 1 598 670 316 | 1 521 631 564 |

ANNEXURE B

TOWN COUNCIL OF ONDANGWA

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE

| | | 2024 | 2023 |
|---|-------------|--------------------|--------------------|
| | | N\$ | Restated* |
| | Note | | N\$ |
| REVENUE | | | |
| Revenue from non-exchange transactions | | 54 122 171 | 37 445 573 |
| Property rates | 2 | 35 064 027 | 34 882 366 |
| Transfers from other government entities | 3 | 19 058 144 | 2 563 207 |
| Revenue from exchange transactions | | 123 734 020 | 94 242 811 |
| Service charges | 4 | 64 203 916 | 63 506 808 |
| Sale of erven | | 8 362 679 | 4 859 137 |
| Surcharges and interest | | 3 367 020 | 3 530 282 |
| Recoveries | | 306 959 | - |
| Rental of facilities and equipment | 5 | 7 903 811 | 6 892 770 |
| Interest received | | 3 536 406 | 10 135 633 |
| Licenses and permits | | 24 041 | 10 648 |
| Commissions received | | 190 775 | 152 336 |
| Gain on Provision | | 28 879 853 | - |
| Other revenue | 6 | 4 091 542 | 3 060 877 |
| Interest received on investment | | 2 858 260 | 2 094 320 |
| Reversal of write-down of inventories to net realisable value | | 8 758 | - |
| Total Revenue | | 177 856 191 | 131 688 384 |
| EXPENSES | | 169 559 542 | 132 450 768 |
| Bulk purchases | 7 | 22 970 347 | 22 435 271 |
| Employee costs | 8 | 36 871 663 | 34 380 810 |
| Remuneration of Councillors | 9 | 656 246 | 505 095 |
| Depreciation and amortisation expense | 10 | 23 410 044 | 23 946 773 |
| Impairment of assets | | 2 253 | 2 253 |
| Repairs and maintenance | | 4 552 076 | 2 634 744 |
| Contracted services | 11 | 7 616 901 | 6 120 788 |
| Bad debts written | | 29 961 843 | 6 818 135 |
| General expenses | 12 | 42 151 924 | 35 038 540 |
| Interest paid | | 1 366 245 | 568 359 |
| Surplus/(deficit) for the period | | 8 296 649 | (762 384) |

ANNEXURE C

TOWN COUNCIL OF ONDANGWA

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

| | Other Reserves | Accumulated surplus/deficit | Total net assets/equity |
|---|----------------------|-----------------------------------|-----------------------------------|
| | N\$ | N\$ | N\$ |
| Balance at 01 July 2022 | 239 982 740 | 1 282 492 877 | 1 522 475 617 |
| Changes in net assets/equity | | | |
| Surplus for the year | - | (762 384) | (762 384) |
| Direct adjustments to net assets | (81 669) | - | (81 669) |
| Reclassification of unfunded reserves | (224 745 380) | 224 745 380 | - |
| Total changes | (224 827 049) | 223 982 996 | (844 053) |
| Opening balance as previously reported | 15 155 691 | ^a 1 506 220 800 | ^a 1 521 376 491 |
| Adjustments | | | |
| Correction of errors | - | - | - |
| Prior year's adjustments | - | 68 923 915 | 68 923 915 |
| Restated balance as at 01 July 2023 | 15 155 691 | 1 575 144 715 | 1 590 300 406 |
| Changes in net assets/equity | | | |
| Surplus for the year | - | 8 296 649 | 8 296 649 |
| Net increase from BT income & Expense | 73 261 | - | 73 261 |
| Reclassification | (4 000 635) | 4 000 635 | - |
| Total changes | (3 927 374) | 12 297 284 | 8 369 910 |
| Balance at 30 June 2024 | 11 228 317 | 1 587 441 999 | 1 598 670 316 |

^a There is a difference of N\$ 255 073 between the recalculated amount of N\$ 1 506 475 873 and the amount presented of N\$ 1 506 220 800. The same difference was noted on the total opening balance of N\$ 1 521 376 491 as presented and the recalculated amount of N\$ 1 521 631 564. This also affected the restated balance as at 01 July 2023 and the balance at 30 June 2024.

