



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

TOWN COUNCIL OF ONGWEDIVA

FOR THE FINANCIAL YEARS ENDED 30 JUNE 2021 AND 2022

REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Town Council of Ongwediva for the financial years ended 30 June 2021 and 2022, 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.

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

WINDHOEK, August 2023

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
THE TOWN COUNCIL OF ONGWEDIVA
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2021 AND 2022**

1. ADVERSE AUDIT OPINION

I have audited the financial statements of the Town Council of Ongwediva for the financial years ended 30 June 2021 and 2022. These financial statements comprise the statement of financial position, statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts for the years then ended, summary of significant accounting policies and notes to the financial statements.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse audit opinion paragraph, the financial statements do not present fairly, in all material respects, the financial position of the Ongwediva Town Council as at 30 June 2021 and 2022 and its financial performance and its cash flows for the years then ended in accordance with International Public Sector Accounting Standards (IPSAS).

2. BASIS FOR ADVERSE AUDIT OPINION

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

An adverse audit opinion is being expressed due to the following reasons:

2.1 Investment in Associates

The Council holds an Investment in Namfair (Pty) Ltd, which it disclosed as an Investment in Associates with a book value of N\$ 4 665 000. IPSAS 36 defines an Associate, as "an entity over which an investor has significant influence". It further defines significant influence as "the power to participate in the financial and operational policy decisions of another entity but it is not control or joint control of those policies". Significant influence is considered to be a shareholding of 20% to 50%.

Upon discussion with the Management of the Council, the Council has full control over Namfair (Pty) Ltd with a 100% shareholding. Hence, the Investment in Namfair (Pty) Ltd is a Subsidiary. This Company's activities have been replaced by a supervisory committee managing the operations of Ongwediva Annual Trade Fair.

2.2 Non-consolidation of Investment

The auditors observed that the transactions of Ongwediva Annual Trade Fair were not consolidated in the books of the Town Council, and no any annual reporting was provided to the auditors. IPSAS 35 states that, an entity that is a controlling entity shall present consolidated financial statements.

2.3 Valuation of Land and Buildings

IPSAS 17 paragraph 74 states that, land and buildings are separable assets and are accounted for separately, even when they are acquired together. Land has an unlimited useful life and therefore is not depreciated. Buildings have a limited useful life and therefore are depreciable assets. Land is currently being depreciated as it is combined with the value of buildings. The carrying amount of land and buildings is therefore not fairly presented.

2.4 Open Land

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

2.5 Provision for Dump Site

The Council did not recognize a provision of its dumping site for rehabilitation and restoration after its useful life, in accordance to IPSAS 19, paragraph 27.

This IPSAS states that: "It is only those obligations arising from past events existing independently of an entity's future actions (that is, the future conduct of its activities) that are recognized as provisions. Examples of such obligations are penalties or clean-up costs for unlawful environmental damage imposed by legislation on a public sector entity. Both of these obligations would lead to an outflow of resources embodying economic benefits or service potential in settlement regardless of the future actions of that public sector entity. Similarly, a public sector entity would recognize a provision for the decommissioning costs of a defense installation or a government-owned nuclear power station, to the extent that the public sector entity is obliged to rectify damage already caused.

IPSAS 17, Property, Plant, and Equipment, deals with items, including dismantling and site restoring costs, that is included in the cost of an asset.

In contrast, because of legal requirements, pressure from constituents, or a desire to demonstrate community leadership, an entity may intend or need to carry out expenditure to operate in a particular way in the future. An example would be where a public sector entity decides to fit emission controls on certain of its vehicles, or a government laboratory decides to install extraction units to protect employees from the fumes of certain chemicals.

Because the entities can avoid the future expenditure by their future actions – for example, by changing their method of operation – they have no present obligation for that future expenditure, and no provision is recognized".

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.

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. AUDIT OF KEY PERFORMANCE INFORMATION

An audit on the performance information for the Strategic period 2018 to 2023, consecutively with the audit of financial statements for the years ended 30 June 2021 and 2022, was conducted.

5.1 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 scoping 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.

5.2 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.

All key performance indicators were selected from the Strategic Plan. The following are the selected Strategic Objectives Council for reporting on using key performance indicators:

Strategic objective
<i>Theme: Sustainable Financial Resources</i>
SFR1: Expand Sustainable Revenue & Financial Stability
SFR2: Improve Revenue Collection
SFR3: Effective Budget Management
<i>Theme: Sustainable Human Settlement Development</i>
SHSD1: Secure Funding for Infrastructure Development, Land Delivery and other Strategic Projects
SHSD2: Increase Land Delivery: Ensure sufficient Township Establishment
SHSD3: Increase Land Delivery: % allocated Land transferred
SHSD4: Increase Land Delivery: % of serviced erven delivered to applicant
SHSD5: Sufficient council facilities & equipment
<i>Theme: Sustainable Environmental, Social and Local Economic Development</i>
SESLED1: Enhance Public Safety and Security of residents
SESLED2: Establish an inviting environment for tourism
SESLED3: Improve National and International Stakeholder Cooperation
<i>Theme: Good Governance & Operational Excellence</i>
GOPI: Build Institutional Capacity
GOPI 2: Establish High Customer Service Culture
GOPI3: Mitigate Organizational risks

5.3 Audit Criteria

The audit was mainly concentrated on three (3) criteria, namely:

- Compliance to Laws, Regulations and relevant policies and guidelines pertaining to the reporting of performance information;
- 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.

5.4 Summary of Methods applied

Review of the Strategic Plan for the period 2018 - 2023 to confirm whether the Strategic objectives, targets and KPIs have been correctly cascaded to the Annual Plan and are reported in the Annual Performance Report.

5.5 Key Audit Findings

The following documents were not submitted for audit purposes and could not be verified to be in compliance with the relevant laws, regulations and guidelines:

- Annual Plans;
- Departmental/Divisional Plans; Performance Agreements;
- Annual Performance Reports;
- Divisional Performance Reports; and
- Annual Performance Reviews.

In terms of execution of the Strategic Plan, it was noted with concern that the Strategic Plan has not been cascaded to Annual Plans, Departmental/Divisional Plans and Performance Agreements due to the non-functionality of a Performance Management System by the Council.

Furthermore, reporting of strategic plan through annual reports, divisional reports and performance reviews on individual basis has not been done for the period under review.

The above audit observations have a significant limitation on the auditors to ascertain whether reported performance information is useful (i.e. measurable and relevant) and reliable in terms of whether the actual reported performance did occur.

In order to determine whether there has been activity with regard to strategic initiatives, I sampled 11 out of 31 strategic initiatives (i.e. sixty-three percent (35%)) and requested for documentary proof of actions taken. The results were that of the sampled items, 11 strategic initiatives were acted on as per documentary proof provided.

5.6 Conclusion on the 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 KPIs of the Council. The absence of a performance management system made it difficult to confirm achievement of KPIs. Accordingly, I do not express a conclusion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS), and for such internal control as management determines is necessary to enable the preparation of the 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 Town Council'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 Town Council 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.

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue 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, 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 to it in the audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the audit opinion. My conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

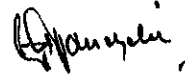
From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in the auditor's report unless law or regulation 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.

8. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The financial statements for the financial years ended 30 June 2021 and 2022 were submitted by the Accounting Officer to the Auditor-General in compliance with Section 85 of the Local Authorities Act, 1992 (Act No. 23 of 1992).

9. ACKNOWLEDGEMENT

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



WINDHOEK, August 2023

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2022
KEY COUNCIL INFORMATION AND MANAGEMENT**

Promulgation of Council

Ongwediva was promulgated as a town in 1992 as per Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended.

Nature of business and principal activities

Ongwediva Town Council is a local authority whose nature of business and principal activities is to provide municipal services in terms of Section 30 of the Local Authorities Act, 1992 (Act No. 23 of 1992), as amended.

Councillors

Name	Office	Nationality
Hon. Taarah Shalyefu	Mayor	Namibian
Hon. Ulalia Katonyala	Deputy Mayor	Namibian
Hon. Fabiam George	Chairperson of Management Committee	Namibian
Hon. Naemi Amuthenu	Member of Management Committee	Namibian
Hon. Jona Helao	Member of Management Committee	Namibian
Hon. Kaarina Shikongo	Member of Council	Namibian
Hon. Otilie Haitota	Member of Council	Namibian

There were no changes in office bearers during the year under review.

Executive and senior management cadres

Name	Office	Nationality
Mr. Damian E. Egumbo	Chief Executive officer (CEO)	Namibian
Ms. Rebekka N. Hidulika	Senior Manager: Economic Development & Community Services	Namibian
Mr. David Mulokoshi	Senior Manager: Planning & Technical Services	Namibian
Mr. Immanuel Nakale	Senior Manager: Finance & Human Resources Administration	Namibian

There were no changes in the management cadres during the year under review.

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2022
KEY COUNCIL INFORMATION AND MANAGEMENT (continued)**

Registered office:

Erf 4386
Corner of Dr. Libertine Amadhila Street and Mandume Ndemufayo Road
Ongwediva
Namibia

Postal Address:

Private Bag 5549
Ongwediva
Namibia

Contact details:

Telephone: + 264 65 233 700
Fax: +264 65 230 521
Website: www.ongwediva.com

Bankers:

Nedbank Namibia Limited
Standard Bank Namibia Limited
Bank Windhoek Namibia Limited
First National Bank Namibia Limited

Auditors:

Auditor-General of Namibia

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2022
MAYOR'S REPORT**

1. Introduction

The Namibian economy is expected to grow by 3.2% in 2022 and 2.9% in 2023 mainly premised on better performance by the primary sector of the economy, particularly diamond and gold. The projections on secondary and tertiary industries of the economy indicate slow growth whereby better performance is expected in the construction industry. Effectively, the growth in Namibia's GDP is expected to be less than 1%.

The outbreak of coronavirus pandemic in late 2019 has undoubtedly left big scars in the landscape of Namibia's economy. As a result, Namibia has experienced its worst economic downturn since independence in 1990. To make matters worse, the Russia-Ukraine war has pushed the economic costs, including but are not limited to food and fuel prices, which makes the cost of living unaffordable at all levels. World banks continue to tighten their respective monetary policies which can result in economies to shrink further that could potentially lead into world recessions.

Expectedly, the allocation of government subsidies as per Medium Term Expenditure Framework for Ongwediva Town Council went down from N\$ 10 million in 2020 to N\$ 6 million in 2021 and further down to N\$ 2 million for the year under review. However, as a blessing in disguise, the actual transfer amounted to N\$ 5.4 million following savings from some projects for the year under review.

The Council has recorded the highest increase in trade debtors' book balance from below N\$ 40 million in 2020 to more than N\$ 60 million in 2022. This a clear indication that our clients are really struggling to keep their municipal accounts up to date. Therefore, the Council continues adopting and implementing strategic structural and fiscal adjustments as means to mitigate the impact of the economic downturn and thus stays afloat in the meantime.

2. Achievements

Notwithstanding of the economic downturn, the year under review had its notable share of successes of which some of the major highlights are:

- Acquiring of a new fire engine;
- Acquiring of a tipper truck for skip containers;
- Completion of the upgrading Church Street from gravel to bitumen standard;
- Construction of storm water channels at Extension 10 and Reception Area;
- Construction of sewer reticulation networks at Extension 15 and Sky Phase 1;
- Planning, survey and subdivision of land at new extensions;
- Continued maintenance of the municipal infrastructure;
- Compensation of crop field owners;
- Keeping payments up to date for all Council's major service providers;
- Upholding Corporate Governance Principles;
- Provision of effective and efficient municipal services;
- Promotion of social and equitable economic development;

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2022
MAYOR'S REPORT (continued)**

2. Achievements (continued)

- Assurance of municipal service sustainability and financial viability;
- Creation of a safe and healthy environment; and
- Land delivery – allocation of land for residential and business development.

3. Challenges

Undoubtedly, successes could not be achieved without going through some pertinent challenges. Some of the major challenges faced the Council during the year under review were:

- Accumulation of and sharp rise in trade debtors book balance due to socio-economic ills including but not limited to the outbreak of Severe Acute Respiratory Syndrome Corona Virus (SARS-CoV-2);
- The throttling threat of looming economic crises due to the outbreak of SARS-CoV-2 and Russia-Ukraine war;
- The self-created perception of “free” water consumption in the mind of some residents or clients;
- Lack of resources to implement all planned capital projects and operational activities;
- Non-implementation of some projects and operational activities due to non-compliance to procurement requirements by bidders in terms of the Public Procurement Act no 15 of 2015;
- Effective administration of the public Procurement Management Unit (PMU); and
- Low rate of private investment in infrastructure development projects.

4. Effects of the economy on operations

With Namibia's unemployment figure expected to increase by 2.79% in 2021 reaching 36.80% by the end of 2021 according to Trading Economic global macro model and analysts' expectations, customers' ability of settling their municipal bills regularly is heavily affected. The Council's operations were not spared such economic wrath. Specifically, the Council's debtors book balance increased from N\$ 39 million in 2020 to N\$ 52 million in 2021 and then to N\$ 62 million in 2022. Needless to mention, the Council has seen payments for municipal accounts from Government institutions, businesses and individuals remarkably slowing down. The spin off effect affected the Council's ability to implement all its planned programmes and activities.

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2022
MAYOR'S REPORT (continued)**

5. Acknowledgments and conclusion

In conclusion, allow me to commend on the Council's sound spending and expenditure patterns particularly during these difficulty times that resulted in cost savings of about 9%. In the same vein, I am pleased to note that our rate of implementation of revenue generation exceeded 100%. I believe there is a room for improvement in terms of synchronization of our programme plans with quarterly targets by using limited resources at our disposal effectively and efficiently.

I would fail in my duties if I do not acknowledge the immense contribution by the management team and the entire employee fraternity of the Council. Human capital is one of indispensable assets without which the Council would not be able to exit. Machinery and equipment require the human brain to function properly and this human brain is our people, employees. On behalf of the Council, let me acknowledge and appreciate contributions made by the Council's competent team in rendering services to our people.

I would like to thank our line Ministry under Honourable Minister Erastus Uutoni, Member of Parliament, for his invaluable advice and assistance to the Council. As a custodian Minister, Honourable Uutoni always advises the Council to find amicable solutions to pertinent issues facing the Council. His open-door policy is highly commendable.

To all our stakeholders without whom the Council would not be able to fulfil its mandate, I wish to thank them sincerely.

Last but not least, to my fellow Councillors, I wholeheartedly acknowledge the team work we had during the year under review as it was the case in the past. May the comradeship spirit continue to guide us all to greater heights in finding solutions to peculiar challenges facing us on rendering services to our people.

I thank you.

**Councillor Taarah Shalyefu
Mayor**

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
ACCOUNTING OFFICER'S REPORT**

The Accounting Officer has pleasure to submit his report on the financial statements of Ongwediva Town Council.

1. Main business

Ongwediva Town Council's mandate is to provide municipal services in terms of Section 30 of the Local Authorities Act, 1992 (Act No. 23 of 1992), as amended.

