



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
TOWN COUNCIL OF ORANJEMUND  
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2020 AND 2021**

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**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 Oranjemund for the financial years ended 30 June 2020 and 2021 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**WINDHOEK, July 2023**

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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF  
ORANJEMUND TOWN COUNCIL  
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2020 AND 2021**

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**1. ADVERSE OF AUDIT OPINION**

I have audited the financial statements of the Oranjemund Town Council for the financial years ended 30 June 2020 and 2021, provided by the Accounting officer as attached in Annexure A-F. These financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the annual financial statements for the years then ended including a summary of significant accounting policies.

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 Oranjemund Town Council and its financial performance and cash flows for the years then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

**2. BASIS FOR ADVERSE OF 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 in Namibia and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

**2.1 ACCOUNTS RECEIVABLES**

Auditors were unable to verify Accounts receivables of N\$ 14 209 062 (2020) and N\$ 18 447 471. This was due to the Council failing to provide the customer detailed ledger for audit purpose. Furthermore the note does not agree to the financial statements.

**Recommendation**

It is recommended that the Council provides Customer detailed ledger for audit purposes.

**2.2 PROPERTY, PLANT & EQUIPMENT**

A difference of N\$ 10 360 208 was observed between the financial statement opening balance

(N\$ 59 031 841) 2020 and reconciliation of property, plant and equipment closing balance (N\$ 48 671 633) 2019.

### **Recommendations**

It is recommended that the Council ensures that property, plant and equipment reconciliation are reconciling to the financial statements.

## **2.3 ADDITION TO INFRASTRUCTURE**

The auditors were unable to establish the accuracy and completeness of additions to infrastructure amounting to N\$ 11 126 630 of the Property, Plant, and Equipment as records in the Fixed asset register were incomplete (2021).

### **Recommendations**

It is recommended that the Council ensures that the fixed asset register is complete and agrees to the financial statements.

## **2.4 INVENTORIES**

Inventory amounting to N\$ 2 058 716 (2020) could not be confirmed as the inventory report was not provided for audit purposes, neither invitation for External auditors to attend stocktaking.

### **Recommendations**

It is recommended that the Council invite auditors to attend stock taking and ensure that inventory stock sheets are provided to auditors for audit purposes.

## **2.5 IPSAS 1 PRESENTATION OF FINANCIAL STATEMENTS**

The auditors observed that the following notes 6, 7, 8, 10, 11, 12, 14 and 19 do not agree to the financial statements, which is contrary to IPSAS1, which states that presentation of Financial Statements, specifies minimum line items to be presented on the face of the statement of financial position, statement of financial performance, and statement of changes in the net assets/equity, and includes guidance for identifying additional line items, headings, and subtotals.

### **Recommendations**

It is recommended that the Council ensures that notes are in agreement with the financial statements.

## **2.6 PROVISION FOR DUMP SITE**

Auditors observed that the Council did not make provision for a dumping site for its rehabilitation and restoration after its useful life, in accordance to IPSAS 19, paragraph 27 which states the following:

“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 defence installation or a government-owned nuclear power station, to the extent that the public sector entity is obliged to rectify damage already caused.

### **Recommendations**

It is recommended that the Council make provision for dumpsite as required by IPAS 19.

## **3. KEY AUDIT MATTERS**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters identified in respective of the financial statements for the Oranjemund. Town Council.

## **4. OTHER INFORMATION**

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and, accordingly, do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

## **5. AUDIT OF KEY PERFORMANCE INFORMATION (KPIs)**

It was observed that the Council has a strategic and an annual plan approved, however, evidence of reviewing these plans could not be submitted. Consequently, we could not conclude whether targets were achieved as set out in the strategic and annual plans.

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

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible of overseeing the entity's financial reporting process.

## **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 (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to



continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

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

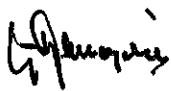
## **8. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (COMPLIANCE)**

The financial statements were submitted by the Accounting Officer to the Auditor-General in terms of Section 87 of the Local Authorities Act, 1992 (Act No. 23 of 1992).

## **9. ACKNOWLEDGEMENT**

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

**WINDHOEK, July 2023**

  
**JUNIAS ETUNA KANDJEKE**  
**AUDITOR-GENERAL**

## ANNEXURE A

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

		<b>2021</b>	<b>2020</b>	<b>2019</b>
	Note	N\$	N\$	N\$
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Inventories		1 223 081	2 058 716	-
Account receivables	14	*18 447 471	14 209 062	5 493 983
Cash & Cash equivalents	15	80 898 855	62 287 650	34 427 180
VAT receivable		2 101 235	1 192 837	3 767 588
Prepayments		44 809	30 895	-
		<b>102 715 451</b>	<b>79 779 160</b>	<b>43 688 751</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	18	60 427 712	53 063 527	*59 031 841
			<b>132 842</b>	<b>102 720</b>
<b>TOTAL ASSETS</b>		<b>163 143 163</b>	<b>687</b>	<b>592</b>
<b>EQUITY AND LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Account payables		3 263 706	9 163 380	4 685 387
Consumer deposit	16	239 186	607 641	465 528
Leave provision-current portion		1 807 700	218 434	-
Other creditors	17	239 425	-	-
		977 395	8 337 305	4 219 859
<b>NON CURRENT LIABILITIES</b>				
Leave provision		1 084 722	910 450	756 805
			<b>122 768</b>	
<b>NET ASSETS</b>		<b>158 794 736</b>	<b>859</b>	<b>97 278 401</b>
Accumulated Surplus /Deficit		158 79 736	122 768	97 278 401
<b>TOTAL NET ASSETS/AND LIABILITIES</b>		<b>163 143 163</b>	<b>132 842</b>	<b>102 720</b>
			<b>688</b>	<b>593</b>

\* Amount does not agree to note 14 and 18.