ANNEXURE D

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

| | | 2024 | 2023 |
|--|------|---------------------|---------------------|
| | | N\$ | Restated* |
| | Note | | N\$ |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Surplus/ (deficit) for the year: | | 8 296 649 | (762 384) |
| Adjustments for: | | | |
| Depreciation and amortisation expense | | 23 410 044 | 23 946 773 |
| Impairment deficit | | 2 253 | 2 253 |
| Bad Debt written off | | 29 961 843 | 6 818 135 |
| Movements in provisions | | 1 093 408 | - |
| Direct adjustment to net assets and prior year errors (cash) | | (342 417) | 90 736 187 |
| Changes in working capital | | | |
| Inventories | | 9 885 425 | (86 661 860) |
| Receivables from exchange transactions | | 542 339 | 6 699 217 |
| Bad Debt written off | | (29 961 843) | (6 818 135) |
| Payables from exchange transactions | | 476 349 | 6 489 172 |
| VAT Receivables | | 752 215 | (2 617 593) |
| Consumer deposits | | 281 386 | 261 096 |
| Net Cash flows from operating activities | | 44 397 651 | 38 092 861 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | 23 | (31 507 529) | (49 391 658) |
| Net cash flow from investing activities | | (31 507 529) | (49 391 658) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Repayment of loans | | (4 418 623) | (2 891 819) |
| Net cash flow from financing activities | | (4 418 623) | (2 891 819) |
| Net increase/(decrease) in cash and cash equivalents | | 8 471 499 | (14 190 616) |
| Cash and cash equivalents at the beginning of the period | | 50 284 163 | 64 474 779 |
| Cash and cash equivalents at the end of the period | 14 | 58 755 662 | 50 284 163 |

**TOWN COUNCIL OF ONDANGWA
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

| | Approved Budget | Adjustments | Final budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|--------------------|-------------|-------------------|---|---|-----------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | |
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Revenue from non-exchange transactions | | | | | | |
| Property rates | 40 160 000 | - | 40 160 000 | 35 064 027 | (5 095 973) | 1 |
| Transfers from other government entities | 6 435 250 | - | 6 435 250 | 19 058 144 | 12 622 894 | 2 |
| Total revenue from non-exchange transactions | 46 595 250 | - | 46 595 250 | 54 122 171 | 7 526 921 | |
| Revenue from exchange transactions | | | | | | |
| Service charges | 63 461 900 | - | 63 461 900 | 64 203 916 | 742 016 | 3 |
| Rendering of services | 13 287 424 | - | 13 287 424 | 8 362 679 | (4 924 745) | 4 |
| Royalty income | 4 200 000 | - | 4 200 000 | 3 367 020 | (832 980) | 5 |
| Rental of facilities and equipment | 8 953 781 | - | 8 953 781 | 7 903 811 | (1 049 970) | 6 |
| Interest received (trading) | 14 100 000 | - | 14 100 000 | 3 536 406 | (10 563 594) | 7 |
| Licenses and permits | 21 000 | - | 21 000 | 24 041 | 3 041 | |
| Commission received | 20 000 | - | 20 000 | 190 775 | 170 775 | |
| Recoveries | - | - | - | 306 959 | 306 959 | |

ANNEXURE E

**TOWN COUNCIL OF ONDANGWA
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024
(Continued)**

| | Approved Budget | Adjustments | Final budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|--------------------|-------------------|--------------------|---|---|-----------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | |
| Profit on Sale of Land | - | 28 879 853 | 28 879 853 | 28 879 853 | - | R7 |
| Other income | 3 917 000 | - | 3 917 000 | 4 091 542 | 174 542 | 8 |
| Interest received- External | | | | | | |
| Investment | 1 350 000 | - | 1 350 000 | 2 858 260 | 1 508 260 | |
| Total revenue from exchange transactions | 109 311 105 | 28 879 853 | 138 190 958 | 123 725 262 | (14 465 696) | |
| Total revenue | 155 906 355 | 28 879 853 | 184 786 208 | 177 847 433 | (6 938 775) | |
| Expenditure | | | | | | |
| Bulk purchases | (22 200 000) | - | (22 200 000) | (22 970 347) | (770 347) | |
| Employee costs | (36 904 072) | - | (36 904 072) | (36 871 663) | 32 409 | |
| Remuneration of Councillors | (539 486) | - | (539 486) | (656 246) | (116 760) | |
| Depreciation & amortization expense | (20 065 692) | - | (20 065 692) | (23 410 044) | (3 344 352) | 9 |
| Impairment loss/ Reversal of impairments | - | - | - | (2 253) | (2 253) | |
| Repairs and maintenance | (5 760 000) | - | (5 760 000) | (4 552 076) | 1 207 924 | 13 |
| Contracted services | (3 800 000) | - | (3 800 000) | (7 616 901) | (3 816 901) | |

ANNEXURE E

TOWN COUNCIL OF ONDANGWA
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024
(Continued)

| | Approved Budget | Adjustments | Final budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|----------------------|-------------------|----------------------|---|---|-----------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | |
| Debt impairment | (5 696 828) | - | (5 696 828) | (29 961 843) | (24 265 015) | 11 |
| General expenses | (29 886 964) | - | (29 886 964) | (42 151 924) | (12 264 960) | 12 |
| Interest paid | (450 000) | - | (450 000) | (1 366 245) | (916 245) | |
| Total expenditure | (125 303 042) | - | (125 303 042) | (169 559 542) | (44 256 500) | |
| Surplus/(deficit) for the year | 30 603 313 | 28 879 853 | 59 483 166 | 8 287 891 | (51 195 275) | |
| Reversal of write-down of inventories to net realisable value | - | - | - | 8 758 | 8 758 | 21 |
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | 30 603 313 | 28 879 853 | 59 483 166 | 8 296 649 | (51 186 517) | |

**TOWN COUNCIL OF ONDANGWA
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024
(CONTINUED)**

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 these statements.