2. Financial Reporting framework

The annual financial statements have been prepared in accordance with the Accrual Basis of Accounting based on International Public Sector Accounting Standards (IPSASs) which were adopted and implemented for the first time (IPSAS 33) on 1 July 2018. Stated differently, Council is in the third year of implementing transitional IPSAS financial statements. IPSASs have been adopted by the Council to assist in fulfilling the government's duty to be publicly accountable through transparent measurement and disclosure of transactions that would result in fair presentation of the financial position, financial performance and cash flows of the Council.

IPSASs are based on the following conceptual framework:

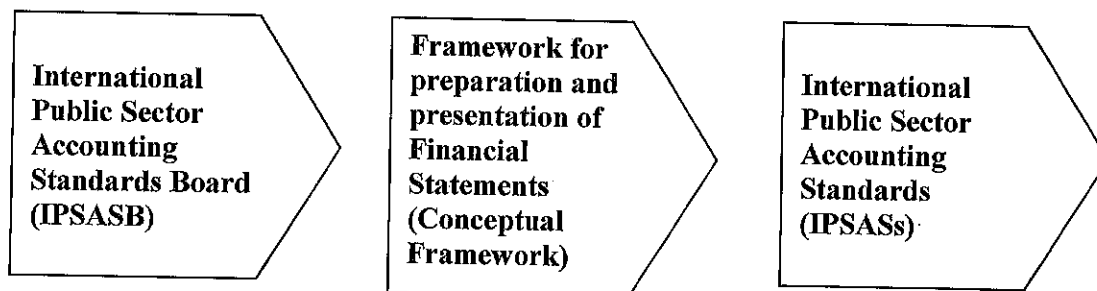


Figure 1: IPSAS conceptual framework

IPSASs ensure that the financial information is useful through understandability, relevance, faithful representation, timeliness, comparability and verifiability of such information.

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
ACCOUNTING OFFICER'S REPORT (continued)**

2. Financial Reporting framework (continued)

Through IPSAS implementation, a high level of elements of financial statements is presented as follows:

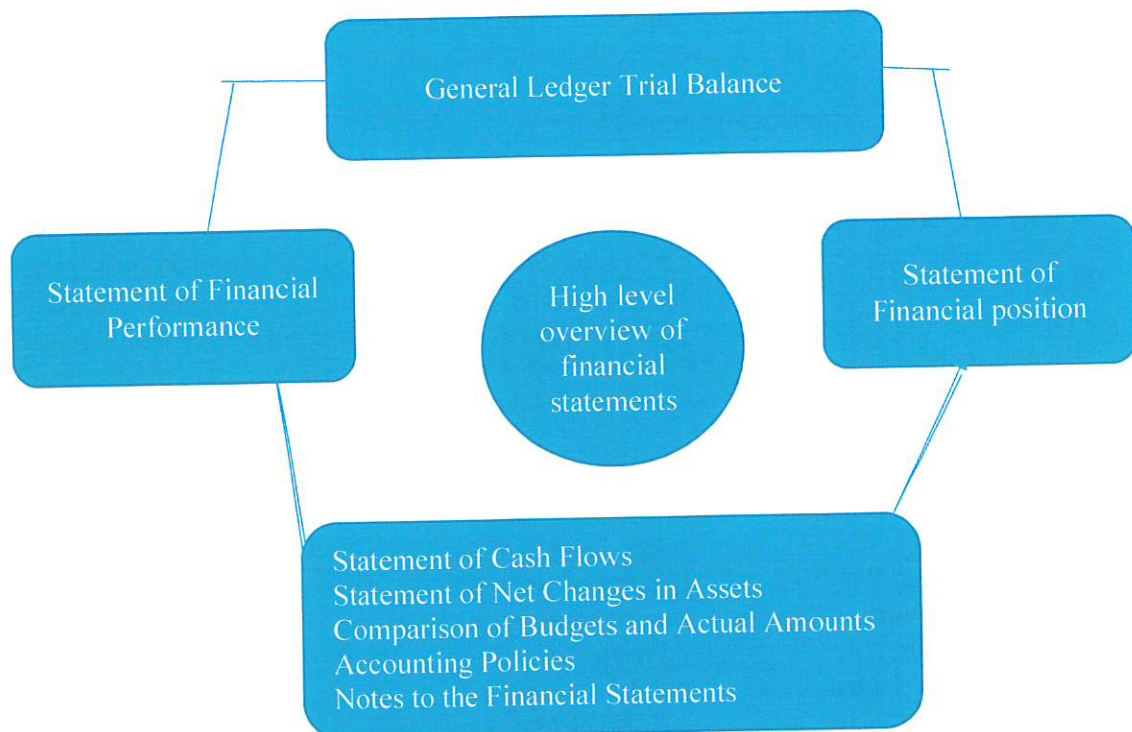


Figure 2: High level overview of financial statements

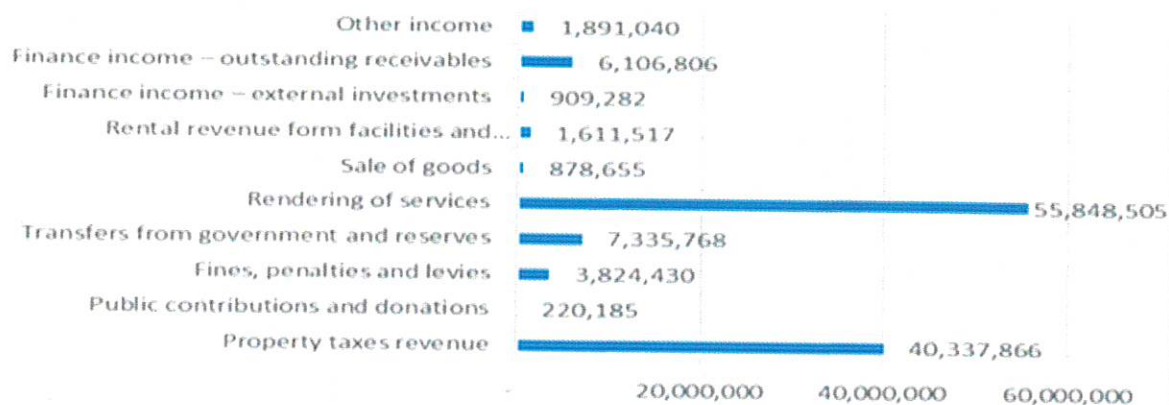
Accordingly, the financial statements have been prepared in accordance with the provisions set out in the State Finance Act, 1991 (Act No. 31 of 1991) and the Local Authorities Act, 1992 (Act No. 23 of 1992), as amended. The accounting policies have been applied consistently compared to the prior year.

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
ACCOUNTING OFFICER'S REPORT (continued)**

3. Financial performance

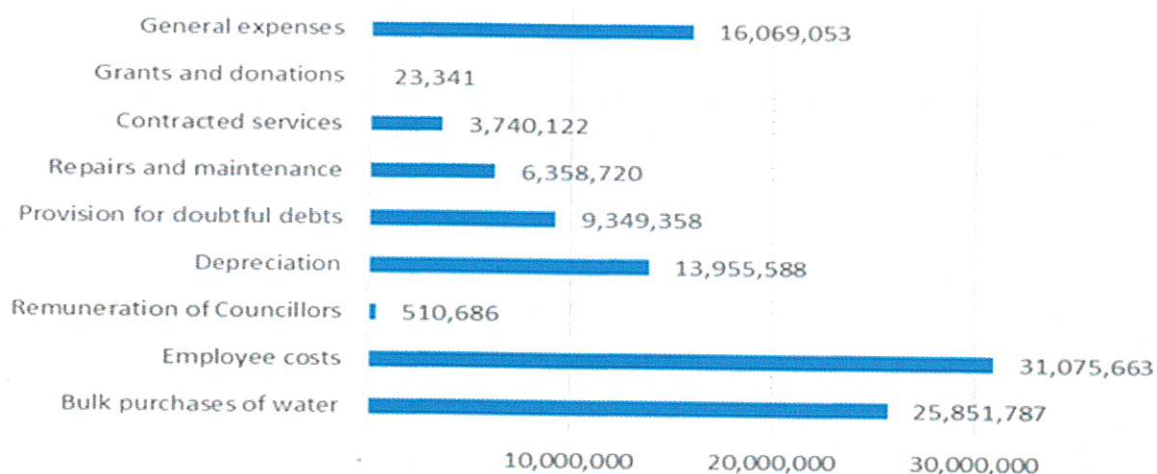
As depicted on Figure 3 below, the Council's total revenue grew from N\$ 107 million in 2020/2021 to N\$ 118 million in 2021/2022 representing a growth of 10%.

Figure 3: Revenue for 2021/2022



As depicted on Figure 4 below, the Council's total operational expenses recorded a small growth of about 0.3% from N\$ 106.6 million in 2020/2021 to N\$ 106.9 million in 2021/2022.

Figure 4: Expenses for 2021/2022



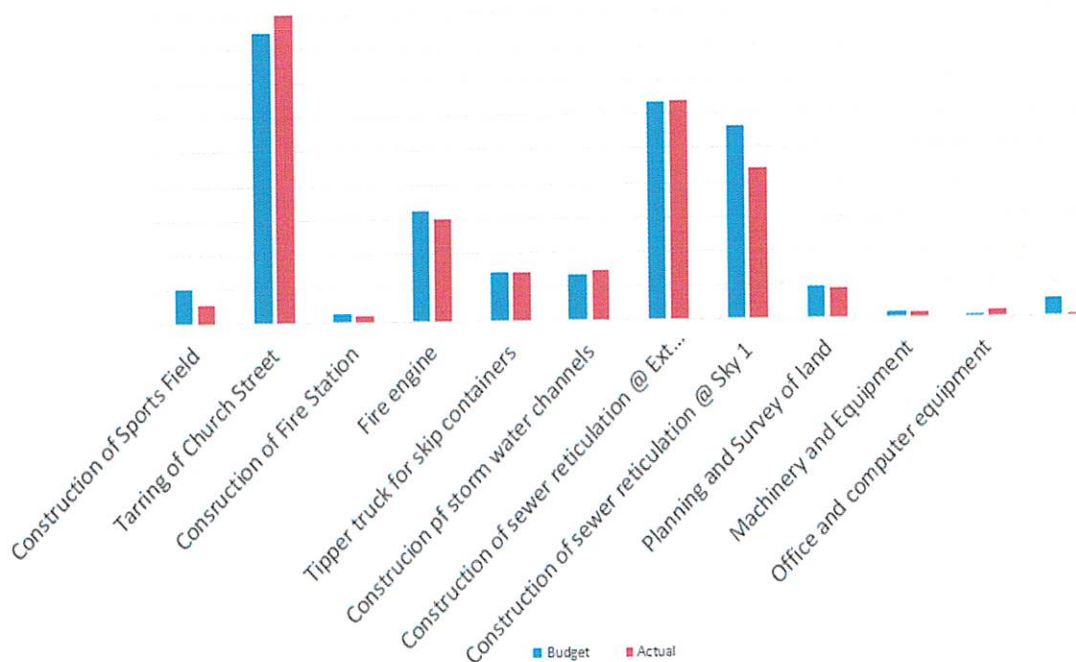
The Council's net income for the year under review amounted to N\$ 12 million (2021: N\$ 0.4 million) representing an increase of 2 900% whereas it's accumulated surplus increased by 6% from N\$ 202.7 million in 2020/2021 to N\$ 214.9 million in 2020/2022. The marginal increase in the accumulated surplus came about as a result of cost savings of 9% and increase in revenue of 10%.

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
ACCOUNTING OFFICER'S REPORT (continued)**

3. Financial performance (continued)

The rate of implementation of capital projects is 95% (2021: 40.2%) translating into N\$ 27.7 million (2021: N\$ 11.5 million), as depicted on figure 5 below:

Figure 5: Capital expenditure



5. Distribution and purchase of water

The Council's distribution loss in units sold amounted to 6.7% (2021: 1.2%) whereas its distribution surplus in monetary terms amounted to 57.5% (2021: 67.98%) as shown in table 1 below:

Details	Cubic meters		Amount (N\$)	
	2021/2022	2020/2021	2021/2022	2020/2021
Water purchased	1 287 779	1 267 958	25 851 787	25 442 536
Water sold	1 201 480	1 252 692	40 717 570	41 465 582
Distribution (loss)/surplus	(86 299)	(15 266)	14 865 784	16 023 046
Distribution (loss)/surplus %	(6.70%)	(1.20%)	57.50%	62.98%

Table 1: Water distribution

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
ACCOUNTING OFFICER'S REPORT (continued)**

6. Fruitless, unauthorized or avoidable expenditure

No fruitless, unauthorized or avoidable expenditure was incurred during the year under review.

7. Revenue written off

There was no revenue written off.

8. Suspense accounts

These accounts are properly maintained, controlled and reconciled on a regular basis.

9. Irregularities and losses

No irregularities and losses took place during the year under review.

10. Bursaries

No bursaries were granted during the year under review.

11. Contributions, grants and financial aid

No contributions, grants or financial aid were granted during the financial year under review.

12. Visits to foreign countries

No foreign trip was undertaken during the financial year under review

13. Claims against the local authority

No claims against the Council took place during the financial year under review.

14. Transfer of property to government

No transfer of property to government took place during the year under review.

15. External loans

There were no external loans.

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
ACCOUNTING OFFICER'S REPORT (continued)**

16. Sale of erven

During the financial year under review, cash proceeds to the value of N\$ 872 498 (2021: N\$ 1 944 681) were recognized as erven sold and were fully allocated to sale of erven account as reflected in note 19. A total amount of N\$ 393 548 (2021: N\$ 549 740) is excluded from the sale of erven and is shown as a refundable deposit as reflected in note 10. Moreover, amounts of N\$ 229 146 (2021: N\$ 137 673) not fully paid in previous years were fully paid during the year under review and were included in the cash proceeds of N\$ 872 498 (2021: N\$ 1 944 681).

17. Tariff adjustments

There were no tariff adjustments during the year under review and the Council's tariff structure was duly approved and promulgated in the Government Gazette no. 7602, general notice no. 423, dated August 13, 2021.

18. Budget approval

The budget was duly approved by the Minister on August 12, 2021 (Refer to the ministerial letter with reference 14/1/1/O11).

19. Special investigations

No special investigations were carried out during the year under review.

20. HIV / AIDS

The Council has Sam Nujoma Multi-Purpose Centre as its social arm. The Centre has an HIV and AIDS programme focusing on prevention of sexual transmission infections (STIs) and use of protective sheaths, education and awareness campaigns on Gender-Based Violence (GBV) as well as caring for orphans and vulnerable children. The programme is fully funded by the Council. An amount totaling N\$ 1 306 037 (2021: N\$ 1 336 958) was budgeted for whereas the actual expenditure amounted to N\$ 1 215 165 (2021: N\$ 1 177 824).