**ANNEXURE B**

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

		<b>2021</b>	<b>2020</b>	<b>2019</b>
	Note	N\$	N\$	N\$
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>89 791 827</b>	<b>60 141 495</b>	<b>50 555 476</b>
Service charges	5	54 419 635	36 969 090	36 663 220
Rental income	6	26 395 688	16 403 377	*561 357
Interest received		2 790 941	2 916 359	1 277 005
Other revenue	7	6 185 563	3 852 669	*12 053 894
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>20 686 934</b>	<b>21 600 979</b>	<b>11 498 455</b>
Property rates and taxes		6 498 919	5 331 157	3 635 239
Government & other departments-transfers	8	14 181 780	16 268 084	7 851 146
Fees, fines and certificates	9	6 235	1 737	*12 070
<b>TOTAL REVENUE</b>		<b>110 478 758</b>	<b>81 742 475</b>	<b>62 053 931</b>
<b>EXPENSES</b>		<b>71 548 931</b>	<b>40 377 183</b>	<b>33 033 632</b>
Employee costs	10	12 853 396	11 419 993	*9 704 633
Councilor's remuneration		479 860	483 092	471 897
Depreciation		5 096 664	4 698 335	4 396 697
Regional Council 5% Levy		240 324	266 558	181 762
Increase in allowances for doubtful debts		15 805 806	3 267 949	5 036 192
Repairs and maintenance	11	3 658 484	3 378 516	*1 142 233
Legal costs		105 011	114 100	51 935
General expenses	12	*32 895 690	16 625 270	*12 023 495
Leave provision contribution	13	413 697	123 372	24 788
<b>SURPLUS FOR THE YEAR</b>		<b>38 929 827</b>	<b>41 422 577</b>	<b>29 020 299</b>

\*Amount does not agree to note 6, 7, 9, 10, 11 and 12

## ANNEXURE C

**ORANJEMUND TOWN COUNCIL**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEARS ENDED 30 JUNE**

	<b>Accumulated Surplus/Deficits</b>
	N\$
Surplus or deficits 01 July 2018	31 441 952
Changes in accounting policies errors and corrections	36 816 149
Surplus for the year	29 020 300
<b>Balance as at 1 July 2019</b>	<b>97 278 401</b>
Changes in accounting policies errors and corrections	(15 932 119)
Surplus/Deficit for the period	41 422 577
<b>Balance as at 1 July 2020</b>	<b>122 768 859</b>
Changes in accounting policies errors and corrections	(2 846 665)
<b>Reinstated Balance</b>	<b>119 864 909</b>
Surplus/Deficit for the period	38 929 827
<b>Balance as at 30 June 2021</b>	<b>158 794 736</b>

**ORANJEMUND TOWN COUNCIL**

**ANNEXURE D**

**STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 30 JUNE**

	2021	2020	2019
Note	N\$	N\$	N\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Surplus /Deficit for the year	30 955 067	36 825 506	49 136 889
Non-cash items and changes in changes in working capital	38 929 827	41 422 577	29 020 300
19	(7 974 760)	(4 597 071)	*20 116 589
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchases of property plant equipment	(12 460 849)	(9 090 230)	(22 731 629)
18	(12 460 849)	(9 090 230)	(22 731 629)
<b>Net increase/decrease in cash and cash Equivalent</b>	*18 494 218	*27 735 276	26 405 260
Cash and Cash Equivalent at the beginning of the year	62 287 650	34 427 180	8 021 920
<b>Cash and Cash Equivalent at the end of the year</b>	80 898 855	62 287 650	34 427 180
15			

\*A difference in net increase/decrease in cash and cash equivalent was observed of N\$ 116 987(2021) and N\$ 125 194(2020).

\* Amount does not agree to note 19 (2019).

**ORANJEMUND TOWN COUNCIL  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AS AT 30 JUNE**

	2021		2020		Variance
	Budgeted amount	Actual amount	Budgeted amount	Actual amount	
					N\$
<b>Receipts</b>	<b>167 119 139</b>	<b>89 791 823</b>	<b>77 327 316</b>	<b>60 141 496</b>	<b>101 742 264</b>
<b>Receipts from Exchange Transactions</b>					
Service charges	151 883 978	54 419 633	97 464 345	36 969 091	110 455 639
Rental income	8 520 000	26 395 687	(17 875 687)	16 403 377	(13 378 377)
Interest received	2 500 000	2 790 941	(290 941)	2 916 359	(2 116 359)
Other revenue	4 215 161	6 185 562	(1 970 401)	3 852 669	6 781 361
					-
<b>Receipts from Non-exchange transactions</b>	<b>23 977 540</b>	<b>20 686 934</b>	<b>3 290 606</b>	<b>31 589 600</b>	<b>(9 988 621)</b>
Property rates and taxes	6 700 000	6 498 919	201 081	5 331 157	(7 628 843)
Government & other departments-transfers	17 249 540	14 181 780	3 067 760	16 268 085	2 342 515
Fees fines and certificates	28 000	6 235	21 765	1 737	17 263
<b>TOTAL REVENUE</b>	<b>191 096 679</b>	<b>110 478 757</b>	<b>80 617 922</b>	<b>81 742 475</b>	<b>111 730 885</b>
					-
<b>Payments</b>	<b>191 096 680</b>	<b>71 548 931</b>	<b>119 547 749</b>	<b>40 319 898</b>	<b>(187 290 165)</b>
Employee costs	19 528 550	12 853 396	6 675 154	11 419 994	4 001 653
Councilors remuneration	515 034	479 860	35 174	484 969	1 877
Depreciation	-	5 096 663	(5 096 663)	-	(4 698 335)
Regional Council 5% levy	335 000	240 324	94 676	266 558	381 442
Increase in allowance for doubtful debts	-	15 805 806	(15 805 806)	-	(3 267 949)

**ORANJEMUND TOWN COUNCIL**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AS AT 30 JUNE (continued)**  
**ANNEXURE E**