- 1: Council projected income based on interim valuation roll that was supposed to be conducted in the same year, however it was not completed.
- 2: Government subsidy increased more than expected and this is a norm of the Ministry of Urban and Rural Development not being consistent with the budget allocation.
- 3: Council received more new service applications, e.g. water, sewer and other municipal services.
- 4: Fewer erven were fully settled than projected.
- 5: NORED sales declined.
- 6: Council's flats were under renovation.
- 7: The Council granted interest relief to all default accounts that were handed over to the debt collector.
- 8: Revenue increased due to some recovery and gain on provisions.
- 9: Depreciation increased due to acquisition and capitalisation of assets.
- 11: The Council resolved the debts incentive relief.
12. The effect of cost of goods sold were not projected for as a result expenses drastically ascend.
- 13: The maintenance expenses increased by the vehicles repairs, thus Council decided to dispose off and acquire new ones to cut costs on maintenance.

**TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES**

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.

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

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

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

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 Council.

**TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES**

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 as set out in IPSAS 9 (revenue from exchange transactions) and IPSAS 23 (revenue from non-exchange transactions). As far as revenue from non-exchange transactions is concerned (see basis of preparation above), and, in particular, whether the 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 1.9 on financial instruments sub-paragraph impairment of financial assets describes the process followed to determine the value at which financial assets should be impaired. In making the estimation of the impairment, the management of the 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 defaulted on payments already due, and an assessment of their ability to make payments based on their credit worthiness. This is performed per service-identifiable categories across all classes of debtors.

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

As outlined in Accounting Policies 1.4 and 1.5, the Council depreciates its property, plant & equipment as well as investment property, and amortises its intangible assets, over their estimated useful lives. This is done by 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.

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

Accounting Policy 1.7 on impairment of assets, accounting policy on intangible assets – subsequent measurement, amortisation and impairment and accounting policy 1.10 on inventory – subsequent measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the 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.

**TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES**

1.1. Significant judgements and sources of estimation uncertainty (Continued)

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 property, plant and equipment 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 17, 23, and 24 to the annual financial statements, if applicable.

Deemed cost

In line with IPSAS 33, management have adopted deemed cost for property, plant and equipment and investment properties in arriving at the cost of the assets. For property, plant and equipment (other than land and building), where information regarding the cost of the asset was not available management used depreciated replacement cost to arrive at the deemed cost. While land and building, including investment property, management used the last municipal values as per last approved valuation roll. In making their judgement, management considered the replacement cost and remaining useful lives of the assets. Where deemed cost has been applied, management used take on date for the assets as 1 July 2019 for land and building, while for other assets is 1 July 2018.

1.2. Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an 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.

**TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES**

1.2. Revenue from non-exchange transactions (continued)

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.

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.

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 not recognised.

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

**TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES**

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 meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

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

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

Interest, royalties and dividends

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

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

**TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES**

1.3. Revenue from exchange transactions (Continued)

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

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

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

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. anon-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:

| Item | Average useful life |
|-------------------------|----------------------------|
| Buildings | |
| • Improvement | 10-50 |
| Infrastructure | |
| • Roads and storm water | 8-80 |
| • Sanitation | 10-90 |
| • Solid waste | 5-80 |
| • Water | 10-90 |

**TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES**

1.4. Property, plant and equipment (Continued)

| Other | Average useful life |
|--------------------------|----------------------------|
| • Computer equipment | 5-10 |
| • Furniture and fittings | 10-20 |
| • Motor vehicles | 5-21 |
| • Plant and equipment | 10-31 |

Land

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

Incomplete Construction Work

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

De-recognition

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

1.5. Investment property

Initial recognition

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

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

Subsequent Measurement

Investment property is measured using the cost model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 10-80 year. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is recognised in surplus or deficit.

De-recognition

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

**TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES**

1.6. Leases

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

1.6.1. Town Council as Lessee

Finance leases

Property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the Council uses the interest rate that exactly discounts the lease payments to the fair value of the asset, plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the effective interest rate method. Finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating Leases

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

1.6.2. Town Council as a Lessor

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

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES**

1.7. 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 prorate on the basis of the carrying amount of each asset in the unit.

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.

1.8. Impairment of 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 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 noncash generating unit to which the asset belongs is determined.

TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES

1.8. Impairment of non-cash-generating assets (Continued)

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 prorate on the basis of the carrying amount of each asset in the unit.

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 service 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.