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
ACCOUNTING OFFICER'S REPORT (continued)**

21. Job attachment

The Council has Memoranda of Understanding with University of Namibia (UNAM), Namibia University of Science & Technology (NUST), International University of Management (IUM) and Valombola Vocational Training Centre (VVTC) that facilitate for student job attachment from such institutions. Seven (7) students, as part of their Work Integrated Learning (WIL) being required to undertake practical internships before graduation, were attached to the Council during the year under review as depicted on table 2 below. They were granted monthly allowances of N\$ 1 000 each for an average period of three (3) months.

Division at Council	Trade	Period	NUST	VVTC	Namcol	Total
Finance	Logistics & Supply Chain Management	01 September 2021 to 31 December 2021	1	-	-	1
Finance	Business Management	01 March 2022 to 31 May 2022	1	-	-	1
Corporate Communication	Local Government Administration	18 October 2021 to 20 November 2021	-	-	1	1
Planning & Urban Development	Planning & Property Management	01 September 2021 to 01 October 2021	1	-	-	1
Planning Urban Development	Planning Property Management	01 November 2021 to 28 February 2022	1	-	-	1
Technical Services	Auto Mechanics	13 December 2021 to 28 February 2022	-	1	-	1
Human Resources	Human Resources Management	01 June 2021 to 31 August 2022	1	-	-	1
Total			5	1	1	7

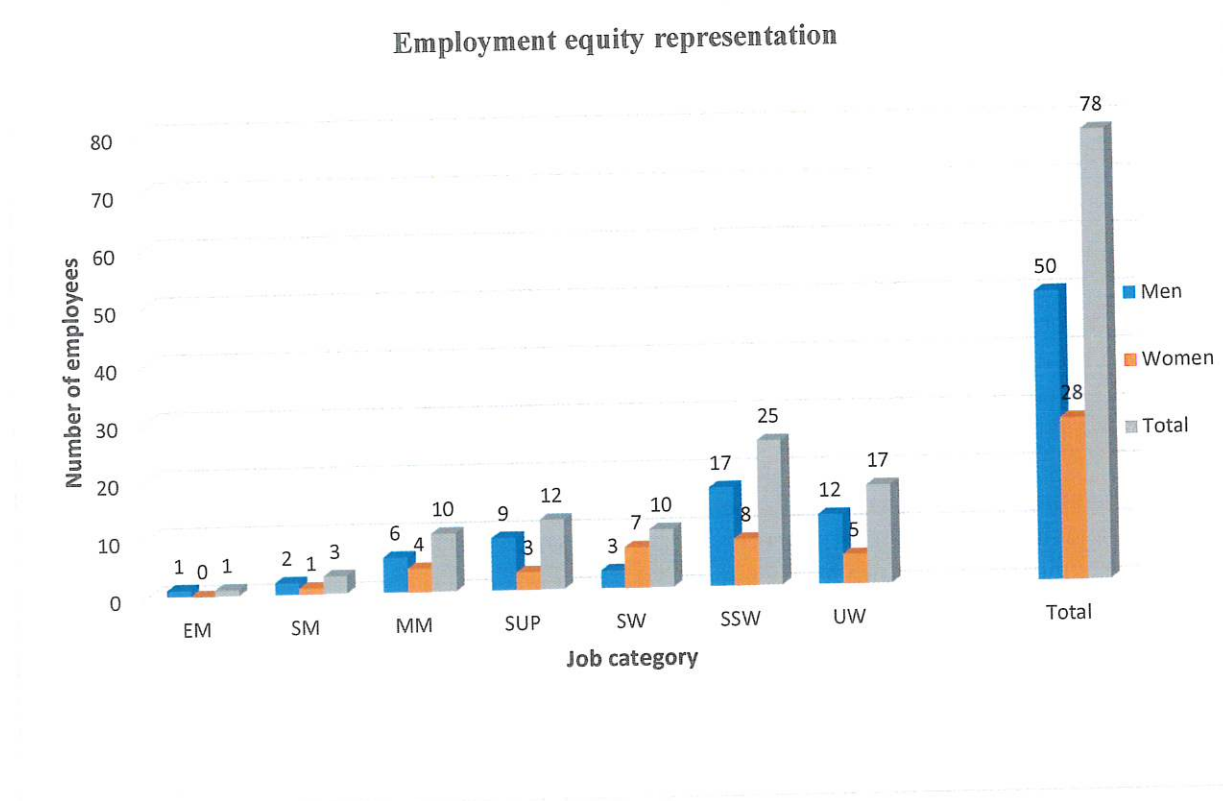
Table 2: Analysis of job attachment

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
ACCOUNTING OFFICER'S REPORT (continued)**

22. Human capital (workforce) profile

As depicted on figure 6 below, the Council had 78 employees as at 30 June 2022 (50 men and 28 women). Six (6) employees were recruited whereas one (1) employee went on retirement during the year under review.

Figure 6: Workforce profile at 30 June 2022



Abbreviations used in figure 6 above:

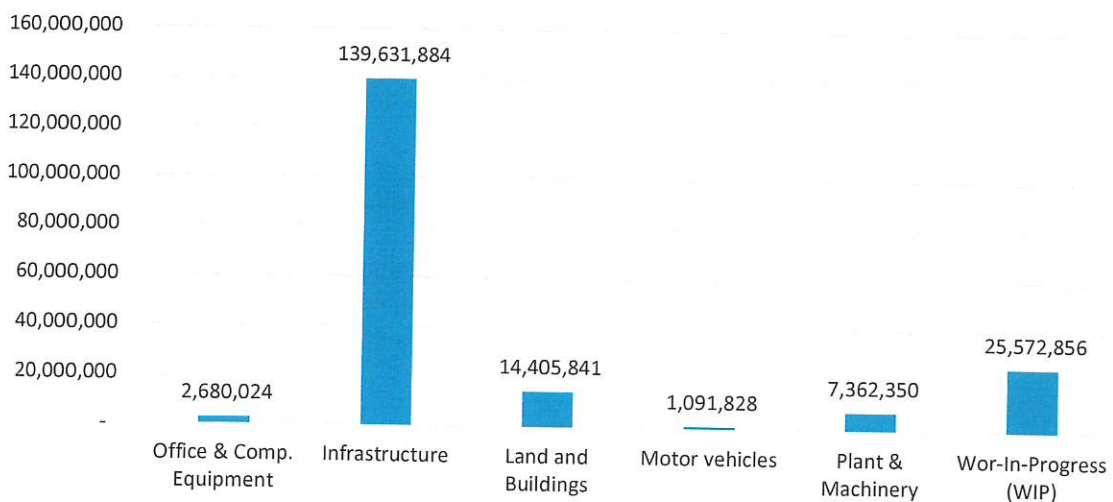
- EM = Executive Management
- SM = Senior Management
- MM = Middle Management
- Sup = Supervisors
- SW = Skilled Workers
- SSW = Semi-skilled Workers
- UW = Unskilled Workers

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
ACCOUNTING OFFICER'S REPORT (continued)**

23. Property, plant and equipment

There were no changes in the nature of the property, plant and equipment of Council or in the policy regarding their use. The net book value of property, plant and equipment amounted to N\$ 190.7 million at 30 June 2022 (2021: N\$ 177.2 million) of which N\$ 27.7 million (2021: N\$ 11.5 million) were added during the year under review. Included in the assets is the Work-In-Progress (WIP) in the amount of N\$ 25.6 million (2021: N\$ 7.5 million) of which N\$ 3.3 million was brought forward from the previous year. The net book value of property, plant and equipment is made up as shown on figure 7 below:

Figure 7: Property, Plant and Equipment



24. Going concern

By and large, the Accounting Officer believes that the Council has adequate financial resources to continue in operation for at least the next twelve (12) months from the date of this statement and accordingly the financial statements have been prepared on a going concern principle. The Accounting Officer is not aware of any material changes that may adversely impact the Council nor is he aware of any material non-compliance with statutory or regulatory requirements or any pending changes to legislation which may affect the Council from the date of this statement.

25. Litigation statement

Although the Council becomes involved in various claims incidental to the ordinary course of business, the Council is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
ACCOUNTING OFFICER'S REPORT (continued)**

26. Events after the reporting period

The accounting Officer is not aware of any matter or circumstance arising since the end of the financial year.

27. Omissions and commissions

The Auditor-General may allow the omissions and commissions identified for the year under review to be corrected in that financial year through journal entries. Thus, the Council may be allowed to re-submit corrected financial statements to the Auditor-General, if need be.

28. Accounting Reporting Framework

The Council adopted the Accrual Accounting Basis International Public Sector Accounting Standards (IPSASs) for the first time on 1 July 2018. The accounting Reporting Framework was duly approved by Council and the Minister in accordance with Local Authorities Act 23, 992 (Act No. 23 of 1992).

29. Date of submission of annual financial statements

The Accounting Officer has prepared the financial statements and submitted them to the Auditor-General within three (3) months after the end of the financial year as required by Section 87 (1) of the Local Authorities Act, 1992 (Act No. 23 of 1992), as amended.

Mr. Damian E. Egumbo
Chief Executive Officer

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
CORPORATE GOVERNANCE STATEMENT**

1. Obligation to prepare a Corporate Governance Report

As a local authority, the Council operates under the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended. As a third tier of government, the Council is subjected to the State Finance Act No. 31 of 1991. As a Public Entity, the Council is subjected to the Public Procurement Act No. 15 of 2015. The Council is abided to the supreme law of the land, the Namibian Constitution. Thus, in order to achieve all these, the Council is guided by the governance principles, legislation and directives.

2. Good governance

The Council strives to promote the highest standards of good governance by subscribing to good corporate governance as outlined in the Local Authorities 23, 1992 (Act No. 23 of 1992), as amended, State Finance Act 31, 1991 (Act No. 31 of 1991), Public Procurement Act 15, 2015 (Act No. 15 of 1992), the Namibian Constitution and all relevant legislation.

3. Councillors

Name	Office
Hon. Taarah Shalyefu	Mayor
Hon. Ulalia Katonyala	Deputy Mayor
Hon. Fabiam George	Chairperson of Management Committee
Hon. Naemi Amuthenu	Member of Management Committee
Hon. Jona Helao	Member of Management Committee
Hon. Kaarina Shikongo	Member of Council
Hon. Otilie Haitota	Member of Council

Councillors are principal members of the Council serving as policy and decision makers in terms of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended.

4. Management Committee of Council

Name	Office
Hon. Fabiam George	Chairperson of Management Committee
Hon. Naemi Amuthenu	Member of Management Committee
Hon. Jona Helao	Member of Management Committee
Hon. Taarah Shalyefu	Ex-Officio
Hon. Ulalia Katonyala	Ex-Officio

The Management Committee, among other things, is responsible for ensuring that the decisions of the Council are carried out; preparation of budgets; and control of approved expenditure in accordance with section 26 of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended.

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
CORPORATE GOVERNANCE STATEMENT (continued)**

5. Executive and senior management cadres

Name	Office
Mr. Damian E. Egumbo	Chief Executive officer
Ms. Rebekka N. Hidulika	Senior Manager: Economic Development & Community Services
Mr. David Mulokoshi	Senior Manager: Planning & Technical Services
Mr. Immanuel Nakale	Senior Manager: Finance & Human Resources Administration

6. Procurement Committee

In accordance with section 25 (1) (a) of the Public Procurement Act 15, 2015 (Act No. 15 of 2015), Council has appointed the following staff members to be members of the Procurement Committee:

Name	Office
Salome Shidute	Chairperson
Hesekiel Namwandi	Deputy Chairperson
Lonia Nghuulikwa	Member
Immanuel Nakale	Member & Financial Advisor
Josephine Hainana	Secretary and ex-officio
Jackson Muma	Alternate member
Sam Matheus	Alternate member

The Procurement Committee is entrusted with a responsibility of recommending procurement contract awards to the Accounting Officer.

7. Procurement Management Unit

In accordance with section 25 (1) (a) of the Public Procurement 15, 2015 (Act No. 15 of 2015), the Council has appointed the following staff members to be members of the Procurement Management Unit:

Name	Office
Josephine Hainana	Head
Isacky Namupala	Member
Max Ngunaihe	Member

The Procurement Management Unit is responsible for conducting and managing procurement activities of the Council.

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
CORPORATE GOVERNANCE STATEMENT (continued)**

8. Ad-hoc Bid Evaluation Committee

In accordance with section 26 (1) of the Public Procurement 15, 2015 (Act No. 15 of 2015), the Council has appointed the following staff members to be members of the Ad-hoc Bid Evaluation Committee:

Name	Office
Rebekka Hidulika	Member
Lahya Aimwata	Member
Mirjam Ndjalo	Member
Loini Iiyambo	Member
Tuyenikemanya Shatona	Member
Martha Hailonga	Member
Lorna Shalyefu	Member
Helena Nangombe	Member
David Mulokoshi	Member
Penda Kashihakumwa	Member
Matheus Mbombo	Member
Ujama Uamburu	Member
Jackson Muma	Member
Sam Matheus	Member
David Salom	Member
Martin Namwandi	Member
Nestor Iimene	Member
Tuhafeni Kalongela	Member

The Ad-hoc Bid Evaluation Committee is entrusted with a responsibility of evaluation of bids for consideration by the Procurement Committee.

9. Land Advisory Committee

The following persons have been appointed to be members of the Land Advisory Committee in terms of Council Resolution CM20.2/2021 (MCM 23.7/2021/) of the 27th of January 2021:

Name	Office
Damian Egumbo	Chairperson
Apson Kashihakumwa	Secretary
Ulalia Katonyala	Member
Rebekka Hidulika	Member
Mirjam Ndjalo	Member
David Mulokoshi	Member
Immanuel Nakale	Member
Jackson Muma	Member
Nestor Iimene	Member
Leonhard Amaambo	Member

The Land Advisory Committee is entrusted to recommend to the Management Committee of all land related matters.

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
CORPORATE GOVERNANCE STATEMENT (continued)**

10. Disaster Risk Management Committee

The following persons have been appointed to be members of the Land Advisory Committee in terms of Council Resolution CM20.2/2021 (MCM 23.3/2021) of the 27th of January 2021:

Name	Office
Taarah T Shalyefu	Chairperson
Sam Matheus	Secretary
Damian Egumbo	Member
David Mulokoshi	Member
Immanuel Nakale	Member
Rebekka Hidulika	Member
Jackson Muma	Member
Elizabeth Vakola	Member
Immanuel Iilonga	Member
Joachim Lengricht	Member
Hofni Kapolo	Member
Johanna Ekandjo	Member
Josephine Handele	Member
Abraham Asser Ashipala	Member
Annely L Ekandjo	Member
Johannes Ngiloloka Ngololo	Member
Helena Indombo	Member
Paulus Mbangula	Member
Shinana	Member
Johanna Nghidinwa	Member
Jona Helao	Member
Tresia N Hamutenya	Member

The Committee is mandated to come up with a disaster risk management plans and all related mitigation responsive measures.