	<b>2021</b>		<b>2020</b>		
	N\$	N\$	N\$	N\$	
	Budgeted amount	Actual amount	Variance	Budgeted amount	
				Actual amount	
				Variance	
<b>Payments</b>					
Repairs and maintenance	8 675 721	3 658 484	5 017 237	566 660	3 378 515
Legal costs	500 000	105 011	394 989	100 000	114 100
General expenses	161 542 375	32 895 690	128 646 685	171 152 146	16 567 983
Leave provision contribution	-	413 697	(413 697)	-	123 372
Net Receipts/(Payments) from operating activities	-	38 929 826	-	-	41 422 577
					-
					(2 811 855)
					(14 100)
					(154 584 163)
					(123 372)

**ORANJEMUND TOWN COUNCIL  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AS AT 30 JUNE  
(continued)**

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**1.1 Variance Analysis(2021)**

**1.1.1 Service Charges**

The Council expected the revenue from sales of electricity the electricity was handed over to the Council during the year under review. The hand over was finalized in the middle of the financial year this has resulted in the huge variance for service charges.

**1.1.2 Rental Income**

During the year the Council expected rental income to decrease and start charging rates and taxes this process however was not finalized resulting in a significant variance.

**1.1.3 Interest received**

Interest was fairly budget in comparison to the actual outcomes. The variance is acceptable.

**1.1.4 Other Revenue**

The category of other revenue could not be estimated reliably hence we have over performed.

**1.1.5 Property rates and Taxes**

Fairly budgeted the variance is acceptable.

**1.1.6 Government transfers**

Some capital project were not fully implemented due to COVID 19 the contractor could not perform.

**1.1.7 Fine fees and Certificate**

This could not be measured reliably

**1.1.8 Employee cost**

The Council planned to recruit new employees which was not fully implemented due to financial constraints.

**1.1.9 Remuneration for Councilors**

Fairly presented within the acceptable variance

**1.1.10 Contribution to regional Council**

Contribution is based on collection for rates and taxes



**ORANJEMUND TOWN COUNCIL**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AS AT 30 JUNE**  
**(continued)**

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**1.1.11 Repair and Maintenance**

This could not be measured reliably analysis was made based on the Council condition of assets and previous year figures.

**1.1.12 Legal cost**

This could not be measured reliably however analysis was made based on prior year and pending legal cases.

**1.1.13 General expenses**

General expenses include capital on the budget which were capitalized during the period. The Council planned for various capital projects the funding of capital project was expected to come from sales of Ervin of NAMDEB properties and however the sales did not materialize

**1.1.14 Non-Cash items: Depreciation and provisions**

Non-cash items has no implication on the budget however has only has an implication of surplus

**1.1.15 Budgeted comments on variances Revenue(2020)**

**1.1.16 Services charges**

The vote was over budgeted with the Town Council anticipating total control of services delivery infrastructure from NAMDEB (Pty) ltd.

**1.1.17 Interest received**

The Town Council did not anticipate the performance of its short-term investments. In addition the Town Council had N\$ 5 Million earmarked for capital projects which were not undertaken. The funds for capital projects added to the interest earned.

**1.1.18 Property rates**

The Town Council anticipated increased revenue from property rates from Named (PTY) LTD. However this did not go as planned due to some memorandum of agreement terms which have not yet finalized to pave way for property rates collection.

**1.1.19 Expenses employee costs**

The Town Council added 3 new employees

**1.1.20 Depreciation**

Non-cash items no implication on the budget.

**ORANJEMUND TOWN COUNCIL  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AS AT 30 JUNE  
(continued)**

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**1.1.21 Regional Council Levy**

The Town Council anticipated a rise in property rates revenue

**1.1.22 Allowance for receivables**

Non-cash items no implication on the budget

**1.1.23 General expenses**

The town Council spending was not as anticipated due to the delay in implementation memorandum agreement contents with NAMDEB.

**1.1.24 Leave provision**

Non-Cash items no implication on the budget.

**1.1.25 Unspent Votes**

The Town Council anticipated full scale operations after transfer of infrastructure assets from NAMDEB as per the provisions of the memorandum agreement. This however did not happen and transfer of assets is happening on a piece -meal basis resulting in forecast budgets falling out of line with operations.

**ORANJEMUND TOWN COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE**

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## **1. ACCOUNTING POLICIES**

### **1.1 Introduction**

The annual financial statements set out in Annexures A to F, the accounting Policies for Oranjemund Town Council have been prepared in accordance with International Public Sector accounting Standards(IPSASs), previously prepare its financial statements according to the industry standard. Where there is no specific guidance in the Standard, the Council has developed its own accounting policy which is aimed at creating information which is:

- Relevant to the decision-making needs of users; and reliable, in that the financial statements.
- Represent fairly the financial position, financial performance and cash flows on the entity;
- Reflect the economic substance of transactions, over events and conditions and not merely the legal form;
- Are neutral i.e. free from bias;
- Are prudent
- Are complete in all material respects.

This document outlines how the Council will account for all income, expenditure, assets, equity, and liabilities held and incurred during the financial year under review.

The Accounting policies of the Council are updated regularly to reflect any changes in IPSASs, Local Authority Act, State Finance Act and Treasury Instruction, other changes in statute impacting on the authority's accounts.

The accounting Policies of the Council as far as possible have been developed to ensure that that the accounts of the Council are understandable, relevant, free from material error or misstatement ,reliable and comparable.

The document has been divided into three distinct categories which are Accounting Principles, Capital and Revenue Accounting.

This document outlines how the Council will account for all income, expenditure, assets, equity, and liabilities held and incurred during the financial year under review. The Accounting policies of the Council are updated regularly to reflect any changes in IPSASs, Local Authority Act, State Finance Act and Treasury Instruction, other changes in statute impacting on the authority's accounts.

**ORANJEMUND TOWN COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

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**1. ACCOUNTING POLICIES (continued)**

The document has been divided into three distinct categories which are Accounting Principles, Capital and Revenue Accounting.

