



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
TOWN COUNCIL OF ORANJEMUND
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

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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 year ended 30 June 2023 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, March 2025

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
ORANJEMUND TOWN COUNCIL
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

1. UNQUALIFIED AUDIT OPINION

I have audited the financial statements of the Oranjemund Town Council for the financial year ended 30 June 2023, provided by the Accounting officer as attached. These financial statements comprises 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 year ended including a summary of significant accounting policies.

In my opinion the financial statements present fairly in all material respects the financial position of the Oranjemund Town Council as at 30 June 2023 their financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

2. BASIS FOR UNQUALIFIED 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.

3. KEY AUDIT MATTERS

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

4. OTHER MATTERS

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

4.1 VALUE ADDED TAX

Subsequent after year-end, the auditors noted that NAMRA had conducted VAT audits for the period under review where a material difference of N\$ 5 040 878 was noted between the financial statement VAT receivable (N\$ 9 835 047) and the NAMRA audited returns (N\$ 4 794 169).

5. 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.

6. AUDIT OF KEY PERFORMANCE INFORMATION

The audit noted that the strategic objectives and key performance indicators are not correctly cascaded from the Strategic Plan to the Annual Implementation Plan. The objectives and key performance indicators in the Strategic Plan are general instead of specific and it was difficult for the auditors to establish how the results/outcomes will be measured over the 5-year strategic review period.

The Annual Implementation Plan did not outline the planned activities which would be carried out to achieve the target outcome. The key performance measures were not well defined, thus the auditors could not verify the planned outputs against the actual achievements as reported in the Strategic Review Report. This is a recurring matter since the prior year.

Furthermore, there were changes noted in the key performance measures at the Strategy Review Report Stage which were not documented in the Strategic Plan. As a result, the results in the Strategy Review Report could not be linked back to the Strategic Plan and Annual Implementation Plan.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance compliance with Section 87(1) of the Local Authorities Act, 1992, 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.

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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;

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 auditor's 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 auditor's 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 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.

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 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.

9. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The financial statements were submitted by the Accounting Officer to the Auditor General on 28 October 2024, instead of three months after the date of the financial statements; therefore the Council failed to adhere to the requirements of Section 87 (1) of the Local Authorities Act, 1992 (Act No. 23 of 1992) which clearly states the following:

“The accounting officer of a local authority Council shall within three months or such longer period as the Auditor-General may approve, after the end of a financial year of the local authority council make out financial statements in such form as may be determined by the Auditor-General in respect of that financial year and submit such financial statements to the Auditor-General.”

ACKNOWLEDGEMENT

I would like to express my appreciation for the courtesy and assistance rendered by the staff of the Town Council of Oranjemund during the audit.



WINDHOEK, March 2025

**JUNIAS ETUNA KANDJEKE
AUDITOR- GENERAL**

ANNEXURE A

ORANJEMUND TOWN COUNCIL
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Note	2023 N\$	2022(Reinstated) N\$
ASSETS			
CURRENT ASSETS		150 472 327	121 772 559
Inventories		792 672	777 279
Account receivables	14	6 465 176	15 036 943
Cash & Cash equivalents	15	133 190 149	99 033 836
VAT receivable		9 835 047	6 826 819
Prepayments		189 283	97 682
NON-CURRENT ASSETS		493 734 589	489 359 895
Property, plant and equipment	20	483 407 689	479 032 995
Investment properties		10 326 900	10 326 900
TOTAL ASSETS		644 206 916	611 132 454
EQUITY AND LIABILITIES			
CURRENT LIABILITIES		34 865 839	18 627 327
Account payables	16	12 116 099	12 336 848
Bank overdraft		15 970 133	-
Consumer deposit	17	1 932 564	1 948 694
Leave provision-current portion	18	2 655 752	1 575 116
Other creditors		2 191 291	2 766 669
NON CURRENT LIABILITIES		550 000	-
Leave provision		550 000	-
NET ASSETS		608 791 078	592 505 127
Accumulated Surplus /Deficit		608 791 078	592 505 127
TOTAL NET ASSETS AND LIABILITIES		644 206 917	611 132 454