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
CORPORATE GOVERNANCE STATEMENT (continued)**

11. SNMPC Advisory Committee

The following persons have been appointed to be members of SNMPC Advisory Committee in terms of Council Resolution CM20.2/2021 (MCM 23.5/2021) of the 27th of January 2021:

Name	Office
Fabiam George	Chairperson
Ottilie Haitota	Member
Kaarina Shikongo	Member
Peter Iita	Member
Ndilimeke Maria Shipandeni	Member
Secilia Sheetekela	Member
Jeremia Hambata	Member
Lahya Aimwata	Member
David Mulokoshi	Member
Rebekka Hidulika	Member
Loini Iiyambo	Secretary

The Committee is mandated to oversee the operations of Sam Nujoma Multi-Purpose Centre.

12. Open Market Committee

The following persons have been appointed to be members of the Open Market Committee in terms of Council Resolution CM20.2/2021 (MCM 23.8/2021) of the 27th of January 2021:

Name	Office
Ulalia Katonyala	Chairperson
Salome Shidute	Member
Hesekiel Namwandi	Member
Penda Kashihakumwa	Member
Lisias Nahambo	Secretary
Fillepus Johannes	Member
Elizabeth Salom	Member
Emilia Shikongo	Member
Sesilia Fillemon	Member
Naemi Gideon	Member
Maria Leonard	Member

The Committee is mandated to oversee the operation of Ongwediva Open Market.

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
CORPORATE GOVERNANCE STATEMENT (continued)**

13. Street Naming Committee

The following persons have appointed to be members of the Street Naming Committee in terms of Council Resolution CM20.2/2021 (MCM 23.9/2021) of the 27th of January 2021:

Name	Office
Taarah Shalyefu	Chairperson
Fabiam George	Member
Andreas Uutoni	Member
Mirjam Nahambo	Secretary
Vistorine M Shipanga	Member
J Kanzi	Member
Salatiel Kaapangelwa	Member

The Committee is mandated to oversee the naming and/or renaming of streets in Ongwediva and all related matters.

14. Local Authority Development Committee

The following persons have appointed to be members of the Local Authority Development Committee in terms of Council Resolution CM 20.2/2021 (MCM 23.1/2021) of the 27th of January 2021:

Name	Office
Taarah Shalyefu	Chairperson
Damian Egumbo	Secretary
Immanuel Nakale	Member
David Mulokoshi	Member
Rebekka Hidulika	Member
Andreas Uutoni	Member
Amalia Schmidt	Member
Priskilla Hailulu	Member
Toivo Nangonya	Member

The functions of the Local Authority Development Committee are stipulated in the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended, under LU2.3.9.

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
CORPORATE GOVERNANCE STATEMENT (continued)**

15. Affirmative Action Committee

The following persons have appointed to be members of the Affirmative Action Committee in terms of Council Resolution CM 20.2/2021 (MCM 23.6/2021) of the 27th of January 2021:

Name	Office
Mathew Mbombo	Chairperson
David Mulokoshi	Member
Desmond Tsibeb	Member
Helena Nangombo	Member
Paulus Mbango	Member
Meleksederk Mateus	Member
Vistorine Shikesho	Member

The Committee is appointed in terms of section 24 of the Affirmation Action Act 29, 1998 (Act No. 29 of 1998).

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

1. Introduction

Literally, Corporate Social Responsibility (CSR) is an idea that an entity should create value through the production of goods and services as well as the creation of employment and sources of income. CSR should also concern the effects for human beings, inside and outside the entity, like good labour relations, safety, etc. CSR cares about the effects on the natural environment around the entity. This can come in different forms ranging from engaging in non-profit causes to financially bettering the community through creating stronger connections between employees and employer with society within which they operate. Ongwediva Town Council is no exception and CSR remains its responsibility.

Accordingly, the Council has applied its duly approved donations and grants policy when making donations for social development programmes.

2. CSR activities undertaken by Council

Ongwediva Town Council is a local authority with a responsibility of rendering municipal services to residents within its area of jurisdiction. It is an undoubted fact that as a Local Authority, the Council is not in a position of stretching its arms wide far financially. It was for that reason that the Council made the following donations:

- Tables and chairs worth N\$ 4 991 to Circle of Hope Private Academy (COHA) as a way of contributing towards special education initiatives in accordance with Council Resolution CM 231.2/2021 (MCM 122.3/2021);
- Sports equipment and material worth N\$ 8 774 to Ongwediva City Football Club as a contribution towards promoting recreational and leisure activities in accordance with Council Resolution CM 37.2/2022 (MCM 17.1/2022); and
- Equipment and materials worth N\$ 9 476 to Booming Empowerment Project as a way of contributing towards community development in accordance with Council Resolution CM 82.2/2022 (MCM 70.1/2022).

All above-mentioned donations were duly approved by the Minister.

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
CORPORATE SOCIAL RESPONSIBILITY STATEMENT (continued)**

2. CSR activities undertaken by Council (continued)

The Council established Ongwediva Junior Council (OJC) some years back. Learners are elected from different schools in Ongwediva to be members of OJC on an annual basis. The Council fully funds activities undertaken by OJC. An amount of N\$ 46 533 was spent on OJC activities under the year under review. Specifically, Ongwediva Junior Councillors were given training in a tune of N\$ 21 390 during the financial year under review.

Ongwediva Junior Council is mandated to:

- engage the youth of Ongwediva in governance issues;
- create platforms of patriotic values to the youth;
- engage in the spread of the rights of the underprivileged;
- deepen the understanding of local authority democracy; and
- create linkages with the youth of the world.

The Council cares for orphaned and vulnerable kids as well as engaging on HIV/AIDS Prevention awareness campaigns through its social arm, Sam Nujoma Multi-Purpose Centre (SNMPC). All the volunteers at the Centre are given allowances by Council and all activities are fully funded by Council.

The Council has entered into a Co-operation Agreement with Lommel Town Council in Belgium. Exchange programs involved include but not limited to the Youth Exchange Programme that benefits the youth in Ongwediva.

The Council has four Memoranda of Understanding (MoU) with University of Namibia (UNAM), Namibia University of Science and Technology (NUST), The International University of Management (IUM) and Valombola Vocational Training Centre (VVTC), respectively. These MoUs make it possible for students at those respective institutions to do their Work Integrated Learning (WIL) at Council. Additionally, such students are given a monthly allowance of N\$ 1 000 each translating into N\$ 25 000 per annum.

The Accounting Officer is required by Section 86 of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended, to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is his responsibility to ensure that financial statements fairly present the state of affairs of Council as at the end of financial period and the results of its operations and cash flows for the period then ended, in conformity with the Accrual Basis of Accounting prepared under the International Public Sector Accounting Standards (IPSASs). The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the Accrual Accounting Basis using International Public Sector Accounting Standards (IPSASs) as the financial reporting framework is its second year of implementation by using and applying standard 33 for the financial year ended 30 June 2020. A ministerial approval was granted to Council in 2019 in terms of Section 86 (4) of the Local Authorities Act no 23, 1992 (Act No. 23 of 1992), as amended.

**TOWN COUNCIL OF ONGWEDIVA
ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
CORPORATE SOCIAL RESPONSIBILITY STATEMENT (continued)**

2. CSR activities undertaken by Council (continued)

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by Ongwediva Town Council and places considerable importance on maintaining a strong control environment. To enable Council to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or loss 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 Council and all employees are required to maintain the highest ethical standards in ensuring the Council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Council is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, Council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanation given by management that systems of internal control provide reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Accounting Officer is satisfied that Council has access to adequate resources to continue in operational existence for the foreseeable future based on Council's approved budget for 2022/2023.

The Auditor-General is responsible for independently reviewing and reporting on Council's financial statements in terms of the Section 85 of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended. The financial statements shall be examined by the Auditor-General and his report will be presented to the Council when done and/or received in terms of Section 87 (3) (a) of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended.

The financial statements which have been prepared on a going concern basis, were approved by Council on 13 September 2022 and were signed by:

D.E. Egumbo
Chief executive Officer

I. Nakale
Senior Manager: Finance &
Human Resources Administration

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

ANNEXURE A

	Note	2022 N\$	2021 N\$	2020 N\$
ASSETS				
Current Assets				
		84 388 004	89 897 614	81 518 529
Trade and other receivables from exchange transactions	3	11 363 350	13 062 499	13 466 812
Trade and other receivables from non-exchange transactions	3	9 263 950	10 702 791	5 294 086
Inventories		837 361	800 004	781 969
Cash and cash equivalents	4	62 923 343	65 332 320	61 975 662
Non-Current Assets				
		228 798 810	183 978 680	186 089 516
Property, Plant and Equipment	5	190 744 783	177 236 497	179 146 633
Loans receivable		1 842 903	2 077 148	2 277 848
Investments in associates	6	36 211 124	4 665 035	4 665 035
TOTAL ASSETS		313 186 814	273 876 293	267 608 045
LIABILITIES				
Current liabilities				
		19 908 878	24 796 600	19 729 360
Trade and other payables from exchange-transactions	7	13 044 261	17 724 244	10 485 469
Refundable deposits	8	2 227 132	2 381 126	2 322 570
Provisions	9	4 637 485	4 691 230	4 554 201
Deferred income	11	-	-	2 367 120
NET ASSETS		293 277 936	249 079 693	247 878 685
NET ASSETS/EQUITY				
		293 277 936	249 079 693	247 878 685
Reserves	10	46 883 412	46 372 792	45 880 082
Accumulated surplus		246 394 524	202 706 901	201 998 603
TOTAL NET ASSETS/EQUITY		293 277 936	249 079 693	247 878 685

ANNEXURE B

TOWN COUNCIL OF ONGWEDIVA
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE

		2022	2021	2020
	Note	N\$	N\$	N\$
Revenue from non-exchange transactions		51 718 248	37 390 052	39 789 516
Property taxes revenue	12	40 337 865	26 426 782	26 025 235
Public contributions and donations		220 185	216 060	317 849
Fines, penalties and levies	13	3 824 430	3 495 076	3 421 019
Transfers from government and reserves	14	7 335 768	7 252 134	10 025 413
Revenue from exchange transactions		67 245 806	69 635 910	66 566 196
Rendering of services	15	55 848 505	56 279 083	55 799 394
Sale of goods	16	878 654	1 952 159	3 665 534
Rental revenue from facilities and equipment	17	1 611 518	1 482 540	1 531 320
Finance income – external investments		909 282	918 154	1 184 847
Finance income – outstanding receivables		6 106 806	4 745 746	2 392 341
Other income	18	1 891 041	4 258 228	1 992 760
Total revenue		118 964 054	107 025 962	106 355 712
Expenses		106 934 318	106 624 828	93 612 166
Bulk purchases of water		25 851 787	25 442 536	24 941 123
Employee costs	19	31 075 663	29 805 222	29 213 061
Allowances of Councillors	20	510 686	510 688	510 692
Depreciation		13 955 585	13 398 072	10 285 139
Provision for doubtful debts		9 349 358	10 775 222	6 664 457
Repairs and maintenance	21	6 358 720	8 528 576	7 309 485
Contracted services	22	3 740 122	3 745 879	2 824 296
Grants and donations		23 341	39 750	15 000
General expenses	23	16 069 056	14 378 883	11 848 913
Surplus for the year		12 029 736	401 134	12 743 546

TOWN COUNCIL OF ONGWEDIVA

ANNEXURE C

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

	Capital Development Fund	Social Housing Fund	Build Together Fund	Ongwediva T/F Centre Fund	Ongwediva Mayoral Fund	Total Reserves	Accumulated Surplus	Total Asset/Equity
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Balance as at 01 July 2019	28 973 387	2 443 798	9 762 158	3 950 200	-	45 129 543	190 355 537	235 485 080
Movements during the year	-	338 836	411 703	-	-	750 539	-	750 539
Surplus for the year	-	-	-	-	-	-	12 743 546	12 743 546
Appropriations	-	-	-	-	-	-	(1 100 482)	(1 100 482)
Net assets at 30 June 2020	28 973 387	2 782 634	10 173 861	3 950 200	-	45 880 082	201 998 601	247 878 683
Movements during the year	-	231 803	255 900	7	5 000	492 710	-	492 710
Surplus for the year	-	-	-	-	-	-	401 134	401 134
Appropriations	-	-	-	-	-	-	307 166	307 166
Net assets at 30 June 2021	28 973 387	3 014 437	10 429 761	3 950 207	5 000	46 372 792	202 706 901	249 079 693
Movements during the year	-	228 002	187 717	25 948	68 953	510 620	-	510 620
Surplus for the year	-	-	-	-	-	-	12 029 736	12 029 736
Appropriations	-	-	-	-	-	-	31 657 887	31 657 887
Net assets at 30 June 2022	28 973 387	3 242 439	10 617 478	3 976 155	73 953	46 883 412	246 394 524	293 277 936

ANNEXURE D

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

	Note	2022 N\$	2021 N\$	2020 N\$
Net cash flows from operating activities	25	56 520 733	16 952 459	24 906 792
Cash flows from investing activities				
Additions to property, plant and equipment		(27 667 384)	(11 487 937)	(11 892 190)
Asset adjustments		203 512	-	-
Decrease in loans receivable		234 245	200 700	197 274
Increase in investments in associates		(31 546 089)	-	-
Net cash flows from investing activities		(58 775 716)	(11 287 237)	(11 694 916)
Cash flows from financing activities				
Increase/(decrease) in refundable deposits		(153 994)	58 556	41 423
Increase/(decrease) in deferred income		-	(2 367 120)	(786 250)
Net cash flows from/(used in) financing activities		(153 994)	(2 308 564)	(744 827)
Net increase in cash and cash equivalents		(2 408 977)	3 356 658	12 467 049
Cash and cash equivalents - at 1 July		65 332 320	61 975 662	49 508 613
Cash and cash equivalents - at 30 June	4	62 923 343	65 332 320	61 975 662

**TOWN COUNCIL OF ONGWEDIVA
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2022**

ANNEXURE E

	Budget Amount	Actual Amount	Variance	Variance %
	N\$	N\$	N\$	N\$
Revenue from non-exchange transactions	35 061 053	51 718 248	(16 657 195)	(48%)
Property taxes revenue	27 743 277	40 337 865	(12 594 588)	(45%) ¹
Public contributions and donations	224 100	220 185	3 915	2%
Fines, penalties and levies	3 016 076	3 824 430	(808 354)	(27%) ²
Transfers from government and reserves	4 077 600	7 335 768	(3 258 168)	(80%) ³
Revenue from exchange transactions	69 843 763	67 245 806	2 597 957	4%
Rendering of services	55 791 722	55 848 505	(56 783)	0%
Sale of goods	5 008 080	878 654	4 129 426	82% ⁴
Rental revenue from facilities and equipment	1 598 096	1 611 518	(13 422)	(1%)
Finance income – external investments	844 442	909 282	(64 840)	(8%)
Finance income – outstanding receivables	4 940 699	6 106 806	(1 166 107)	(24%) ⁵
Other income	1 660 724	1 891 041	(230 317)	(14%) ⁶
Total revenue	104 904 816	118 964 054	(14 059 238)	(13%)

**TOWN COUNCIL OF ONGWEDIVA
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2022 (Continued)**

	Budgeted Amount	Actual Amount	Variance	Variance %
	N\$	N\$	N\$	
Expenses	117 288 687	106 934 318	10 354 369	9%
Bulk purchases of water	25 811 791	25 851 787	(39 996)	0%
Employee costs	33 480 583	31 075 663	2 404 920	7%
Remuneration of Councillors	689 219	510 686	178 533	26% ⁷
Depreciation	12 000 000	13 955 588	(1 955 588)	(16%) ⁸
Provision for doubtful debts	12 000 000	9 349 358	2 650 642	22% ⁹
Repairs and maintenance	10 675 320	6 358 720	4 316 600	40% ¹⁰
Contracted services	3 654 183	3 740 122	(85 939)	(2%)
Grants and donations	25 000	23 341	1 659	7%
General expenses	18 952 591	16 069 053	2 883 538	15% ¹¹
Surplus/(Deficit) for the year	(12 383 871)	12 029 736	(24 413 607)	197%

TOWN COUNCIL OF ONGWEDIVA
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED
30 JUNE 2022 (Continued)

Explanation of > 10% Variance

¹Budgeted property taxes were exceeded as a result of remarkable increases in property values brought about by a new valuation roll that came into being on 1 July 2021.