Financial statements are presented in Namibia Dollars (N\$), and all values are rounded to the nearest dollar the accounting policies applied to all years are consistent.

The Financial statements have been prepared on the basis of historical cost, unless otherwise The cash flow statement is prepared using direct method The entity otherwise The entity financial statement have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) Accrual basis have been applied to prepare financial statements.

**2. ACCOUNTING PRINCIPLES**

**2.1 Going concern**

The Council prepares its account on the basis that it remains a going concern; that an organization will continue to operate in a feasible future.

**2.2 Accrual concepts**

The Council accounts for income and expenditure in the period to which the service has taken place rather than when cash payments are received or made.

Where income and expenditure has been recognised but cash has not been received or paid a debtor or creditor for the relevant amount is recorded in the Statement of Financial Position. Equally where cash has been received or paid which is not yet recognised as income or expenditure a payable (income in advance) or receivable (payment in advance) is recorded in the statement of Financial Position.

**2.3 Value added Tax**

VAT collected is payable to Ministry of Finance. Any amounts outstanding (payment or receipt) at the year -end date is held as a creditor or debtor after netting off the amounts either due or owed. Amount owed/receivable at the date of an audit may not balance with Receiver of Revenue figures because of different accounting concept that the government is using.

**ORANJEMUND TOWN COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

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**2.4 Changes in Accounting Policy Error and corrections**

Where there is a known future change in accounting policy in terms of IPSAS 3 the Council will disclose the followings in the notes to the accounts in the notes the Council should provide:

- The reason why applying the new accounting policy provide reliable and more relevant information.
- If retrospective application is impractical for the particular period prospective application for new accounting policies for transaction event or other circumstances is applied. Errors include the effects of mathematical mistakes misunderstanding in applying accounting policies over sightings and misinterpretations of facts.

Where those errors are thought to be significant an adjustment will be entered into financial statements comparative balances as restated figures.

Errors which are found and not significant will not result in prior year adjustment and will be corrected as a current year entry. In addition errors as a result of information which was not known to the Council could not have reasonably been determined when Financial Statements were authorized for issue will be corrected in the current year and accumulated profit/loss will be reinstated.

**2.5 Unidentified income**

All unidentified income received is initially recorded to an income suspense account. Monthly updates of the content of the suspense accounts are circulated to the Finance manager to ensure the balances are cleared as possible. Any items of revenue not cleared at year end will be treated as sundry revenue.

**2.6 Events after reporting period**

Where there is a material post balance sheet event before the date the accounts are authorized for issue a disclosure in the notes to the accounts will be included. If this event provides additional evidence of conditions that existed at the Balance Sheet date and materially affects the amounts to be included in the accounts; adjusting items will be shown in the accounts.

There have been no events subsequent to the financial year end with significant impact to financial statements

**ORANJEMUND TOWN COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

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**2.7 Contingent Assets and Liabilities**

A Contingent liabilities arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in Circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. They are not recognized in the Statement of Financial Position but disclosed in a note to the accounts.

A contingent assets arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognized in the Statement of Financial Position but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

**2.7.1 Council properties**

The Council is currently on a building which is owned by NAMDEB, an agreement is reached between the Town Council and NAMDEB, upon occurrence or Finalization the Council will have to pay NAMDEB, as agreed on the memorandum of understanding The net effect on the balance sheet is zero because the Council will have to recognize the value of which a corresponding liability.

**2.7.2 Pending arbitration**

During the handover process, between NAMDEB and Town Council, it was agreed that NAMDEB to buy their properties within the Town Council jurisdiction. This however did not materialize, the Council has charged NAMDEB occupational rent, which was later disputed by NAMDEB, and hence the Council would like to acknowledge that a liability or asset may occur upon finalization of the process of which the amount cannot be reliably measured.

**ORANJEMUND TOWN COUNCIL****NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

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**2.8 Cash and cash Equivalent**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of changes in the value.

Overdraft are reported under current liabilities in the Statement of Financial Position .On the statement of Cash Flow only the net will be disclosed under cash and cash equivalent in the Statement of cash flow Statement.

Accounting for consumer deposit and employee benefit provision.

Consumer deposit is accounted under current liabilities because Account receivable to which the account is related to is accounted under current asset.

Provision for employee benefit is accounted under Non-current liabilities this is because Oranjemund Town Council will continue to exist in a near feasible future (going concern) hence which employees where are known employees who will retire or resign in the next 12 months this will be accounted under current liabilities.

**2.9 Capital Accounting****2.9.1 Recognition of capital expenditure**

Capital expenditure is recognized in terms of IPSAS16: Investment Properties IPSAS17: Property Plant and Equipment and IPSAS 36 (revised): Investment in associate and Joint Venture.

Property Plants and Equipment (PPE) are initially recognized at cost on its acquisition date or in the case of assets acquired by grants or donations deemed cost being the fair value of the asset on initial recognition.

Carrying amount for an item for PPE is determined by cost less accumulated depreciation. The carrying amount of an item of property Plant and Equipment is derecognized on a disposal or when no future economic benefits or services potential are expected from its use or disposal.

Assets are capitalized as from N\$ 1000.00

The gain or loss arising from the de recognition of an item of Property plant and Equipment is included in surplus or deficit when the item is derecognized.

## ANNEXURE F

### ORANJEMUND TOWN COUNCIL NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)

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Depreciation for Non-current asset is charged as follows:

#### 2.10 Non-Current asset classification and useful life

Land and Building	20 years	5%
Plant and Machinery : Heavy Equipment	10 years	10%
:Air conditioner	8 years	12.50%
:Others	5 years	20%
Computer and Office Equipment	5 years	20%
Motor Vehicles :Category 1	5 years	20%
:Category 2	10 years	10%
Furniture Fixtures and Fittings: Category 1	10 years	10%
:Category 2	20 years	5%
:Category 3	5 years	10%
Infrastructure	15 years	9%
Intangible assets (impairment assessments)		
Investment properties		

These are items of land and / or building held solely for the purposes of rental income generation or capital appreciation.