1.9. 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 Council intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES**

1.9. Financial instruments (continued)

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

Classification

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

Class

Trade receivables from non - exchange transactions
Trade receivables from exchange transactions
Value added tax receivable
Other receivables
Cash and cash equivalents

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at fair value

Trade and other receivables (excluding value added taxation, prepayments and operating lease receivables), loans to municipal entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as financial assets at amortised cost.

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the cash flow statement, cash and cash equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

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

Class

Trade payables non - exchange transactions
Trade payables exchange transactions
Consumer deposits
Long term loans

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost

**TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES**

1.9. Financial instruments (continued)

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.

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.

TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES

1.9. Financial instruments (continued)

Impairment of Financial Assets:

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

Financial Assets at Amortised Cost

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial asset 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.

De-recognition

Financial assets

The Town Council derecognises financial asset 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 asset 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 Council recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Council retains substantially all the risks and rewards of ownership of a transferred financial asset, the Council continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES**

1.9. Financial instruments (continued)

Financial liabilities

The Town Council derecognises financial liabilities when, and only when, the 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.

1.10. Inventories

Initial Recognition

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

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

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Subsequent Measurement

Consumable Stores, Raw Materials, Work-in-Progress and Finished Goods

Inventories sold are valued at the lower of cost and net realisable value. The cost is determined using the first in first out (FIFO) Method.

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

**TOWN COUNCIL OF ONDANGWA
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ACCOUNTING POLICIES**

1.10. Inventories (continued)

Other Arrangements

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

Inventories identified to be sold by public auction are written down from cost to net 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 Inventories arising from an increase in current replacement cost or net realisable value is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

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

1.11. Provisions and contingencies

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

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

**TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES**

1.11. Provisions and contingencies (continued)

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

Decommissioning, restoration and similar liability

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

1.12. Employee benefits

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

Short-term employee benefits

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

Post-employment benefits

The Council provides retirement benefits for its employees. They are all defined contribution post-employment plans.

**TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES**

1.12. Employee benefits (continued)

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.

1.13. Borrowing costs

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

1.14. Related parties

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

1.15. Budget information

The annual budget figures have been prepared in accordance with the IPSAS's and are consistent with the accounting policies adopted by the Council for the preparation of these annual financial statements. The amounts are scheduled as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over-or under spending on line items. The annual budget figures included in the annual financial statements are for the 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 Council prepares its budget on cash basis of that income is equal to expenses projected from prior year actual income and expenditures..

The approved budget covers the period from 1 July to 30 June annually.

1.16. Investments in associates

An investment in an associate is carried at cost less any accumulated impairment.

**TOWN COUNCIL OF ONDANGWA
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
ACCOUNTING POLICIES**

1.17. 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.

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 Council transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Council does not:

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

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

1.20. Value Added Tax

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

1.21. 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

ANNEXURE G

TOWN COUNCIL OF ONDANGWA

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

| | 2024 | 2023 |
|--|-------------------|-------------------|
| | N\$ | N\$ |
| 2. Property rates | 35 064 027 | 34 882 366 |
| Other | 15 066 038 | 14 885 812 |
| Commercial | 19 997 989 | 19 996 554 |
| 3. Transfers from other government entities | 19 058 144 | 2 563 207 |
| Road Fund Administration | 2 435 250 | 1 953 703 |
| Government grant | 16 622 894 | 609 504 |
| 4. Service charges | 64 203 916 | 63 506 808 |
| Sale of water | 45 029 424 | 44 871 755 |
| Sewerage and sanitation charges | 7 235 003 | 6 920 487 |
| Refuse removal | 11 939 489 | 11 714 566 |
| 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. | | |
| 5. Rental of facilities and equipment | 7 903 811 | 6 892 770 |
| Rental income-amenities | 70 800 | 116 043 |
| Premises | 5 963 851 | 5 872 324 |
| Rental of other facilities | 981 198 | 41 289 |
| Rental of equipment | 887 962 | 863 114 |
| 6. Other income | 4 091 542 | 3 060 877 |
| Building plans fees | 394 502 | 459 849 |
| Business fitness certificate fees | 572 482 | 556 501 |
| Advertising | 226 993 | 208 506 |
| Water connection/disconnection | 242 477 | 331 224 |
| Fire Brigade: sundry | 368 778 | 177 899 |
| Sundries | 2 280 336 | 1 321 138 |
| Burial fees | 5 974 | 5 760 |