²Water reconnection fees picked up after the Ministerial Circular on water restoration for all residents was recalled in early 2020; NORED electricity surcharges also exceeded the budgeted amount remarkably.

³The initial allocation of government subsidies (MTEF 2021/22) was exceeded as a result of virement of funds from those who could not implement their projects fully.

⁴Proceeds on sale of erven could not be realised due to economic hardships faced by would-be recipients.

⁵Interest income realised on accounts receivable was much higher than anticipated due to sharp increase in the debtors book balance caused about by the outbreak of COVID-19 pandemic and Russia-Ukraine wars.

⁶Other income realised was much higher than anticipated mainly because of street maintenance expenses refunds from Roads Fund Administration (RFA) that turned out to be much favourable.

⁷Increases in Councillors' allowances anticipated could not materialise due to economic hardships faced by Local Authorities.

⁸Depreciation budgeted for was relatively underestimated.

⁹Provision for doubtful debts budgeted was relatively overestimated.

¹⁰Costs were saved on repairs and maintenance namely street maintenance, street lights, machines and equipment, vehicles, pump station, etc. to stay afloat of the economic hardships being experienced as a result of the outbreak of COVID-19 pandemic and Russia-Ukraine wars.

¹¹Costs were saved on general expenses namely compensation of crop field owners, travelling and accommodation, contracted services, postage and telephone, utilities, etc. to stay afloat of the economic hardships being experienced as a result of the outbreak of COVID-19 pandemic and Russia-Ukraine wars.

ANNEXURE E

TOWN COUNCIL OF ONGWEDIVA
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2021

	Budgeted Amount	Actual Amount	Variance	Variance %
	N\$	N\$	N\$	N\$
Revenue from non-exchange transactions	41 101 228	37 390 052	3 711 176	9%
Property taxes revenue	28 514 570	26 426 782	2 087 788	7%
Public contributions and donations	232 860	216 060	16 800	7%
Fines penalties and levies	3 432 078	3 495 077	(62 999)	(2%)
Transfers from government and reserves	8 921 720	7 252 134	1 669 586	19% ¹
Revenue from exchange transactions	76 095 058	69 635 910	6 459 148	8%
Rendering of services	61 296 842	56 279 083	5 017 759	8%
Sale of goods	5 025 000	1 952 159	3 072 841	61% ²
Rental revenue form facilities and equipment	1 596 935	1 482 540	114 395	7%
Finance income – external investments	1 142 614	918 154	224 460	20% ³
Finance income – outstanding receivables	3 441 930	4 745 746	(1 303 816)	(38%) ⁴
Other income	3 591 737	4 258 228	(666 491)	(19%) ⁵
Total revenue	117 196 286	107 025 962	10 170 324	9%

TOWN COUNCIL OF ONGWEDIVA

ANNEXURE E

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

	Budgeted Amount	Actual Amount	Variance	Variance %
	N\$	N\$	N\$	
Expenses	116 325 174	106 624 828	9 700 346	8%
Bulk purchases of water	27 213 236	25 442 536	1 770 700	7%
Employee costs	33 188 949	29 805 222	3 383 727	10%
Remuneration of Councillors	510 692	510 688	4	0%
Depreciation	10 000 000	13 398 072	(3 398 072)	(34%) ⁷
Provision for doubtful debts	5 000 000	10 775 222	(5 775 222)	(116%) ⁷
Repairs and maintenance	10 879 215	8 528 576	2 350 639	22% ⁸
Contracted services	4 273 435	3 745 879	527 556	12% ⁸
Grants and donations	50 000	39 750	10 250	21% ⁸
General expenses	25 209 647	14 378 883	10 830 764	43% ⁹
Surplus for the year	871 112	401 134	469 978	54%

**TOWN COUNCIL OF ONGWEDIVA
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED
30 JUNE 2021 (Continued)**

Explanation of > 10% Variance

¹Government subsidies were only partly transferred to the Council due to bureaucratic public procurement processes and compliance thereof.

²Sale of erven was below the budgeted amount as payment extensions were granted as well as cancellation of offers due to economic difficulties.

³Interest income realised on cash and cash equivalents was much lower than anticipated following lowering in interest rates by financial institutions due to unfavourable economic performance.

⁴Interest income realised on accounts receivable was much higher than anticipated due to sharp increase in the debtors' book balance caused about by the outbreak of COVID-19 pandemic.

⁵Other income realised was much lower than anticipated mainly because of zero increases of tariffs approved by the Ministry of Urban and Rural Development (MURD) vis-à-vis unchanged estimated income approved by both Council and MURD. Furthermore, they were negatively impacted on by the poor performance of the economy as result of the outbreak of corona virus and COVID-19 pandemic, for instance non-declaration of dividends, few connections for new services, free of cost connection of sewer relief program, suspension of computer course attendance, etc.

⁶A zero salary increase approved by MURD vis-a-vis a budgetary salary increase provision of 5% across the board as well as non-filling on vacant positions brought about savings in salary costs.

⁷Depreciation and provision for doubtful debts were relatively underestimated due to the fact that it was the first time these items were provided in the budget

⁸Costs were saved on repairs and maintenance namely street lights, machines and equipment, vehicles, pump station, etc. to stay afloat of the economic hardships being experienced as a result of the outbreak of COVID-19 pandemic

⁹Costs were saved on general expenses namely compensation of crop field owners, travelling and accommodation, contracted services, postage and telephone, utilities, etc. to stay afloat of the economic hardships being experienced as a result of the outbreak of COVID-19 pandemic

TOWN COUNCIL OF ONGWEDIVA
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance 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, 1992 (Act No. 23 of 1992), amended. The Council adopted accrual basis IPSAS on 1 July 2018.

The Council, where applicable, has adopted in full and complied with the following IPSAS which do or do not affect fair presentation of the financial statements:

- IPSAS 1 Presentation of financial statements
- IPSAS 2 Cash Flow statements
- IPSAS 3 Accounting policies, Changes in Accounting Estimates and Errors
- IPSAS 4 Effects of Changes in Foreign Exchanges
- IPSAS 5 Borrowing Costs
- IPSAS 9 Revenue from exchange transactions
- IPSAS 10 Financial Reporting on Hyper - inflationary Economies
- IPSAS 12 Inventory
- IPSAS 13 Leases
- IPSAS 14 Events after Reporting Date
- IPSAS 16 Investment Property
- IPSAS 17 Property, Plant and Equipment
- IPSAS 18 Segment Reporting
- IPSAS 19 Provision, Contingent liabilities and Contingent Assets
- IPSAS 20 Related Party Disclosure
- IPSAS 21 Impairment of Non-Cash Generating Assets
- IPSAS 22 Disclosure of information about the General Government Sectors
- IPSAS 23 Revenue from non-exchange transactions
- IPSAS 24 Presentation of budget information in financial statements
- IPSAS 26 Impairment of Cash Generated Assets
- IPSAS 28 Financial Instruments: Disclosure
- IPSAS 29 Financial Instruments: Recognition and Measurement
- IPSAS 30 Financial Instruments
- IPSAS 31 Intangible assets
- IPSAS 32 Service Concession Arrangements: Grantor
- IPSAS 35 Consolidated Financial Statements
- IPSAS 36 Investments in Associates and Joint Ventures
- IPSAS 37 Joint Arrangements
- IPSAS 38 Disclosure of interest in other entities
- IPSAS 39 Employee benefits

TOWN COUNCIL OF ONGWEDIVA
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE (continued)

1. Presentation of Annual Financial Statements (continued)

The 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 dollars, which is the functional and reporting currency of the Council and all values are rounded off to the nearest dollar.

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

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

1.1 Significant judgement and sources of estimation uncertainty

In preparing the annual financial statements, the Council is required to make estimates and assumptions that affect the amounts represented therein and related disclosure. 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 and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that the Council has 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 describe conditions under which revenue will be recorded by the Council.

Impairment of trade receivables

Impairment of trade receivables is based on the Council's provision for doubtful debts that requires for all trade receivable old 120 and 120+ days to be provided for as doubtful debts.

TOWN COUNCIL OF ONGWEDIVA
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE (continued)

Useful lives of Property, Plant and Equipment

As stated in accounting policy 1.4 and in accordance with provision for depreciation policy, the Council depreciates its Property, Plant and Equipment over the estimated useful lives of assets.

1.2 Revenue from non-exchange transactions

Fees, taxes and fines

The Council recognizes revenue fees, taxes and fines when the event occurs and the asset recognition criteria are met or when it is probable that the future economic benefits or service potential associated with the asset will flow to Council and the fair value of the asset can be measured reliably.

Transfers from government and other government entities

The Council measures revenues from transfers from government and other government entities at fair value and recognizes them as revenues upon transfer and obtaining control of assets if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Council and can be measured reliably.

1.3 Revenue from exchange transactions

Rendering of services

The Council recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be measured reliably. When the outcome of the transaction cannot be measured reliably, revenue is recognized only to the extent the expenses incurred are recoverable.

Sale of water

Revenue from the sale of water is recognised when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.

Rental income

Rental income arising from operating leases on properties is accounted for and included in revenue.

TOWN COUNCIL OF ONGWEDIVA
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE (continued)

Interest income

Interest income is accrued using effective yield method. The method applies this yield to the principal outstanding to determine interest income each period. Interest income is included in revenue except on Decentralised Build Together and Mayoral Funds where they are capitalised to the fund.

Dividends

Dividends or similar distribution is recognized as revenue when the Council's right to receive payments is established.

1.4 Property, Plant and Equipment

All Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses in accordance with IPSAS 17. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Council recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. When an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life (years)
• Land and Buildings	20
• Service infrastructure	20
• Heavy vehicles, machinery and equipment	10
• Light and sedan vehicles	5
• Computer equipment	5
• Office furniture and equipment	5
• Cellphones and hand-held radios	2

TOWN COUNCIL OF ONGWEDIVA
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE (continued)

ANNEXURE F

1.4 Property, Plant and Equipment (continued)

Computer software form part of computer equipment and is initially stated at historical cost. Incomplete construction work or work in progress (WIP) is initially stated at historical cost. Depreciation only commences when the asset is handed over to and is ready for use by the Council.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period. Depreciation charge for each period is recognised in surplus or loss.

1.5 Leases

In accordance with IPSAS 13, 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. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property, or if lower, at the present value of the future minimum lease payments, depreciated over the useful life of such asset. The Council recognizes the associated liability measures at as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges, recognized in surplus or deficit, and reduction of lease liability, disclosed as a liability in the statement of financial position.

Unlike, finance lease payments, operating lease payments are recognized as an operating expense in the profit or loss on a straight-line basis over the lease term.

1.6 Internal reserves

The Council establishes internal reserves in line with Section 80 of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended.

Capital Development Fund

Revenue generated from the sale of erven was originally deposited into this fund. The purpose of this fund is to fund capital projects internally, whenever it is appropriate and possible. As a way of building up this fund, Council monthly invests on this fund as determined by the Council from time to time. Interest earned on this fund is capitalised on this fund. Bank charges on this fund is deducted from this fund. Unutilised funds received from Government in the form of subsidies form part of this fund.

TOWN COUNCIL OF ONGWEDIVA
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE (continued)

Decentralised Build Together Fund

This is a revolving fund consisting of funds originally from Government for Decentralised Build Together Fund beneficiaries. Disbursement of funds to beneficiaries for progress payments are made from this fund. Insurance cover payments are disbursed from this fund. Loan repayments are deposited on this fund. Interest earned on this fund is capitalised on this fund. Bank charges on this fund is deducted from this fund. Servicing of an area benefiting Decentralised Build Together beneficiaries may be sourced from this fund.

Social Housing Fund

This is a revolving fund consisting of funds originally from Government for social housing unit construction under a Decentralised Build Together Fund. Social housing units were constructed for renting out. Rental amounts are deposited on this fund. Interest earned on this fund is capitalised on this fund. A bank charge on this fund is deducted from this fund. Servicing of an area benefiting Social Housing beneficiaries may be sourced from this fund.

Government subsidies

Government subsidies are recognised as revenue in the period in which associated expenses are expenses or accrued. Unutilised Government grants are recognised as deferred income until such time they will be utilized when they will be recognised in the statement of financial performance.

1.7 Off-setting

In accordance with paragraph 48 of IPSAS 1: presentation of financial statements, assets and liabilities, and revenue and expenses are reported in the financial statements separately and shall not be offset unless required or permitted by an IPSAS.

1.8 Budget information

The budget is approved by the Council and authorised by the Minister of Urban and Rural Development in terms of Sections 83 (1) and 84 (4) of the Local Authorities Act, 1992 (Act No. 23 of 1992), as amended.

The annual budget is prepared on an accrual basis indicating all planned costs and income are presented in single statements to determine the needs of the Council covering the financial periods 1 July 2020 to 30 June 2021 and 1 July 2021 to 30 June 2022. No comparative information shall be required for the budget.

Differences between actual and budget figures may be considered to be material where such differences are above 10%. Material differences shall be explained in the statement of comparison of budget and actual amounts to the financial statements.

TOWN COUNCIL OF ONGWEDIVA
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE (continued)

1.8 Budget information (continued)

As a result of adoption of the accrual basis for budgeting purposes, there are no basis, timing or Council differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of the budget and actual amounts.

1.9 Going concern

The financial statements have been prepared using accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of Council's operations. Any pre-matter or circumstance arising before the end of the financial year or any post-matter or circumstance arising after the end of the financial year re reported as such.

1.10 Taxes

Income Tax

The Council is a local authority and is exempted from paying income tax in terms of the Income Tax Act 24, 1981 (Act No. 24 of 1981), as amended.

Value Added Tax (VAT)

Items in the financial statements are stated exclusive of VAT, except for accounts receivable and accounts payable which are presented on a VAT inclusive basis. Where VAT is either not tax deductible or not permitted by Namibia Revenue Agency (NamRA), it is written back and forms part of the stated assets or expenses.