Asset owned by the Council which are occupied by employees or other social groups are not to be classified as investment properties.

- Assets for sale.

The Council will classify the asset as held for sale where the following condition are met:

1. The asset is in a condition required for sale.
2. The assets sale is highly probable.
3. The completion is expected to be completed with 12 months

Non-current asset held for sale are not to be depreciated.

### 3. INVESTMENT

Investment include share owned by an organization which do not meet the requirement to be classified as investment in associate in term of IPSAS 36. Investment may also include cash held at the bank which will not be used in the next 12 months



**ORANJEMUND TOWN COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

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**a. Investment properties-IPSAS 16**

Investment properties are measured using fair value model, using the gazetted valuation as a model to account for all investment properties. Fair value is time specific as of given date, however the Council opt not to revalue every year but rather to use and amend according to the general valuation and interim valuation.

**b. Non-Current asset valuation methodology**

Non-current asset is initially recorded at cost less accumulated depreciation and impairment. The Council does not carry out market valuation because the cost outweigh the benefit, unless required, example when the asset is to be sold. The Council may also make use of the valuation roll to determine the value for the assets. The Council recognize intangible Assets at cost, revaluation of intangible asset will only be done annually where there a determinable market value for the asset.

Assets that are fully depreciated and still in use are recorded in the Statement of Financial Position at a rate of N\$1. It is up to management discretion to decide whether to do an asset valuation, taking into consideration the cost implications

**c. Impairment of non-current asset**

At the end of reporting period the Council **may** assess whether there is a need for impairment assessment. Considering the benefits and the cost to be incurred

**d. Disposal of non- current asset**

When the asset is disposed of or decommissioned the net value (Asset book value less receipt from disposal) for the asset in the Statement of Financial Position is written off to the Statement of Financial Performance as part of gain or loss on disposal.

**4. REVENUE ACCOUNTING**

**4.1 Recognition of revenue and expenditures revenue recognition**

Revenue is derived from various sources. Revenue comprises the fair value of the consideration received or receivables for the sales of goods and services in the ordinary course of the Council activities. Revenue is shown net of value added tax returns and other discounts.

Revenue from exchange transactions refers to transaction that occurred to Oranjemund Town Council directly in return for service rendered/ goods sold the value of which approximates the consideration received or receivables.

**ORANJEMUND TOWN COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

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**4.1 Recognition of revenue and expenditures revenue recognition (Continued)**

Revenue from non-exchange transaction refers to transactions where the Council received revenue from another entity without directly giving approximately equal value in exchange.

**4.2 Government grants and other donations**

Conditional grants donations and funding's are recognised as revenue to the extent that the Town Council has complied with any of the criteria conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset other future economic benefits or service potential in the event of non-compliance to these stipulations and would be enforced by the transferor a liability is recognised to the extent that these criteria conditions or obligations have not been met. Where such requirements are not enforced the requirement to return the transferred asset other future economic benefits or service potential when breaches have occurred the stipulation will be considered as restriction and is recognised as revenue.

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

**4.3 Borrowing costs**

Oranjemund Town Council capitalises borrowing costs incurred that are directly attributable to the acquisition construction or production of a qualifying assets as part of the cost of that assets in accordance with the requirements of IPSAS 5.

Oranjemund Town Council ceases to capitalize borrowing costs when substantially the activities necessary to prepare the qualifying assets for its intended use has been completed.

**4.4 Related parties disclosure**

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

During the financial year there was related party transactions

**ORANJEMUND TOWN COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

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**4.4 Related parties disclosure (Continued)**

Employees benefits for Chief Executive Officer, Management and Councilors is disclosed as follows as required by the standard:

Total salaries package	N\$ 2 496 931 99
Number (three Managers and Chief executive Officer	4
Salary package for Councilors	N\$ 479 859 69
Number of Councilors	

**4.5 Provision for doubtful debts**

Oranjemund Town Council maintain a provision for any nonpayment at each Balance sheet date where there is need; the Council make an assessment as to whether impairment loss need to be recognized

- Firstly whether there is evidence of impairment for individual debtors that are significant.
- Secondary there is evidence of impairment for the group of similar debtors.

The factor to be used will be disclosed in the notes to the annual financial statement. Provision for impairment is only applicable to debtors at 120 days and 120 days plus.

**4.6 Inventory for Consumables**

Inventory is recognized at the lower of cost, or net realizable value. Inventory is recorded in terms of average cost, with exception to expiry goods which are recognized on the first in, first out.

**4.7 Budget information**

The annual budget figures have been prepared in accordance with the IPSAS 24. This has to be consistent with the accounting Policies adopted by the Council for the preparation of these Annual Financial Statement. The amounts are scheduled as a separate additional financial statement called the statement of Comparison of Budget and Actual amounts.

**Applications**

Accounting policies is applicable as from 1 July 2018, and all future financial statements are to be prepared on the basis of this policy.