ANNEXURE G

TOWN COUNCIL OF ONDANGWA

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

| | 2024 | 2023 |
|--|-------------------|-------------------|
| | N\$ | N\$ |
| 7. Bulk purchases | | |
| | 22 970 347 | 22 435 271 |
| The Council distribution loss in units sold to 15.47% 2023/2024, where its distribution surplus in monetary term amounted to 71.82%. | | |
| | Cubic meters | Amount N\$ |
| Water purchased | 1 336 606 | 22 970 347 |
| Water sold | 1 129 797 | 39 468 962 |
| Distribution (loss)/surplus | 206 809 | (16 498 963) |
| Distribution (loss)/surplus | 15.47% | 71.82% |
| 8. Employee related costs | 36 871 663 | 34 380 810 |
| Basic | 17 834 208 | 17 368 387 |
| Bonus | 1 426 487 | 1 446 590 |
| Medical aid - company contributions | 4 451 619 | 3 812 042 |
| Social Security | 71 854 | 70 313 |
| Workmen's compensation | - | 84 126 |
| Leave pay provision charge | 1 743 193 | 914 419 |
| Defined contribution plans | 3 845 896 | 3 675 590 |
| Overtime payments | 253 640 | 11 913 |
| Car Allowances | 2 546 175 | 2 330 393 |
| Housing benefits and allowances | 4 390 981 | 4 441 750 |
| Other allowances | 167 210 | 95 388 |
| Standby | 120 000 | 109 800 |
| Volunteer Fire Fighters | 20 400 | 20 099 |
| Chief Executive Officer | 1 437 571 | 1 201 424 |
| Annual remuneration | 698 915 | 559 174 |
| Car allowance | 102 701 | 102 701 |
| Bonuses | 46 598 | 46 598 |
| Medical contribution | 164 889 | 132 569 |
| Housing subsidy | 264 561 | 223 669 |
| Pension contribution | 144 535 | 121 341 |
| Telephone allowance & social security contribution | 14 400 | 15 372 |
| Social security | 972 | - |

ANNEXURE G

TOWN COUNCIL OF ONDANGWA

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

| | 2024 | 2023 |
|--|------------------|------------------|
| | N\$ | N\$ |
| Other Executives | 3 927 579 | 3 601 807 |
| Annual remuneration | 1 870 910 | 1 754 977 |
| Car allowance | 357 264 | 357 264 |
| Bonuses | 258 832 | 146 248 |
| Medical contribution | 267 494 | 218 209 |
| Housing subsidy | 728 949 | 701 990 |
| Pension contribution | 401 842 | 380 831 |
| Telephone allowance & social security contribution | 38 400 | 42 288 |
| Social security | 3 888 | - |

| | | |
|---------------------------------------|----------------|----------------|
| 9. Remuneration of Councillors | 656 246 | 477 495 |
| Mayor | 107 450 | 89 500 |
| Deputy Mayor | 94 400 | 76 951 |
| Management Committee (MC) Chairperson | 101 496 | - |
| Management Committee Members | 184 758 | - |
| Ordinary Councillors | 168 142 | 311 044 |

In-kind benefits

Councillors may utilise official Council transportation when engaged in official duties.

The Mayor has use of a Council owned vehicle for official duties, and another Council's vehicle, which also may be used by the Deputy Mayor when representing the Mayor.

| | | |
|--|-------------------|-------------------|
| 10. Depreciation and Amortisation expense | 23 410 044 | 23 949 026 |
| Property, plant and equipment | 23 158 770 | 23 720 757 |
| Investment property | 251 274 | 228 269 |

| | | |
|--------------------------------|------------------|------------------|
| 11. Contracted services | 7 616 901 | 6 120 788 |
| Professional Services | 138 390 | - |
| Contract labour | 7 478 511 | 6 120 788 |

ANNEXURE G

TOWN COUNCIL OF ONDANGWA

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

| | 2024 | 2023 |
|----------------------------------|-------------------|-------------------|
| | N\$ | N\$ |
| 12. General expenses | 42 151 924 | 35 038 540 |
| Advertising | 424 704 | 325 286 |
| Bank charges | 890 319 | 956 602 |
| Catering and entertainment | 372 327 | 198 357 |
| Cleaning | 231 538 | 102 566 |
| Consulting and professional fees | 614 800 | 727 290 |
| Crops field compensation | 2 739 985 | 3 265 119 |
| Cost of sold erven | 11 690 195 | 8 725 842 |
| Donations | 295 669 | 72 343 |
| Electricity | 8 622 491 | 6 197 945 |
| IT Expense | 12 000 | - |
| Insurance | 1 033 996 | 925 110 |
| Land Survey | 1 488 357 | 554 315 |
| Levies - 5% Regional Council | 1 782 360 | 1 780 855 |
| Materials and stores | 1 416 457 | 1 423 534 |
| Medical expenses | - | 162 490 |
| Motor vehicle expenses | 1 465 836 | 1 530 394 |
| Other expenses | 2 519 902 | 2 144 520 |
| Postage and courier | 44 873 | 236 001 |
| Printing and stationery | 68 345 | 157 232 |
| Promotional materials | 365 598 | 158 462 |
| Protective clothing | 177 912 | - |
| Refuse bins | 569 650 | 434 139 |
| Security | 2 422 918 | 2 147 892 |
| Staff welfare | 245 167 | 213 359 |
| Subscription and membership fees | 67 040 | 55 016 |
| Telephone and fax | 402 046 | 458 660 |
| Training | 363 747 | 381 199 |
| Travel- local | 1 816 067 | 1 293 831 |
| Valuation charges | 7 625 | 410 181 |
| 13. Interest paid | 1 366 245 | 568 359 |
| Long term borrowings | 272 837 | 568 359 |
| Other interest paid | 1 093 408 | - |