The Council is a registered Value Added Tax (VAT) payer in terms of the Value Added Tax Act 10, 2000 (Act No. 10 of 2000), as amended, and submits its VAT returns bi-monthly to NamRA. Council pays VAT amounts into a state account upon submitting the return together with supporting analysis of expenses via the Electronic Fund Transfer (EFT) on or before the due date on the 25th of the month following the end of bi-monthly period. In case of VAT receivable, the Council does not have any control over auditing of returns and/or payments thereof.

Pay As You Earn (PAYE)

The Council deducts PAYE from employees' and Councillors' remuneration and pays it over to the NamRA via the Electronic Fund Transfer (EFT) on or before the 20th of the month following the

TOWN COUNCIL OF ONGWEDIVA
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE (continued)

month of deductions. Monthly returns are completed and submitted to the NamRA. Yearly reconciliation is based on monthly returns as no yearly returns are submitted to NamRA.

1.11 Presentation of financial statements

The Council sets out considerations for the presentation of financial statements and offers guidance for the structure of these statements and minimum requirements for their content under accruals, basis of accounting in accordance with IPSAS 1. The Council discloses comparative information in statements of financial position, financial performance, cash flows, changes in assets/equity and comparison of budgets with actuals and notes to such statements.

1.12 Cash Flow statements

The cash flow is prepared using an indirect method in accordance with IPSAS 2.

1.13 Accounting policies, Changes in Accounting Estimates and Errors

The Council applies its accounting policies in the preparation annual financial statements in accordance with IPSAS 3.

1.14 The Effects of Changes in Foreign Exchanges

Foreign translation differences are reported on or disclosed in accordance with IPSAS 4.

1.15 Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred regardless of such borrowing costs were applied in accordance with IPSAS 5.

1.16 Revenue from exchange transactions

Revenue arising from exchange transactions is measured at fair value of the consideration received or receivable in accordance with IPSAS 9. Main sources of exchange revenue are refuse removal services, sewerage services, sale of water and sale of erven.

1.17 Financial Reporting on Hyper-Inflationary Economies

The Council's functional currency is not deemed to be operating in hyper-inflationary economy and, therefore, it is not required to report on Financial Reporting on Hyper-Inflationary Economies in accordance with IPSAS 10.

TOWN COUNCIL OF ONGWEDIVA
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE (continued)

1.18 Inventory

Inventories are measured at cost upon initial recognition in accordance with IPSAS 12. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost). The cost of the inventory is its fair value at the date of acquisition. After initial recognition, inventory is measured at the lower of cost and net realizable value. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of the Council.

1.19 Investment Property

In accordance with IPSAS 16, community halls, conference halls and offices that are rented out at a fee are classified as investment property. Rental fees are disclosed as part of rental revenue from property, facilities and equipment. Investment properties are depreciated over their estimated useful lives.

1.20 Segment Reporting

In accordance with IPSAS 18, revenue from on-exchange transactions, revenue from exchange transactions and various categories of expenses are deemed segments of the statement of financial performance. Similarly, additions to various categories of Property, Plant and Equipment are also deemed to be segments. Thus, the Council classifies its operational and capital transactions by segments and such segments are reported on as disclosed in the statements of financial performance and financial position, respectively.

1.21 Provision, Contingent liabilities and Contingent Assets

Provisions are recognised when:

- The Council has an obligation at the reporting period date as a result of a past event;
- it is probable that the Council will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement. The Council does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statement, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

The Council does not recognize a contingent asset, but discloses details of any contingencies in the notes to the financial statement, unless the possibility of an inflow of resources embodying economic benefits or service potential is remote. If it becomes virtually certain that an inflow of economic benefits service potentially will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the changes occurs.

TOWN COUNCIL OF ONGWEDIVA
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE (continued)

1.21 Provision, Contingent liabilities and Contingent Assets (continued)

In accordance with IPSAS 19, Credit leave days owed to its employees are provided for on an annual basis and they are accounted for in the profit or loss account. A built-up reserve is thus kept to cater for employees who go on retirement and those that exit Council's employment on account of resignation, dismissal and death.

Provision for doubtful debts is done at the end of every financial year to cater for possible write off of bad debts.

1.22 Related Party Disclosure

In accordance with IPSAS 20, related parties include Councilors, Chief Executive Officer and Senior Manager, all entities in which the Council has interest and all governed-owned entities over which a common government (shareholder) has or deems to have a significant influence over them or the ability to direct.

Related parties and related transactions thereof are disclosed in notes to the annual financial statements.

1.23 Impairment of Non-Cash Generating Assets

In accordance with IPSAS 21, an assessment is carried out to establish a possibility of impairment of non-generating assets at the end of the reporting date. An impairment loss of assets is carried at cost less any accumulated depreciation or amortisation and is recognised in profit or loss.

1.24 Disclosure of information about the General Government Sectors

In accordance with IPSAS 22 and in addition to prescribed information disclosure by IPSAS, the following reports are additionally included in the annual financial statements: Mayor's Report, Accounting Officer's Report, Corporate Governance Statement and Corporate Responsibility Statement.

1.25 Revenue from non-exchange transactions

In accordance with IPSAS 23, transactions deal with matters relating to the measurement of revenue where the Council has received economic benefits or service potential without an equal exchange of value in return are regarded as revenue from non-exchange transactions. Major sources of non-exchange revenue are property taxes and transfers from government.

TOWN COUNCIL OF ONGWEDIVA
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE (continued)

1.26 Presentation of budget information in financial statements

In accordance with IPSAS 24, a statement of comparison of budget amounts and actual amounts arising from execution of the budget is included in the annual financial statements. An explanation for any deviation exceeding 10% is done in such a statement. The Council's approved budget is a public document for which it is held accountable.

1.27 Impairment of Cash Generated Assets

In accordance with IPSAS 26, the Council classifies all assets held with a primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-Cash Generating Assets.

An assessment is carried out to establish a possibility of impairment of generating assets at the end of the reporting date. An impairment loss of assets is carried at cost less any accumulated depreciation or amortisation and is recognised in profit or loss.

1.28 Financial Instruments: Disclosure

In accordance with IPSAS 28, the Council categorises its financial assets at amortised cost in terms of IPSAS 41 as follows:

- Receivables from exchange transactions
- Receivable from non-exchange transactions
- Cash and cash equivalents

The Council categorises its financial liabilities at amortised cost in terms of IPSAS 41 as follows:

- Payables from exchange transactions
- Refundable deposits

1.29 Financial Instruments: Recognition and Measurement

Financial instruments at amortised cost

In accordance with IPSAS 29, financial instruments may be designed to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit or loss.

TOWN COUNCIL OF ONGWEDIVA
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE (continued)

1.30 Financial Instruments

In accordance with IPSAS 30, the Council has various types of financial instruments and these are broadly categorised as financial assets and financial liabilities.

1.31 Intangible assets

In accordance with IPSAS 31, all Council's software forms part of computer equipment. Intangible assets are initially measured at cost.

1.32 Service Concession Arrangements: Grantor

In accordance with IPSAS 32, the Council (grantor) may enter into arrangements whereby it contracts with a private operator to develop or upgrade, operate and maintain its infrastructure.

The Council currently does not have any service concession arrangement with any operator.

1.33 Consolidated Financial Statements

In accordance with IPSAS 35, the Council may have controlled entities with a significant number of transactions between controlled entities. This requires Council to prepare consolidated financial statements. The Council currently does not have any controlled entities with a significant number of transactions between controlled entities.

In accordance with IPSAS 36, an investment in an associate is carried at fair value and classified as fair value gain or loss through a surplus or deficit account. However, the overall movement in investments in associates was put through the appropriation account as it was recognised as such for the first time for the year under review. The Council discloses its carrying and nominal amounts as part of its investments in associates. The Council holds no interest in joint ventures.

1.35 Joint Arrangements

In accordance with IPSAS 37, the Council may enter into joint arrangements to achieve desired results. The Council currently has no joint arrangements.

1.36 Employee benefits

In accordance with IPSAS 39, short term benefits include accrued credit leave days limited sixty (60) days in accordance with Personnel Rules. The Council contributes, on a monthly basis, contributes towards post-employment benefits under which and, upon employee exit from its employment, shall have no legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay such benefits to employees.

TOWN COUNCIL OF ONGWEDIVA
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE (continued)

2. Events after Reporting Date

In accordance with IPSAS 14, events after the reporting date that are classified as adjusting events are accounted for in the annual financial statements whereas those that are classified non-adjusting events after reporting date are disclosed in notes thereto.

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

	2022	2021	2020
	N\$	N\$	N\$
3. Trade and other receivables from exchange and non-exchange transactions			
Trade and other receivables from exchange transactions			
Services rendered	45 620 355	41 966 879	39 916 736
SNMPC	-	7 014	1 210
Sundry debtors	98 268	153 848	212 800
Sundry suspense account	-	1 827	59 105
	<u>45 718 623</u>	<u>42 129 568</u>	<u>40 189 851</u>
Less: Provision for doubtful debts	(34 355 272)	(29 067 069)	(26 723 039)
	<u>11 363 351</u>	<u>13 062 499</u>	<u>13 466 812</u>
Trade and other receivables from non-exchange transactions			
Assessment rate receivable	18 034 902	11 677 280	-
VAT receivables	2 653 340	6 595 130	4 149 058
NORED surcharges	589 761	627 824	558 493
Road Fund Administration	478 293	233 748	586 535
	<u>21 756 296</u>	<u>19 133 982</u>	<u>5 294 086</u>
Less: Provision for doubtful debts	(12 492 346)	(8 431 191)	-
	<u>9 263 950</u>	<u>10 702 791</u>	<u>5 294 086</u>

Trade and other receivables from exchange transactions are primarily composed of sale of water, refuse removal fees and sewerage fees.

Trade and other receivables from non-exchange transactions are mainly composed of assessment rates, VAT receivable from the Receiver of Revenue, NORED surcharge receivables and road related refundable from Roads Fund Administration without receiving anything of substantial value in return but simply because the law mandates the payments.

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

3. Trade and other receivables from exchange and non-exchange transactions (continued)

	2022	2021	2020
	N\$	N\$	N\$
Age analysis of trade receivables from exchange transactions are as follows:			
Current	4 203 837	5 506 850	5 734 325
30 days	2 531 318	3 707 464	3 191 096
60 days	1 872 236	2 030 964	2 213 168
90 days	1 749 295	1 654 532	2 055 324
120 days	1 488 016	1 510 277	1 648 383
120+ days	32 867 257	27 556 792	25 074 440
	44 711 958	41 966 879	39 916 736

Age analysis of trade receivables from non-exchange transactions are as follows:

Current	2 728 969	1 624 161	-
30 days	1 120 732	784 768	-
60 days	908 285	447 374	-
90 days	784 570	389 785	-
120 days	643 304	339 125	-
120+ days	11 849 043	8 092 067	-
	18 034 902	11 677 279	-

Reconciliation of provision for impairment of trade receivables:

	46 847 618	37 498 260	26 723 039
Opening balance	37 498 260	26 723 039	20 058 582
Provision for impairment	9 349 358	10 775 221	6 664 457

The provision for impairment of trade receivables include trade receivables outstanding for 120 days and above 120 days in accordance with approved provision for doubtful debts policy of Council.

No part of trade receivables was pledged as security for any facility.

Amounts included in the trade and other receivables regarding related party transactions are disclosed in note 30.

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

	2022	2021	2020
	N\$	N\$	N\$
4. Cash and cash equivalents	62 923 343	65 332 320	61 975 662
Ongwediva TC: Current account - Nedbank	11 603 578	6 452 888	9 507 245
Ongwediva TC: Call account - Nedbank	1 123 405	10 514 066	5 833 876
Ongwediva TC: Project call account - Nedbank	70 031	1 282 097	2 744 134
Ongwediva TC: Mayoral current account - Nedbank	73 839	-	-
Ongwediva TC: Call account - Standard Bank	37 478 287	34 739 723	31 645 817
Ongwediva TC Social Housing current account - Bank Windhoek	3 364 863	3 201 280	2 974 179
Ongwediva Build Together: Call account - Bank Windhoek	3 873 847	3 757 961	3 645 495
Ongwediva Build Together: Current account - Bank Windhoek	2 569 283	2 378 419	2 287 495
Ongwediva T.F. Centre call account - FNB	2 600 690	2 803 460	3 298 912
Ongwediva T.F. Centre current account - FNB	165 520	202 426	38 509

Cash and cash equivalents relate to money on hand and deposits held with banking institutions.

Commercial banks are periodically monitored for capital adequacy by the Reserve Bank of Namibia. Hence, credit quality of cash at banks is considered of a high quality.

**TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)**

	2022		2021	
	Cost/valuation N\$	Accumulated depreciation N\$	Carrying values N\$	Cost/valuation N\$
Office equipment	7 199 895	(4 519 871)	2 680 024	7 820 547
Infrastructure	269 164 496	(129 532 612)	139 631 884	265 613 152
Land and buildings	32 078 736	(17 672 895)	14 405 841	31 438 771
Motor vehicles	6 685 490	(5 593 662)	1 091 828	6 685 490
Plant and machinery	17 232 852	(9 870 502)	7 362 350	12 798 536
Work in progress	25 572 856	-	25 572 856	7 552 871
Total	357 934 325	(167 189 542)	190 744 783	331 909 367
				(154 672 870)
				177 236 497

**TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)**

	2021		2020	
	Cost/valuation N\$	Accumulated depreciation N\$	Carrying values N\$	Cost/valuation N\$
Office equipment	7 820 547	(5 099 347)	2 721 200	6 217 689
Infrastructure	265 613 152	(118 636 308)	146 976 844	261 527 965
Land and buildings	31 438 771	(16 483 824)	14 954 947	28 078 838
Motor vehicles	6 685 490	(5 094 386)	1 591 104	5 925 258
Plant and machinery	12 798 536	(9 352 059)	3 446 477	12 622 429
Work in progress	7 552 871	(6 946)	7 545 925	6 049 253
Total	331 909 367	(154 672 870)	177 236 497	320 421 432
				(141 274 799)
				179 146 633

**TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)**

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Transfers	Adjustment	Total
	N\$	N\$	N\$	N\$	N\$	N\$
Office equipment	2 721 200	212 693	(253 869)	-	-	2 680 024
Infrastructure	146 976 844	1 556 808	(10 933 965)	2 039 143	(6 946)	139 631 884
Land and buildings	14 954 947	639 965	(1 189 071)	-	-	14 405 841
Motor vehicles	1 591 104	-	(499 276)	-	-	1 091 828
Plant and machinery	3 446 477	2 988 332	(1 072 459)	2 000 000	-	7 362 350
Work in progress	7 545 925	22 269 586	-	(4 039 143)	(203 512)	25 572 856
	177 236 497	27 667 384	(13 948 640)	-	(210 458)	190 744 783

**TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Transfers	Adjustment	Total
	N\$	N\$	N\$	N\$	N\$	N\$
Office equipment	1 434 675	1 602 857	(316 332)	-	-	2 721 200
Infrastructure	153 730 552	470 309	(10 838 898)	3 614 881	-	146 976 847
Land and buildings	12 785 907	3 207 728	(1 190 893)	152 205	-	14 954 947
Motor vehicles	1 188 148	760 232	(357 276)	-	-	1 591 104
Plant and machinery	3 965 041	176 107	(694 671)	-	-	3 446 477
Work in progress	6 042 307	5 270 704	-	(3 767 086)	-	7 545 925
	179 146 630	11 487 937	(13 398 070)	-	-	177 236 500

**TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Transfers	Adjustment	Total
	N\$	N\$	N\$	N\$	N\$	N\$
Office equipment	1 741 858	78 309	(385 492)	-	-	1 434 675
Infrastructure	141 002 928	5 468 061	(8 103 962)	15 363 528	-	153 730 555
Land and buildings	13 615 492	-	(829 585)	-	-	12 785 907
Motor vehicles	1 073 677	410 765	(296 294)	-	-	1 188 148
Plant and machinery	4 514 489	113 412	(662 860)	-	-	3 965 041
Work in progress	15 591 138	5 821 643	(6 946)	(15 363 528)	-	6 042 307
	177 539 582	11 892 190	(10 285 139)	-	-	179 146 633

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

5. Property, plant and equipment (continued)

Pledged as security

All the property, plant and equipment are free of any encumbrances.