**ANNEXURE F**

**ORANJEMUND TOWN COUNCIL  
NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

	<b>2021</b>	<b>2020</b>	<b>2019</b>
	N\$	N\$	N\$
<b>5. SERVICES CHARGES</b>	<b>54 419 635</b>	<b>36 969 090</b>	<b>36 663 220</b>
Fire brigade fees	2 120	-	-
Refusal removal(vatable)	439 889	517 851	637 470
Refusal removal(no-vatable)	2 514 323	2 459 944	2 477 426
Basic charge: Sewer (Vat)	360 107	485 278	562 378
Basic charge: Sewer (non-VAT)	2 141 552	1 839 538	1 941 247
Electricity sales	7 789 734	-	-
Electricity sales(non-VAT)	217 076	-	-
Pre-paid sales(non-VAT)	1 160 163	-	-
Electricity pre-paid sales	11 083 887	4 478	-
Electricity basic charges	3 600 624	-	-
Ecb/Nef levies	281 821	-	-
Water basic(non-VAT)	1 566 627	1 569 778	1 117 306
Water sales(non-VAT)	11 164 933	13 389 193	16 548 147
Water basic(vat)	432 839	465 768	617 911
Water sales	10 000 662	12 434 036	12 225 808
Water sales prepaid	118 359	-	-
Sale of Erven(no vat)	165 872	1 550 411	130 105
Sale of Erven( vatable)	10 786	194 620	405 422
Sales of Erven Namdeb	1 368 261	2 058 194	-
<b>6. RENTAL INCOME</b>	<b>26 395 688</b>	<b>16 403 377</b>	<b>234 452</b>
Rental community hall	11 927	16 078	14 403
Rental -site	429 198	411 470	220 049
Occupational rental	25 954 563	15 975 829	-
<b>7. OTHER REVENUE</b>	<b>6 185 563</b>	<b>3 852 669</b>	<b>12 392 565</b>
Junior Town Council	-	340	-
Promotional items	1 036	-	-
Tender Document fees	31 800	44 000	49 500
Miscellaneous	16 527	11 687	1 961

## ORANJEMUND TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)

	2021	2020	2019
	N\$	N\$	N\$
<b>OTHER REVENUE(continued)</b>			
Interest on areas account	2 645 287	846 193	-
Fax		-	3
Photocopies	78	91	46
Asset disposal	500	-	-
Building plan	30 612	20 917	12 560
Penalties	27 913	25 009	12 000
Building plan Submission fee	14 909	10 000	130
Hire of machinery	105 221	60 861	60 221
Sales of sand and Gravel	-	114 333	48 102
Ex capital reserve fund	-		9 735 210
Advertisement fee: billboard	-	222	898
Burial fees	489	450	-
Registration/Fitness certificate fees	146 426	107 101	116 915
Pets birds/Poultry registration fees	-	200	-
Sales of sand and Gravel	155 944	-	-
Income from special project	-	8 600	-
Bill boards	5 121	3 156	-
Rental-unit	294 745	423 421	326 512
Rental Council houses	47 853	43 047	10 606
Use parks & Recreation area.	-	217	-
Supply of refuse bins	4 450	2 505	-
Removal garden refuse	-	276	-
Removal :Rubble	-	130	-
Waste disposal(private)	7 848	3 454	13 026
Electricity connection fee	17 525	-	-
Electricity re-connection fee	10 182	-	-
Water connection	507 948	117 396	151 478
Water disconnection	300	12 851	1 217
Water Meter/Pre paid meter	435	-	-
Water reconnection	116 933	46 966	40 704
License-Dogs	3 577	7 203	32 029

## ANNEXURE F

**ORANJEMUND TOWN COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

	2021	2020	2019
	N\$	N\$	N\$
<b>OTHER REVENUE(continued)</b>			
Clearance certificate fees	1 071	8 530	13 571
Rental -unit	696	6 583	394
Valuation certificate	309	232	191
Compliance certificate	-	803	220
Land lease	1 989 521	1 925 343	1 764 899
Pegs searching	226	-	-
Offer to purchase application	81	552	172
<b>8. GOVERNMENT &amp; OTHER DEPARTMENTS</b>	<b>14 181 780</b>	<b>16 268 085</b>	<b>7 851 146</b>
MRGHRD Subsidy	6 795 084	2 000 000	4 000 000
National Planning Commission	4 141 527	8 257 725	2 000 000
RFA Contribution	3 245 169	6 010 359	1 851 146
<b>9. FEES FINES AND CERTIFICATE</b>	<b>6 235</b>	<b>1 737</b>	<b>70</b>
Penalties	6 235	1 389	*70
Penalties for illegal Dumping	-	348	-
<b>10. EMPLOYEE COSTS</b>	<b>12 853 396</b>	<b>11 419 993</b>	<b>9 607 588</b>
Car allowance	456 963	456 963	434 958
Housing allowances	1 707 308	1 485 725	1 335 670
Medical Aid Fund	1 283 906	1 206 400	926 011
Overtime	369 094	252 775	170 587
Pension Aid fund	1 471 785	1 315 887	1 146 411
Salary & Wages	6 703 606	5 899 285	5 041 338
Service bonus	563 970	495 194	293 124
Social security	32 940	32 512	28 554
Standby allowances	8 950	14 600	3 025
Transport allowances	254 874	260 652	227 910

\*Note 9 amount does not agree to figure in Balance Sheet.

## ORANJEMUND TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)

	2021	2020	2019
	N\$	N\$	N\$
<b>11. REPAIRS AND MAINTANANCE</b>	<b>3 658 484</b>	<b>3 378 516</b>	<b>1 110 700</b>
Building maintenance	1 122	-	-
Cleaning of town	-	-	609 122
Machinery & Equipment	26 943	25 714	2 996
Office equipment	2 101	-	-
Renovations	28 871	195 376	186 551
Repair & Maintenance	2 916 516	2 864 570	-
Reticulation	-	-	173 625
Sewerage line materials	408	-	-
Sewerage Maintenance	-	2 420	31 200
Sewerage pumps	297 630	30 226	-
Tools	285	-	-
Tyre replacement	89 541	33 472	10 612
Vehicle & Truck	295 067	226 738	96 594
<b>12. GENERAL EXPENSES</b>	<b>32 874 769</b>	<b>16 625 270</b>	<b>12 164 145</b>
Ad-Hoc consulting services	1 027 350	1 409 465	301 970
Advertising & Marketing	315 510	231 521	297 281
Agricultural projects	13 875	43 043	-
Animal control	8 050	58 740	178 000
Anti-Virus & Word process	-	-	125 000
Bank charges	213 592	89 242	49 023
Bulk purchases	18 884 057	-	-
Capital projects from Previous	5	-	-
Car Hire	17 814	8 661	10 348
Cellphone allowance	52 597	50 058	49 271
Cleaning materials	43 964	16 051	11 691
Community support program	13 319	45 119	-
Computers & printers	167 860	64 896	-
Construction of head office	17 602	-	-