ANNEXURE G

TOWN COUNCIL OF ONDANGWA

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

| | 2024 | 2023 |
|--------------------------------------|-------------------|-------------------|
| | N\$ | N\$ |
| 14. Cash and cash equivalents | 58 755 662 | 50 284 163 |
| Cash on hand | - | 460 |
| Bank balances | 16 006 552 | 9 867 784 |
| Short-term deposits | 42 749 110 | 40 415 919 |

15. VAT receivable

| | | |
|-----|-----------|-----------|
| VAT | 1 315 286 | 2 067 501 |
|-----|-----------|-----------|

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 affected before the due date.

16. Receivables from exchange transactions

| | | |
|--|-------------------|-------------------|
| | 18 783 604 | 19 325 943 |
| Trade debtors | 12 690 803 | 15 620 642 |
| Accruals | 621 281 | 656 407 |
| Namibia Training Authority recoverable expense | 127 700 | 174 458 |
| Build together project debtors | 1 717 189 | - |
| Build together project housing debtors | 3 626 631 | 2 874 436 |

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 Council on the outstanding balance. The Council strictly enforces its approved credit control policy to ensure the recovery of receivables.

Council did not pledge any of its receivables as security for borrowing purposes.

Allowance for Impairment:

At 30 June 2024 receivables from exchange transactions of N\$ 53 138 949 (30 June 2023: N\$ 81 841 128) were impaired and fully provided for. The Council provides for all debts at 120+ days.

17. Inventory

| | | |
|-----------------------|--------------------|--------------------|
| | 698 828 671 | 708 714 096 |
| Erven | 696 849 126 | 706 845 481 |
| Maintenance materials | 1 979 545 | 1 868 615 |

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

17. Inventory (Continued)

Inventories are held for own use and measured at the lower of cost and current replacement cost. No write downs of inventory to net realisable value were required.

No Inventories have been pledged as collateral for liabilities of the Town Council.

| 2024 | 2023 |
|-------------|-------------|
| N\$ | N\$ |

18. Other financial assets**Designated at fair value**

| | | |
|--|------------|---|
| Unlisted shares | 68 978 646 | - |
| Investment in equity (15 shares out of 100 ordinary shares) of Local Authorities Electricity Company (Pty) Ltd with effective interest of 4.95% in NORED | | |

19. Payables from exchange transactions

| | 19 760 608 | 19 284 261 |
|------------------------------------|-------------------|-------------------|
| Trade payables | 4 792 073 | 5 598 125 |
| Leave provision | 5 586 397 | 5 764 072 |
| Income received in advance | 1 281 096 | 3 001 034 |
| Deposit on sales of erven | 5 958 006 | 3 207 375 |
| Retention | 2 124 738 | 1 713 655 |
| Build together receipts in advance | 18 298 | - |

Staff Leave:

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

20. Consumer deposits

| | | |
|-------|-----------|-----------|
| Water | 4 527 574 | 4 246 188 |
|-------|-----------|-----------|

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on consumer deposits held.

TOWN COUNCIL OF ONDANGWA

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

21. Provisions

| Reconciliation of provisions - 2024 | Opening Balance | Changes during the year | Total |
|---|----------------------------|--|--------------|
| | N\$ | N\$ | N\$ |
| Provision for Rehabilitation of Land-fill Sites | - | 11 969 915 | 11 969 915 |
| | | 2024 | 2023 |
| | | N\$ | N\$ |

22. Long term loans

At amortised cost

First capital - 4 418 623

The loan is over a period of 10 year at interest rate of prime rate minus 1%.

Non-current liabilities

At amortised cost - 1 279 643

Current liabilities

At amortised cost - 3 138 980

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

23. Property, plant and equipment

| | 2024 | | 2023 | |
|--------------------------|------------------------|--|-----------------------|------------------------|
| | Cost/ Valuation | Accumulated depreciation and impairment | Carrying Value | Cost/ Valuation |
| | N\$ | N\$ | N\$ | N\$ |
| Land | 419 621 154 | - | 419 621 154 | 421 151 554 |
| Buildings | 37 735 074 | (3 985 565) | 33 749 509 | 36 963 404 |
| Plant and equipment | 18 562 812 | (11 556 840) | 7 005 972 | 18 539 497 |
| Motor vehicles | 6 075 272 | (4 464 556) | 1 610 716 | 5 366 132 |
| Office equipment | 2 045 363 | (1 554 702) | 490 661 | 1 876 163 |
| IT equipment | 2 890 939 | (1 179 134) | 1 711 805 | 2 553 175 |
| Infrastructure | 400 301 285 | (111 576 324) | 288 724 961 | 311 126 251 |
| Asset under construction | 23 715 910 | - | 23 715 910 | 76 727 802 |
| Total | 910 947 809 | (134 317 121) | 776 630 688 | 874 303 978 |
| | | | (111 013 881) | 763 290 097 |