	2022	2021	2020
	N\$	N\$	N\$
Capitalised expenditure			
Addition to Capital Work In Progress	22 269 586	5 270 704	5 821 643
Transferred from Capital WIP to fixed assets	(4 039 143)	(3 767 086)	(15 363 528)
Adjustments	(203 512)	-	-

Work in progress is capitalised when expenditure is incurred to create a fixed asset. Once an asset is handed over to the Council and is ready for use, it is transferred from work in progress to a respective asset class.

Revaluations

No asset revaluations were performed during the year under review.

6. Investments in associates

Name of company	2022			2021		
	Carrying amount	Nominal amount	Total	Carrying amount	Nominal amount	Total
	N\$	N\$	N\$	N\$	N\$	N\$
Local Authorities Electricity Company (Pty) Ltd	24 506 914	-	24 506 914	-	15	15
Ongwediva Med-Park Investments (Pty) Ltd	7 039 210	-	7 039 210	-	20	20
Namfair (Pty) Ltd	-	4 665 000	4 665 000	-	4 665 000	4 665 000
Total	31 546 124	4 665 000	36 211 124	-	4 665 035	4 665 035

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

6. Investments in associates (continued)

Movements in carrying and nominal values:

Name of company	2022			2021		
	Opening balance	Movement	Closing balance	Opening balance	Movement	Closing balance
	N\$	N\$	N\$	N\$	N\$	N\$
Local Authorities Electricity Company (Pty) Ltd	15	24 506 899	24 506 914	15	-	15
Ongwediva Med-Park Investments (Pty) Ltd	20	7 039 190	7 039 210	20	-	20
Namfair (Pty) Ltd	4 665 000	-	4 665 000	4 665 000	-	4 665 000
Total	4 665 035	31 546 089	6 211 124	4 665 035	-	4 665 035

Together with all local authorities in Kunene, Omusati, Oshana, Oshikoto, Ohangwena, Kavango East, Kavango West and Zambezi regions, the Council owns 15 shares in the Local Authority Electricity Company (LAEC) (Pty) Ltd which has 33.33% interest in NORED Electricity (Pty) Ltd. Currently, LAEC (Pty) Ltd is dormant. NORED Electricity (Pty) Ltd was created by the Namibian Government as a Regional Electricity Distribution (RED) company operating in the northern regions of Namibia. Dividends, when declared, are divided equally among all local authorities owning LAEC (Pty) Ltd.

The Council has 10% in Ongwediva Med-park Investments (Pty) Ltd which, in turn, has 46.7% in Ongwediva Med-park (Pty) Ltd. This was Council's contribution in the form of land for the establishment of a private and unique hospital in Ongwediva.

The Council owns Namfair (Pty) Ltd. Namfair is a dormant company and Council is in a process of de-registering it upon approval by the Ministry of Urban and Rural Development.

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

	2022	2021	2020
	N\$	N\$	N\$
7. Trade and other payables from exchange transactions	13 044 261	17 724 244	10 485 469
Accrued creditors	10 538 119	15 663 884	8 106 550
Credit balances owed to debtors	908 397	777 764	860 420
Unallocated customer payments	1 597 745	1 282 596	1 518 499

Trade payables and year end accruals comprise of amounts accrued for goods supplied and services rendered by suppliers and service providers with regard to exchange transactions. All third-party payments such as pension fund contributions, medical aid contributions, social security contributions and PAYE were paid over and released before the end of year under review. Credit debtor balances comprise of debtor accounts that were in credit at the end of year under review. Unallocated customer payments are deposits and Electronic Fund Transfers (EFTs) made into Council's operational current bank account that could not be allocated due to lack of allocation information.

Amounts included in the trade and other payables regarding related party transactions are disclosed in note 30.

	2022	2021	2020
	N\$	N\$	N\$
8. Refundable deposits	2 227 132	2 381 126	2 322 570
Consumer deposits	1 833 584	1 831 386	1 814 926
Down payments on sale of erven	393 548	549 740	507 644

Reconciliation of consumer deposits – 2022

	Opening Balance	Additions	Refunded during the year	Total
	N\$	N\$	N\$	N\$
Consumer deposits	1 831 386	39 342	(37 144)	1 833 584

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

8. Refundable deposits (continued)

Reconciliation of consumer deposits – 2021

	Opening Balance	Additions	Refunded during the year	Total
	N\$	N\$	N\$	N\$
Consumer deposits	1 814 926	21 860	(5 400)	1 831 836

Reconciliation of consumer deposits – 2020

	Opening Balance	Additions	Refunded during the year	Total
	N\$	N\$	N\$	N\$
Consumer deposits	1 813 902	2 944	(1 920)	1 814 926

**Reconciliation of deposits on sale of erven -
2022**

	Opening Balance	Additions	Transferred during the year	Total
	N\$	N\$	N\$	N\$
Deposits on sale of erven	549 740	72 953	(229 145)	393 548

**Reconciliation of deposits on sale of erven -
2021**

	Opening Balance	Additions	Transferred during the year	Total
	N\$	N\$	N\$	N\$
Deposits on sale of erven	507 644	179 769	(137 673)	579 740

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

8. Refundable deposits (continued)

Reconciliation of deposits on sale of erven - 2020

	Opening Balance	Additions	Transferred during the year	Total
	N\$	N\$	N\$	N\$
Deposits on sale of erven	467 245	111 785	(71 386)	507 644

The refundable consumer deposits held by Council are valid, sufficient and kept properly. Such deposits are refundable upon the closure of a debtor account subjected to a claim by a depositor and full settlement of the account.

Down-payments on sale of erven are recognized as deposits until such time the full purchase price for an erf is paid. When fully paid, the purchase price is transferred from deposits and recognized as income in the profit or loss in the financial year it occurs upon which a debtor service account is created.

	2022	2021	2020
	N\$	N\$	N\$
9. Provisions			
Provision for leave pay	4 637 485	4 691 230	4 554 201

Provision for accrued leave pay relates to accumulative leave days not exceeding 60 days owed to employees in accordance with personnel rules at the end of year under review.

Provision for accrued leave pay is reconciled as follows:

**Reconciliation of provision for leave pay –
2022**

	Opening Balance	Additions	Utilized during the year	Total
	N\$	N\$	N\$	N\$
Provision for leave pay	4 691 230	154 052	(207 797)	4 637 485

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

9. Provisions (continued)

**Reconciliation of provision for leave pay -
2021**

	Opening Balance	Additions	Utilized during the year	Total
	N\$	N\$	N\$	N\$
Provision for leave pay	4 554 201	165 484	(28 455)	4 691 230

**Reconciliation of provision for leave pay –
2020**

	Opening Balance	Additions	Utilized during the year	Total
	N\$	N\$	N\$	N\$
Provision for leave pay	4 342 291	377 787	(165 877)	4 554 201

	2022	2021	2020
	N\$	N\$	N\$
10. Reserves	46 883 412	46 372 792	45 880 082
Capital Development Fund	28 973 387	28 973 387	28 973 387
Social Housing Fund	3 242 439	3 014 437	2 782 634
Build Together Fund	10 617 478	10 429 761	10 173 861
Ongwediva Trade Fair Centre	3 976 155	3 950 207	3 950 200
Ongwediva Mayoral Fund	73 953	5 000	-

The purposes of Capital Development Fund, Social Housing Fund, Built Together Fund, Ongwediva Trade Fair Fund and Ongwediva Mayoral Fund are to fund capital projects internally; maintain existing social housing units constructed under a Decentralised Build Together Fund and service new areas for constructing additional units; serve as a revolving account for the decentralized build together programme; finance expenditure of the Ongwediva Trade Fair Centre activities; and address some critical emergent needs and other social-related evils in the society, respectively.

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

	2022	2021	2020
	N\$	N\$	N\$
11. Deferred income	-	-	2 367 120
Medium Term Expenditure Framework 2016/2017	-	-	447 240
Medium Term Expenditure Framework 2017/2018	-	-	418 492
Government subsidy - Fire Station	-	-	1 500 000
Government subsidy - Local Economic Development Agency (LEDA)	-	-	1 388

Unspent government subsidies received from the Ministry of Urban and Rural Development are reconciled as follows:

Purpose of the subsidy	Balance 01/07/2020	Received during the year	Spent and transferred during the year	Balance at 30/06/2021
	N\$	N\$	N\$	N\$
Construction of services (MTEF 2016/2017)	447 240	-	(447 240)	-
Construction of services (MTEF 2017/2018)	418 492	-	(418 492)	-
Construction of services (MTEF 2020/2021)	-	4 429 391	(4 429 391)	-
Construction of Fire Station – Phase 2	1 500 000	-	(1 500 000)	-
Construction of Haindongo Open Market	1 388	-	(1 388)	-
Total	2 367 120	4 429 391	(6 796 511)	-

Unspent government subsidies are recognized as deferred income until such time the amount is spent or the cost associated with them are incurred. When spent or the cost associated with them are incurred, the government subsidy is transferred from deferred income and recognized as income in the profit or loss in the financial year it is spent or the cost associated with it is incurred.

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

	2022	2021	2020
	N\$	N\$	N\$
12. Property taxes revenue	40 337 865	26 426 782	26 025 235
Residential	18 007 767	13 397 617	13 165 241
Commercial	22 330 098	13 029 165	12 859 994
Assessment rates of N\$ 0.0287 and N\$ 0.0074 are charged per N\$ 1 valuation of land and improvements, respectively. Such tariffs remained unchanged from the previous financial year. A new Valuation Roll came into being on 01 July 2021.			
13. Fines, penalties and levies	3 824 430	3 495 076	3 421 019
Electricity surcharges	3 346 571	3 352 311	3 184 187
Water reconnection fees	401 431	87 265	215 819
Impounding fees	72 776	55 500	17 697
Fine - Illegal dumping of sewer	3 652	-	-
Fine - Illegal construction	-	-	3 316
14. Transfers from government	7 335 768	7 252 134	10 025 413
Road Fund Administration (RFA)	2 322 145	1 955 623	2 292 885
Local Economic Development Division - LEDA	-	1 388	-
Medium Term Expenditure (MTEF)	5 013 623	5 295 123	7 732 528
15. Rendering of services	55 848 505	56 279 083	55 799 394
Sale of water	40 717 570	41 465 582	41 319 374
Refuse removal fees	8 634 255	8 391 510	8 183 842
Sewerage fees	6 496 680	6 421 991	6 296 178
16. Sale of goods	878 654	1 952 159	3 665 534
Sale of erven	872 498	1 944 681	3 660 917
Sale of refuse bins	6 156	7 478	4 617

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

	2022	2021	2020
	N\$	N\$	N\$
17. Rental revenue from properties, facilities and equipment	1 611 518	1 482 540	1 531 320
Council houses	45 300	57 600	57 600
Open Market stalls	163 982	153 683	130 876
Plant and equipment	30 062	15 234	33 690
Fire brigade board room	10 087	9 173	14 300
Sam Nujoma Multi-Purpose Centre - Hall	32 082	20 372	34 669
Sam Nujoma Multi-Purpose Centre - Offices	9 279	5 800	-
Sam Nujoma Multi-Purpose Centre - Tuck Shop	5 261	5 825	5 787
Ongwediva Trade Fair Centre - Halls	174 044	112 259	191 446
Ongwediva Trade Fair Centre - Offices	244 172	244 733	245 288
Land at Informal settlements	483 837	374 553	318 680
Skip containers	413 412	465 308	474 984
Corner shop	-	18 000	24 000
18. Other income	1 891 041	4 258 228	1 992 760
Burial services	11 905	16 012	12 893
Fire brigade fees	531 972	527 529	520 092
Fire brigade training	174	-	-
sewer new connection	44 886	41 506	88 584
Water new connection	91 726	95 323	88 185
Business registration fees	323 214	386 710	346 346
Build plan fees	224 810	337 153	256 205
Computer courses - SNMPC	17 464	25 115	13 128
Sewing project - SNMPC	7 165	9 513	7 000
Administrative cost on stop orders	24 208	29 375	31 348
Advertising fees - bill boards	173 527	141 397	141 976
Discount received	277 785	938 551	208 073
Sundry income	162 205	1 710 044	278 930

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

	2022	2021	2020
	N\$	N\$	N\$
19. Employee costs	31 075 663	29 805 222	29 213 061
Employee related costs - salaries and wages	15 853 394	15 518 059	15 150 150
Bonuses - 13th cheques	1 310 487	1 268 314	1 255 459
Vehicle and transport allowances	859 930	861 098	849 026
Housing benefits	5 424 950	4 826 539	5 010 695
Contributions to Medical Aid	2 693 134	2 524 690	2 304 248
Contributions to Pension Fund	3 440 259	3 335 241	3 278 527
Contributions to Social Security	70 513	70 111	69 256
Standby allowances	106 500	108 000	108 000
Overtime payments	789 101	695 913	758 614
Cell phone allowances	51 300	51 300	51 300
SSC yearly assessment (Workmen compensation)	72 542	72 548	-
Protective clothing	103 753	79 374	-
Emergency service allowances	145 750	228 550	-
Contributions to accumulated leave days	154 050	165 484	377 786

The Council had seventy -seven (77) permanent and one (1) contracted employees (50 men and 28 women) on its fixed establishment at 30 June 2022.