## ANNEXURE F

**ORANJEMUND TOWN COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

	2021	2020	2019
	N\$	N\$	N\$
<b>GENERAL EXPENSES(Continued)</b>			
Construction of open market	-	282 685	-
Construction of services	-	1 484 276	-
Consultancy services	10 000	-	-
Consultant fees	75 240	20 250	-
Contract labor	131 449	-	-
Control/Airtime allowances	21 055	21 851	14 792
Conveyance fees	-	-	11 650
Council chambers	11 165	-	-
Disaster risk management	34 423	91 607	-
Drawing office filling system	1 020	-	-
Electricity meters	28 696	162 058	-
Emergency response	49 290	2 800	-
Engineering software	-	-	158
Entertainment Council	64 232	47 370	35 138
Environment Health club	13 765	1 800	45 125
Establishment of new park	-	66 316	-
Events	1 926	4 010	15 254
Financial system-Sebata	870 613	598 657	1 762 530
Fuel	492 064	412 565	389 735
Independence celebration	-	-	5 000
Insect & Rodent control	23 379	-	-
insurance Excess	361 852	253 964	210 349
Internet & Email	139 530	107 030	154 385
Internship incentives	90 959	27 000	16 000
Junior Town Council	-	3 750	-
Land survey and Eia ass	157 301	12 588	13 204
Led strategy implementation	-	17 782	-
Machinery & plant& tools	6 465	285 262	-
Machines and equipment	10 870	80 849	-
Mayoral relief Fund	16 929	-	-
Materials and stores	343 730	9 222	80 178



**ORANJEMUND TOWN COUNCIL**

**ANNEXURE F**

**NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

	2021	2020	2019
	N\$	N\$	N\$
<b>GENERAL EXPENSES(Continued)</b>			
Mayors annual report	13 613	-	-
Medical examination	34 718	11 799	-
Merchandise items	-	3 200	-
Meter reading devices	49 204	-	97 700
Municipal associations contract	52 500	69 500	69 500
Office equipment	-	-	7 398
Office furniture's & equipment	11 818	69 615	-
office Renovation & air-condition	-	341 864	-
Planning: on landscaping	-	58 000	-
Plant upgrading	-	20 527	-
Planting of tree	7 776	-	15 943
Postage& couriers services	119 436	100 635	57 601
Pre-paid vending system	-	60 000	-
Prep of Financial statement	110 000	9 600	9 600
Printing and Stationary	106 079	35 271	65 625
Protective clothing	150 054	108 366	218 869
Refuse-contract	-	550 500	-
Renovations	112 584	513 636	-
Rental /Photocopy machine	154 384	166 468	105 086
Sanitation	-	3 508	-
Sebata license fee	19 675	179 064	39 484
Security service	323 307	23 822	23 949
Service contract	3 292 964	5 345 038	1 732 826
Service contract: dumpsite	644 000	646 400	809 200
Sewer chemicals	3 281	-	-
Sewer plant analysis	8 181	59 282	20 844
Shelves	2 613	-	-
Sign boards	-	9 174	-
Skip bin & trail	215 080	-	9 500
SME development	-	1 668	-
Special projects	600	266 802	412 764

**ORANJEMUND TOWN COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

	2021	2020	2019
	N\$	N\$	N\$
<b>GENERAL EXPENES(Continued)</b>			
SSC Employee Compensation	94 331	-	32 983
Streets sidewalks & storms	573 272	-	-
Telephone	141 472	143 027	153 908
Tools & Equipment	33 505	180 571	116 758
Training	17 846	105 459	30 958
Travel and Substance	257 602	289 341	3 624 733
Traveling & Subs & Km Claims	93 961	114 703	109 044
Upgrading of water lines	424 166	-	-
Valuation roll	24 750	493 216	44 166
vehicle & trucks	-	-	45 158
Vehicle and license fees	126 213	133 339	182 463
vehicle registration fees	1 957	1 536	1 065
Vendors	708 381	-	-
Volunteers incentives	761 478	-	-
Warning sign board	-	-	422
Water abstraction	81 847	78 771	-
Water analysis	80 353	149 555	154 672
Water chemical	143 116	-	-
water material store	42 894	198 673	195 846
Water meters	-	72 852	-
Year-end function	99 210	-	-
Youth development	5 000	-	-
<b>13. LEAVE PROVISIONS</b>			
<b>CONTRIBUTION</b>	<b>413 697</b>	<b>123 372</b>	<b>24 788</b>
provision- leave	174 272	123 372	24 788
Provision-Bonus	239 425	-	-

**ORANJEMUND TOWN COUNCIL**

**ANNEXURE F**

**NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

	2021	2020	2019
	N\$	N\$	N\$
<b>14. ACCOUNT RECEIVABLES</b>	<b>18 471 543</b>	<b>14 209 062</b>	<b>5 493 983</b>
Account receivables	51 264 146	31 195 859	21 055 354
Provision for Bad debts	(32 792 603)	(16 986 797)	(15 561 371)
<b>15. CASH AND CASH EQUIVALENTS</b>	<b>80 898 855</b>	<b>62 287 650</b>	<b>34 427 180</b>
Main Bank	256 295	503 499	-
Call account-FNB	9 246 152	11 792 486	8 844 070
Call account-Bank Windhoek	1 347 286	1 307 516	1 205 849
Call account FNB Toa	63 709 073	48 678 318	23 767 344
Electricity FNB Current	4 574 660	1 330	609 917
Electricity FNB Call	1 765 389	3 501	-
Petty cash	-	1 000	-
<b>16. CONSUMER DEPOSIT</b>	<b>1 807 700</b>	<b>218 434</b>	<b>-</b>
Consumer deposit water	563 400	218 434	-
Electricity consumer deposit	1 244 300	-	-
<b>17. OTHER CREDITORS</b>	<b>977 396</b>	<b>8 337 305</b>	<b>4 219 858</b>
Cash suspense deposits	361 043	518 547	3 963 785
Cash suspense heindre Ten	3 850	-	-
Consumer credit balances	-	2 552 200	123 326
Regional Council	240 324	266 558	132 747
Provision- retention	72 924	-	-
Rent a drum	94 339	-	-
Unspent Government grant	204 916	5 000 000	-