ANNEXURE G

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

Reconciliation of property plant and equipment-2024

| | Opening balance | Additions | Transfers | Landfill adjustment | Other changes/movements | Depreciation | Total |
|--------------------------|--------------------|-------------------|--------------------|------------------------|----------------------------|---------------------|--------------------|
| | N\$ | N\$ | | | N\$ | N\$ | N\$ |
| Land | 421 151 554 | - | (142 000) | - | (1 388 400) | - | 419 621 154 |
| Buildings | 33 924 004 | - | 771 670 | - | (2 163) | (944 002) | 33 749 509 |
| Plant and machinery | 8 380 840 | 23 316 | - | - | (58 068) | (1 340 116) | 7 005 972 |
| Motor vehicles | 1 405 062 | 709 140 | - | - | 39 428 | (542 914) | 1 610 716 |
| Office equipment | 569 891 | 31 886 | 137 313 | - | (46 777) | (201 652) | 490 661 |
| IT equipment | 1 281 454 | 626 063 | - | - | 109 988 | (305 700) | 1 711 805 |
| Infrastructure | 219 849 490 | - | 79 865 170 | 9 309 864 | (475 177) | (19 824 386) | 288 724 961 |
| Asset under construction | 76 727 802 | 30 117 124 | (83 129 016) | - | - | - | 23 715 910 |
| Total | 763 290 097 | 31 507 529 | (2 496 863) | 9 309 864 | (1 821 169) | (23 158 770) | 776 630 688 |

Reconciliation of property plant and equipment- 2023

| | Opening balance | Additions | Transfers | Other changes/movements | Depreciation | Total |
|--------------------------|--------------------|-------------------|--------------------|----------------------------|---------------------|--------------------|
| | N\$ | N\$ | | N\$ | N\$ | N\$ |
| Land | - | - | 185 552 000 | 235 599 554 | - | 421 151 554 |
| Buildings | 45 479 431 | - | (12 683 170) | 2 064 500 | (936 757) | 33 924 004 |
| Plant and machinery | 9 659 484 | 98 531 | 13 455 | - | (1 390 630) | 8 380 840 |
| Motor vehicles | 1 939 991 | - | - | - | (534 929) | 1 405 062 |
| Office equipment | 794 738 | - | (38 311) | - | (186 536) | 569 891 |
| IT equipment | 384 057 | 1 220 872 | - | - | (323 475) | 1 281 454 |
| Infrastructure | 208 149 720 | - | 32 048 200 | - | (20 348 430) | 219 849 490 |
| Asset under construction | 60 760 502 | 48 072 255 | (32 104 955) | - | - | 76 727 802 |
| Total | 327 167 923 | 49 391 658 | 172 787 219 | 237 664 054 | (23 720 757) | 763 290 097 |

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

23. Property, plant and equipment (Continued)

Other Disclosures

The gross carrying amount of fully depreciated property, plant and equipment items and are still in use is amounting N\$ 4 406 and their values are retained at N\$ 1 in the Asset Register.

The Carrying amount of property, plant and equipment items retired from active use and held for disposal at year-end amounts to N\$ 354 450. Council Resolution was issued to disposed these assets by way of public auction effectively June 2024, however the auction only took place on the 03rd July 2024.(IPSAS 17(94)(b-c).

Land value for the landfill is recognised at N\$ 1, pending the completion of interim valuation in progress.

24. Investment property

| | 2023 | | | |
|---------------------|----------------------------|--|----------------------------|--|
| | 2024 | | 2023 | |
| | Cost/ Valuation | Accumulated depreciation and impairment | Cost/ Valuation | Accumulated depreciation and impairment |
| | N\$ | N\$ | N\$ | N\$ |
| Investment property | 12 764 777 | (1 164 974) | 11 599 803 | 6 773 600 |
| Total | 12 764 777 | (1 164 974) | 11 599 803 | (913 076) |
| | | | 6 773 600 | 5 860 524 |
| | | | | 5 860 524 |

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

24. Investment property (Continued)

Reconciliation of Investment property 2024

| | Opening balance | Transfers | Other changes/movements | Depreciation | Total |
|---------------------|------------------|------------------|----------------------------|------------------|-------------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ |
| Investment property | 5 860 524 | 2 492 177 | 3 498 376 | (251 274) | 11 599 803 |
| Total | 5 860 524 | 2 492 177 | 3 498 376 | (251 274) | 11 599 803 |