ANNEXURE B

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

		2023	2022(Reinstated)
	Note	N\$	N\$
REVENUE FROM NON-EXCHANGE TRANSACTIONS		114 735 306	127 865 827
Service charges	5	79 968 267	57 585 933
Rental income	6	3 380 931	54 140 408
Interest received		6 047 664	3 161 807
Other revenue	7	25 338 444	12 977 679
REVENUE FROM NON-EXCHANGE TRANSACTIONS		11 079 049	18 214 393
Property rates and taxes		9 094 553	6 766 976
Government & other departments- transfers	8	1 892 000	11 425 191
Fees, fines and certificates	9	92 496	22 226
TOTAL REVENUE		125 814 355	146 080 220
EXPENSES		108 323 789	117 199 934
Employee costs	10	16 068 527	13 582 325
Councillor's remuneration		480 934	477 919
Depreciation		42 141 314	43 591 708
Regional Council 5% Levy		415 353	338 349
Increase in allowances for doubtful debts		3 842 147	-
Repairs and maintenance	11	1 773 442	3 332 820
Legal costs		1 343 028	12 467 303
General expenses	12	40 936 316	43 158 541
Leave provision contribution	13	1 322 728	250 969
SURPLUS FOR THE YEAR		17 490 566	28 880 286

ANNEXURE C

ORANJEMUND TOWN COUNCIL
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE

	Accumulated Surplus/Deficits	Totals
	N\$	N\$
Balance as at 1 July 2021	158 794 736	158 794 736
Adjustments to appropriation account	404 830 102	404 830 102
Reinstated balance	563 624 838	563 624 838
Surplus/Deficit for the period	28 880 289	28 880 289
Balance as at 1 July 2022	592 505 127	592 505 127
Adjustment to appropriation account	(1 204 618)	(1 204 618)
Reinstated Balance	591 300 509	591 300 509
Surplus/Deficit for the period	17 490 569	17 490 569
Balance as at 31 June 2023	608 791 078	608 791 078

ANNEXURE D

ORANJEMUND TOWN COUNCIL

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE

		2023	2022(Reinstated)
	Note	N\$	N\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		17 490 569	28 880 289
Adjustments			
Depreciation		42 141 314	43 591 708
Increase in allowance for doubtful debts		3 842 147	-
Working Capital		63 474 030	72 471 997
Increase in Inventories		(15 393)	445 802
Decrease in receivables		4 729 621	3 410 528
Increase in VAT		(3 008 228)	(4 725 584)
Increase in Prepayment		(91 601)	(52 873)
Movement in provisions (Leave, bonus, severance, others)		1 080 635	250 969
Decrease in Payables		(220 749)	12 097 662
Decrease in consumer deposits		(16 130)	140 994
Decrease in other creditors		(575 378)	1 789 274
Increase in other provisions		550 000	
		2 432 777	13 356 772
CASH FROM OPERATIONS	21	65 906 805	85 828 769
Net adjustments to appropriation account		(1 204 618)	(31 326 739)
NET CASH FLOW FROM OPERATING ACTIVITIES		64 702 189	54 502 030

ANNEXURE D**ORANJEMUND TOWN COUNCIL****STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE (Continued)**

		2023	2022(Reinstated)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		*(46 516 007)	*(36 367 049)
NETCASH FLOW FROM INVESTING ACTIVITIES		(46 516 007)	(36 367 049)
Net change in cash and cash equivalents		18 186 181	18 134 981
Cash and cash equivalents at 1 July		99 033 836	80 898 855
CASH AND CASH EQUIVALENTS AT 30 JUNE	15	117 220 017	99 033 836
Favorable balance		133 190 150	99 033 836
Bank(CR)		(15 970 133)	-
Bank balance as per AFS		117 220 017	99 033 836

*Amounts disclosed do not agree to note 20, resulting in differences of (N\$ 853 608) 2023 and N\$ 4 512 412 (2022).