**ORANJEMUND TOWN COUNCIL  
NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

**18. Property Plant and Equipment**

**Reconciliation for Property Plant & equipment-2019**

	Opening Balance	Additions	Transfers	Depreciation	Totals
	N\$	N\$	N\$	N\$	N\$
work in progress	-	7 646 508	-	-	7 646 508
Land & Buildings	7 982 694	554 363	-	(504 982)	8 032 075
Infrastructure	26 748 738	-	-	(2 357 232)	24 391 506
Plant & Machinery	5 807 151	247 024	-	(854 849)	5 199 326
Furniture, Fixture & Fittings	411 089	220 016	-	(64 876)	566 228
Motor Vehicles	1 030 905	1 372 298	-	(321 186)	2 082 017
Comps & Office Equipment	114 735	816 362	-	(177 124)	753 973
	<b>42 095 312</b>	<b>10 856 571</b>	<b>-</b>	<b>(4 280 249)</b>	<b>48 671 633</b>

**ORANJEMUND TOWN COUNCIL  
NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

**ANNEXURE F**

**18. Property Plant and Equipment (Continued)**

**Reconciliation for Property Plant & equipment-2020**

	Opening Balance	Additions	Transfers	Depreciation	Totals
	N\$	N\$	N\$	N\$	N\$
work in progress	7 646 508	8 328 824	-	-	15 975 332
Land & Buildings	8 032 074	-	-	(504 982)	7 527 092
Infrastructure	24 391 505	-	-	(2 457 936)	21 933 569
Plant & Machinery	5 199 326	107 560	-	(896 191)	4 410 695
Furniture, Fixture & Fittings	566 228	44 578	-	(85 654)	525 152
Motor Vehicles	2 082 017	460 895	-	(538 868)	2 004 044
Comps & Office Equipment	753 973	148 373	-	(214 531)	687 815
	<b>48 671 631</b>	<b>9 090 230</b>	<b>-</b>	<b>(4 698 162)</b>	<b>53 063 699</b>

**ORANJEMUND TOWN COUNCIL  
NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

**18. Property Plant and Equipment (Continued)**

**Reconciliation for property Plant & Equipment-2021**

	Opening Balance	Additions	Transfers	Depreciation	Totals
	N\$	N\$	N\$	N\$	N\$
		-			
Work in progress	15 975 333		(2 644 214)	-	13 331 118
Land & Buildings	7 527 092		-	(504 982)	7 022 110
Infrastructure	21 933 569	11 126 631	2 644 214	(2 647 286)	33 057 128
Plant & Machinery	4 410 695	177 295	-	(912 505)	3 675 485
Furniture Fixture & Fittings	525 152	592 930	-	(102 421)	1 015 661
Motor vehicles	2 004 044			(623 366)	1 380 678
Computer & Office Equipment	687 815	563 821	-	(306 104)	945 532
	<b>53 063 699</b>	<b>12 460 677</b>	<b>-</b>	<b>(5 096 664)</b>	<b>60 427 712</b>

**ORANJEMUND TOWN COUNCIL**

**ANNEXURE F**

**NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

**19. Reconciliation of Net cash flows from operating activities to surplus/deficit**

	<b>2021</b>	<b>2020</b>	<b>2019</b>
	N\$	N\$	N\$
<b>Non-cash movements</b>	<b>2 249 998</b>	<b>(4 113 075)</b>	-
Depreciation	5 096 663	4 698 335	-
Allowance for doubtful debts	-	3 267 949	-
Employee provisions	-	123 372	-
Changes in accounting policies, error and corrections-Account receivable	-	(1 842 523)	-
Changes in accounting policies, error and corrections-PPE	(2 846 665)	(10 360 208)	-
<b>Working capital changes</b>	<b>(10 224 759)</b>	<b>(483 997)</b>	<b>(30 831 466)</b>
Inventories	835 635	(2 058 716)	-
Account receivables	(4 238 409)	(5 447 129)	17 144 060
VAT Receivables	(908 398)	2 574 751	-
Prepayments	(13 914)	(30 895)	-
Account payables	(368 455)	142 113	(47 975 526)
leave provision	239 425	-	-
leave provision-current portion	1 589 266	-	-
Other creditors	(7 359 909)	4 335 879	-
<b>Net cash movements</b>	<b>(7 974 760)</b>	<b>(4 597 071)</b>	<b>(30 831 466)</b>

**TOWN COUNCIL OF ORANJEMUND**  
**NOTES TO THE FINANCIAL STATEMENT AS AT 30 JUNE (Continued)**

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**20. Measurement for Property, Plant & Equipment**

All non-current is measured at cost on initial recognition, the Council does not carry asset revaluation, as the cost outweigh the benefit.

**21. Disclosure for Open Land**

Town Council disclose Property, Plant & Equipment in term of IPSAS 17, and investment property in terms of IPSAS 16 The Council does not disclose open land as an asset Infrastructure such as road network, sewer system, water and power supply systems and communication networks which have added value to vacant land are classified as property, Plant and equipment's.

**22. Change in accounting policies error and correction**

During the period under review, the Council has changed its policy for depreciation, non-Current assets are depreciated fully and not on a pro rata basis this change has been applied prospectively.

Net changes in accounting policy, corrections and errors credited to the accumulated Surplus and deficit amount to N\$ 2 821 374 74.