Reconciliation of Investment property 2023

| | Opening balance | Disposals | Other changes/movements | Depreciation | Total |
|---------------------|--------------------|----------------------|----------------------------|------------------|------------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ |
| Investment property | 835 501 372 | (830 842 579) | 1 430 000 | (228 269) | 5 860 524 |
| Total | 835 501 372 | (830 842 579) | 1 430 000 | (228 269) | 5 860 524 |

TOWN COUNCIL OF ONDANGWA**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE****24. Investment property (continued)**

All of the Council's investment property is held under freehold interests and no investment property had been pledged as security for any liabilities of the Council.

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on investment property.

Investment property carried at Fair Value

The Council's investment properties are accounted for according to the cost model and therefore no fair value has been determined.

Impairment of Investment Property

No impairment losses have been recognised on investment property of the Council at the reporting date.

25. Heritage assets

| | 2024 | | | 2023 | | |
|--|-----------------------|--|-----------------------|-----------------------|--|-----------------------|
| | Cost/Valuation | Accumulated depreciation and accumulated impairment | Carrying Value | Cost/Valuation | Accumulated depreciation and accumulated impairment | Carrying Value |
| | N\$ | | N\$ | N\$ | N\$ | N\$ |
| Stamp collections, military insignia, medals, coin | 85 350 | (49 297) | 36 053 | 85 350 | (47 038) | 38 312 |
| | 85 350 | (49 297) | 36 053 | 85 350 | (47 038) | 38 312 |

Reconciliation of Heritage assets 2023

| | Opening balance | Transfers | Total |
|--|------------------------|------------------|---------------|
| | N\$ | N\$ | N\$ |
| Stamp collections, military insignia, medals, coin | - | 38 312 | 38 312 |
| | - | 38 312 | 38 312 |

TOWN COUNCIL OF ONDANGWA**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE****26. Related parties**

All related party transactions are conducted at arm's length, unless stated otherwise

Related party balances:

Amounts included in trade receivable (trade payable) regarding related parties

| | 2024 | 2023 |
|----------------------|----------------|----------------|
| | N\$ | N\$ |
| NORED Pty Ltd | 621 281 | 656 407 |

Related party transactions:**Purchases from (sales to) related parties**

| | | |
|----------------------|------------------|------------------|
| NORED Pty Ltd | 8 622 491 | 6 197 945 |
|----------------------|------------------|------------------|

The services rendered to or received from 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 Other Executives. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

27. Prior period errors

Opening accumulated surplus was restated as a result of the following:

1. Correction of asset carrying value with N\$ 180 026 on aggregate;
2. Recognition of omitted assets in the financial statements amount N\$ 137 313;
3. De-recognition of land which was double recognised valued N\$ 1 388 400;
4. De-recognition of registered land from the property, plant and equipment (PPE) amounts N\$ 142 000;
5. Adjusting of petty cash amount to N\$ 460;
6. Recognition of Combo Restaurant valued to N\$ 3 499 000;
7. De-recognition of registered land amounting to N\$ 4 152 760;
8. Debit and credit notes to consumer accounts amount to N\$ 2 414 671;
9. Recognition of cost of goods sold amounting to N\$ 6 028 600;
10. Value added tax receivable adjusted to the Namibian Revenue Agency statement with N\$ 125 316;
11. Adjusting the effect of Landfill amounting to N\$ 1 566 643; and

TOWN COUNCIL OF ONDANGWA

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

28. Prior period errors (Continued)

12. Recognition of Investment in NORED amounting to N\$ 68 978 646.

| | 2024 | 2023 |
|--|-------------|-------------|
| | N\$ | N\$ |
| Statement of financial position | | |
| Opening Accumulated Surplus or Deficit | 68 923 916 | 240 168 611 |

29. Comparative figures

The comparative figures were restated as a result of the effect of prior period errors (Note 27).

30. Going concern

Management considered the following matters relating to the going concern:

- I. Strict daily cash management processes are embedded in the Council's operations to manage and monitor all actual cash inflows and cash outflows in terms of the budget.
- II. As the Town Council has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services.
- III. The Town Council of Ondangwa is one of a big council in northern Namibia and it is in public interest that the Council remains solvent and continues as an ongoing concern.

Taking the aforementioned into account, management has prepared the annual financial statements on the going concern basis.

31. Events after the reporting date

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

32. Reclassification of comparative figures.

1. Heritage Assets with closing balance of N\$ 38 312 was disclosed separate from PPE and its depreciation thereof, refer to note 25.
2. Commission received amounting to N\$ 152 336 was disclosed as a separate item from other income.
3. Departmental charges N\$ 429 574 was reclassified from service charges to other expenses.

Note: Reclassification was done during the year under review and effected retrospectively.