20. Allowances of Councillors

2022 Office	Basic allowance	Cell phone allowance	Total allowance
	N\$	N\$	N\$
Mayor	77 500	12 000	89 500
Deputy Mayor	69 756	7 200	76 956
Chairperson of Management Committee	72 332	8 400	80 732
Member of Management Committee	67 165	-	67 165
Member of Management Committee	67 165	-	67 165
Member of Council	64 584	-	64 584
Member of Council	64 584	-	64 584
Total allowances of Councillors	483 086	27 600	510 686

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

20. Allowances of Councillors

2021 Office	Basic allowance	Cell phone allowance	Total allowance
	N\$	N\$	N\$
Mayor	77 500	12 000	89 500
Deputy Mayor	69 756	7 200	76 956
Chairperson of Management Committee	72 332	8 400	80 732
Member of Management Committee	67 166	-	67 166
Member of Management Committee	67 166	-	67 166
Member of Council	64 584	-	64 584
Member of Council	64 584	-	64 584
Total allowances of Councillors	483 088	27 600	510 688

2020 Office	Basic allowance	Cell phone allowance	Total allowance
	N\$	N\$	N\$
Mayor	77 500	12 000	89 500
Deputy Mayor	69 757	7 200	76 957
Chairperson of Management Committee	72 332	8 400	80 733
Member of Management Committee	67 166	-	67 167
Member of Management Committee	67 166	-	67 167
Member of Council	64 584	-	64 584
Member of Council	64 584	-	64 584
Total allowances of Councillors	483 088	27 600	510 692

Ongwediva has seven (7) Local Authority Councillors in accordance with the Local Authorities 23, 1992 (Act No. 23 of 1992), as amended. Councillors' basic and cell phone allowances are determined by the Minister of Urban and Rural Development in terms of section 18 (1) and (2) of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended. No sitting allowances are paid to Councillors. Councillors may utilise Council transportation and information communication technology facilities when engaged in official duties.

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

	2022	2021	2020
	N\$	N\$	N\$
21. Repairs and maintenance	6 358 720	8 528 576	7 309 485
Buildings	422 135	1 300 789	1 044 727
Infrastructure	4 494 947	6 292 092	5 197 795
Vehicles	874 780	609 087	752 521
Office and computer equipment	566 858	326 608	314 442
22. Contracted services	3 740 122	3 745 879	2 824 296
Refuse removal	2 790 167	2 765 916	1 897 458
Grass shrub removal and tree trimming	65 767	81 560	62 760
Malaria control and impounding services	349 300	392 334	270 740
Office cleaning services	534 888	506 069	413 338
Emergency services	-	-	180 000
23. General expenses	16 069 056	14 378 883	11 848 913
Advertising	183 612	206 360	247 681
Animal feeds	3 925	-	17 105
Bank charges	1 067 299	949 416	496 359
Communication policy/Manual formulation	-	12 500	-
Compensation payments	3 487 359	1 814 909	567 874
Consumables (materials and stores)	303 729	176 764	169 077
Contribution to Ongwediva Mayoral Fund	20 000	50 000	-
Co-operation agreement activities	78 240	82 696	13 366
Expo participation	8 696	-	13 092
Firefighting foam	-	8 696	-
Fuel and oil	437 822	488 870	377 641
Functions	37 421	3 794	53 670
Healthy city	90 727	60 424	205 028
Incidental expenses	40 082	39 567	24 913
Insecticides	3 751	-	13 176
Insurance	300 000	275 116	256 714
Legal expenses	225 115	272 545	499 568
Marketing and publicity	34 273	17 835	78 411

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

	2022	2021	2020
	N\$	N\$	N\$
23. General expenses (continued)			
Municipal association contributions	60 900	56 400	69 720
Ongwediva Junior Council activities	46 533	21 351	47 066
Postage and telephone	618 671	682 063	1 022 696
Protective clothing	-	-	9 688
Printing and stationery	415 182	560 299	356 197
Rate contribution to Oshana Regional Council	2 016 893	1 321 339	1 301 528
Refreshments and entertainment	56 443	57 126	35 337
Security	796 982	822 499	719 324
SME skills development	9 130	26 555	-
Senior Citizen rebates	448 663	-	-
Social programmes and development	1 215 165	1 177 824	1 036 283
Subsistence and travelling	119 706	85 798	121 325
Town planning and land survey	217 394	728 928	85 479
Training and development	71 700	235 408	164 000
Tourism development strategy	-	277 365	-
Utility services	3 653 640	3 570 784	3 646 595
Valuation charges	-	295 652	200 000
24. Net assets/equity and accumulated surplus			
Capital Development Fund	28 973 387	28 973 387	28 973 387
Social Housing Fund	3 242 439	3 014 437	2 782 634
Build Together Fund	10 617 478	10 429 761	10 173 861
Ongwediva Trade Fair Centre Fund	3 976 155	3 950 207	3 950 200
Ongwediva Mayoral Fund	73 953	5 000	-
Total reserves	46 883 412	46 372 792	45 880 082
Accumulated surplus	246 394 524	202 706 901	201 998 603
Net assets/equity	293 277 936	249 079 693	247 878 685

**TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)**

24. Net assets/equity and accumulated surplus (continued)

Reconciliation of net assets - 2022

Fund/Accumulated surplus	Opening balance	Receipts/ temporary advances	Payments	Surplus for the year	Appropriations	Closing balance
	N\$	N\$	N\$	N\$	N\$	N\$
Capital Development Fund	28 973 387	-	-	-	-	28 973 387
Social Housing Fund	3 014 437	228 081	(106 079)	-	-	3 242 439
Build Together Fund	10 429 761	261 119	(73 402)	-	-	10 617 478
Ongwediva Trade Fair Centre Fund	3 950 207	1 100 222	(1 074 274)	-	-	3 976 155
Ongwediva Mayoral Fund	5 000	70 133	(1 180)	-	-	73 953
Total reserves	46 372 792	1 659 555	(1 254 935)	-	-	46 883 412
Accumulated surplus	202 706 901	-	-	12 029 736	31 657 887	246 394 524
Net assets/equity	249 079 693	1 659 555	(1 254 935)	12 029 736	31 657 887	293 277 936

**TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)**

24. Net assets/equity and accumulated surplus (continued)

Reconciliation of net assets – 2021

Fund/Accumulated surplus	Opening balance	Receipts/ temporary advances	Payments	Surplus for the year	Appropriations	Closing balance
	N\$	N\$	N\$	N\$	N\$	N\$
Capital Development Fund	28 973 387	-	-	-	-	28 973 387
Social Housing Fund	2 782 634	340 847	(109 044)	-	-	3 014 437
Build Together Fund	10 173 861	312 677	(56 777)	-	-	10 429 761
Ongwediva Trade Fair Centre Fund	3 950 200	1 384 884	(1 384 877)	-	-	3 950 207
Ongwediva Mayoral Fund	-	5 000	-	-	-	5 000
Total reserves	45 880 082	2 043 408	(1 550 698)	401 134	307 166	46 372 792
Accumulated surplus	201 998 603	-	-	401 134	307 166	202 706 901
Net assets/equity	247 878 685	2 043 408	(1 550 698)	401 134	307 166	249 079 693

**TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)**

24. Net assets/equity and accumulated surplus (continued)

Reconciliation of net assets - 2020

Fund/Accumulated surplus	Opening balance	Receipts/ temporary advances	Payments	Surplus for the year	Appropriations	Closing balance
	N\$	N\$	N\$	N\$	N\$	N\$
Capital Development Fund	28 973 387	-	-	-	-	28 973 387
Social Housing Fund	2 443 798	478 887	(140 051)	-	-	2 782 634
Build Together Fund	9 762 158	453 903	(42 200)	-	-	10 173 861
Ongwediva Trade Fair Centre Fund	3 950 200	-	-	-	-	3 950 200
Total reserves	45 129 543	932 790	(182 251)	-	-	45 880 082
Accumulated surplus	190 355 538	-	-	12 743 546	- 1 100 481	201 998 603
Net assets/equity	235 485 081	932 790	(182 251)	12 743 546	- 1 100 481	247 878 685

An amount of N\$ 179 359 999 was reclassified from contributions out of revenue to the accumulated surplus with the adoption of IPSAS on 1 July 2018.

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

	2022	2021	2020
	N\$	N\$	N\$
25. Cash generated from operations			
Surplus for the year	12 029 736	401 134	12 743 546
Adjusted for:			
Net adjustments to appropriation account	31 657 887	307 166	(1 100 481)
Depreciation	13 955 588	13 398 072	10 285 139
	57 643 211	14 106 372	21 928 204
Working capital adjustments:			
Decrease/(increase) in inventories	(37 357)	(18 035)	(49 439)
Decrease (increase) in trade and other receivables	3 137 987	(5 004 391)	(3 878 600)
Increase/(decrease) in trade and other payables	(4 679 983)	7 238 773	5 944 178
Increase in leave pay	(53 747)	137 029	211 910
Increase in fund accounts	510 620	492 710	750 539
	56 520 733	16 952 458	24 906 792

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

26. Taxation

Ongwediva Town Council is a local authority and is exempted from paying income tax. It charges Valued Added Tax (VAT) out on taxable supplies and pays or claims net VAT to or from NamRA as per Value Added Tax Act 10, 2000 (Act No. 10 of 2000), as amended. VAT is payable in terms of section 7 of the Value Added Tax Act 10, 2000 (Act No. 10 of 2000), as amended. VAT is payable or receivable on receipt of an invoice or payment whichever is earlier. VAT receivable amounted to N\$ 2 653 340 (2021: N\$ 6 595 130 and 2020: N\$ 4 149 058) at the end of the year under review (refer to note 3).

27. Auditors' remuneration

Ongwediva Town Council is currently exempted from paying audit fees by the Auditor-General to allow the Council to invest such fees in capacitating key staff members in the finance department with regard to the preparation of financial statements. Three staff members attended a training workshop on the implementation of IPSAS during the year under review. The return on investment of such exemption is clearly reflected on the preparation of these financial statements without contracting external expertise.

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

28. Categories of financial instruments - 2022		Debt instrument at amortized cost	Financial liabilities at amortized cost	Total
		N\$	N\$	N\$
	Note	83 550 543	-	83 550 543
Current Assets				
Trade and other receivables from exchange transactions	3	11 363 250	-	11 363 250
Trade and other receivables from non-exchange transactions	3	9 263 950	-	9 263 950
Cash and cash equivalents	4	62 923 343	-	62 923 343
		-	15 271 393	15 271 393
Liabilities				
Trade and other liabilities from exchange transactions	7	-	13 044 261	13 044 261
Refundable deposits	8	-	2 227 132	2 227 132

29. Categories of financial instruments - 2021		Debt instrument at amortized cost	Financial liabilities at amortized cost	Total
		N\$	N\$	N\$
	Note	89 097 610	-	89 097 610
Current Assets				
Trade and other receivables from exchange transactions	3	13 062 499	-	13 062 499
Trade and other receivables from non-exchange transactions	3	10 702 791	-	10 702 791
Cash and cash equivalents	4	65 332 320	-	65 332 320
		-	20 105 371	20 105 371
Liabilities				
Trade and other liabilities from exchange transactions	7	-	17 724 245	17 724 245
Refundable deposits	8	-	2 381 126	2 381 126

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

30. Related parties

	Basic Allowance	Cell phone allowance	Total allowance
	N\$	N\$	N\$
Mayor	77 500	12 000	89 500
Deputy Mayor	69 756	7 200	76 956
Chairperson of Management Committee	72 332	8 400	80 732
Members of Management Committee	134 330	-	134 330
Members of Council	129 168	-	129 168
Total allowances of Councillors	483 086	27 600	510 686

Ongwediva has seven (7) Local Authority Councillors in accordance with the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended. Councillors' basic and cell phone allowances are determined by the Minister of Urban and Rural Development in terms of section 18 (1) and (2) of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended. No sitting allowances are paid to Councillors. Councillors may utilize Council transportation and information communication technology facilities when engaged in official duties.

Members of the executive and senior management

Name	Office	Nationality
Mr. Damian E. Egumbo	Chief Executive Officer (CEO)	Namibian
Ms. Rebekka N. Hidulika	Senior Manager: E/Development & C/Services	Namibian
Mr. David Mulokoshi	Senior Manager: Planning & Technical Services	Namibian
Mr. Immanuel Nakale	Senior Manager: Finance & HR Administration	Namibian

The CEO has been appointed for a five-year term effective from 1 April 2020 to 31 March 2025. There has been no change in the executive and senior management during the years under review.

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

30. Related parties (continued)

	2022	2021	2020
	N\$	N\$	N\$
Remuneration costs of executive and senior management			
Employee related costs - salaries and wages	2 030 998	2 030 998	2 030 998
Bonuses - 13th cheques	169 250	169 250	169 250
Vehicle and transport allowances	306 535	306 535	306 535
Housing benefits	812 399	812 399	812 399
Contributions to Medical Aid	262 418	239 536	224 374
Contributions to Pension Fund	440 727	440 727	440 727
Contributions to SSC	3 888	3 888	3 888
Standby allowances	2 400	2 400	3 600
Cell phone allowances	43 200	43 200	43 200
Contribution to accumulated leave days	(4 261)	26 709	83 463
	4 067 554	4 075 642	4 118 433

Amounts included in the trade and other receivables regarding related parties

Government Ministries	3 919 923	8 120 647	5 281 068
Rural Development Centre	7 312	15 334	35 532
University of Namibia	633 255	-	361 521
Namibia Water Corporation	24 904	20 806	16 352
National Housing Enterprise	21 163	12 357	85 766
Namibia Power Corporation	21 824	16 173	14 112
Social Security Commission	-	2 199	2 195
Roads Authority	12 610	57 500	36 814
Agro Marketing and Trading Agency	12 448	27 649	27 058
Ongwediva Medi-Park	74 336	202 400	47 014
Valombola Vocational Training Centre	472 122	156 702	442 692
Namibia Industrial Development Agency	979 196	778 098	15 167
NORED	591 734	627 834	567 902
Namibia Fish Consumption Trust	6 438	4 703	10 842
Staff corporate wear	-	1 827	59 105
Sam Nujoma Multi-Purpose Centre	-	7 014	1 210

TOWN COUNCIL OF ONGWEDIVA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

30. Related parties (continued)

Amounts included in the trade and other payables regarding related parties

	2022	2021	2020
	N\$	N\$	N\$
Namibia Water Corporation	(2 584 298)	(2 434 623)	(2 072 542)
NORED	(414 722)	(2 175 350)	(3 821 337)
Telecom	(19 821)	(22 687)	(22 142)
Nampost	(26 961)	(40 803)	(36 392)
MTC	(3 734)	(1 481)	(1 480)
New Era	(17 940)	(26 949)	(26 949)
Oshana Regional Council	-	(330 091)	-
Sam Nujoma Multi-Purpose Centre	(111 097)	(107 173)	(79 969)
University of Namibia	(21 755)	(299 120)	-
Valombola Vocational Training Centre	(156 358)	(276 634)	-
Ongwediva Medipark	24 815	-	-

Trade and other receivables are unsecured and are collected using the same credit control policy applicable to all other customers. Similarly, the principle applicable to all other customers when providing for doubtful debts is applied to related parties' accounts receivable. The above entities are considered related parties because of the common shareholder's significant influence over them or the ability to direct.