ANNEXURE E

ORANJEMUND TOWN COUNCIL

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

		2023 N\$	
	Budgeted amount	Actual amount	Variance
Receipts	194 593 734	125 814 354	(68 779 380)
Receipts from Exchange Transactions	179 987 334	114 735 305	(65 252 029)
Service charges	149 345 120	79 968 266	(69 376 854)
Rental income	10 520 000	3 380 931	(7 139 069)
Interest received	2 500 000	6 047 664	3 547 664
Other revenue	17 622 214	25 338 444	7 716 230
Receipts from Non-exchange transactions	14 606 400	11 079 049	(3 527 351)
Property rates and taxes	9 483 000	9 094 553	(388 447)
Government & other departments-transfers	5 094 400	1 892 000	(3 202 400)
Fees fines and certificates	29 000	92 496	63 496
TOTAL REVENUE	194 593 734	125 814 354	68 779 380
			-
Payments	105 096 214	108 323 787	44 078 615
Employee costs	21 184 691	16 068 528	5 116 163
Councillors remuneration	483 667	480 934	2 733
Depreciation	-	42 141 314	-
Regional Council 5% levy	474 150	415 353	58 797
Increase in allowance for doubtful debts	-	3 842 147	-
Repairs and maintenance	9 562 400	1 773 442	7 788 958
Legal costs	8 080 822	1 343 028	6 737 794
General expenses	65 310 484	40 936 314	24 374 170
Leave provision contribution	-	1 322 727	-
Capital expenditures	89 591 350	47 042 526	42 548 824
Net Receipts/(Payments) from operating activities	-	17 490 567	-

ORANJEMUND TOWN COUNCIL**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (Continued)**

1.1 Variance analysis**1.1.1 Service charges**

This are monthly service charges aligned to the annual developmental plan of Council e.g. completing of land servicing, construction of fire station which will result an increase in properties in town and increase in charges is observed. Due to financial constraints, most of the developmental projects could not be completed as planned.

1.1.2 Rental income

The dispute of occupational rent charges to NAMDEB on land where their properties are on was finalised. The parties entered into a settlement agreement, hence the charges were paid.

1.1.3 Interest received

Council received more funds than anticipated. Repo rate has increased.

1.1.4 Other Revenue

More funds were generated from the other revenue than anticipated. The key contributing charges are electricity connections and hire of machineries.

1.1.5 Property rates and taxes

Fairly budgeted, within the accepted variances.

1.1.6 Government and other departments-transfers

Budget cut

1.1.7 Fees, fines and Certificates

These are fees that are based on past experiences and future anticipation/prediction. This could not be predictable reliably.

1.1.8 Employee cost

All budgeted positions to be filled were not filled and some were filled in the middle of the year.

ORANJEMUND TOWN COUNCIL**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (Continued)**

1.1 Variance analysis (continued)**1.1.9 Councilors remuneration**

Fairly budgeted, within the accepted variances.

1.1.10 Regional council 5% Levy

Fairly budgeted, within the accepted variances.

1.1.11 Increase in allowance for doubtful debts

None cash items, could not be budgeted.

1.1.12 Repair and maintenance

The renovation of Council building never took place during the year under review.

1.1.13 Legal costs

Council cut down on legal fees compared to previous years, most of the issue pertaining to legal were sorted during the last financial year (2022/2023).

1.1.14 General expenses

Council cut on some expenditures in order to have savings.

1.1.15 Capital expenditure

Most activities did not take place as planned due to limited resources, procurement process and competing funds.

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

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)**

1. ACCOUNTING POLICIES (continued)

The accounting policies of the council as far as possible have been developed to ensure 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.

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.

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:

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

2.4 Changes in Accounting Policy Error and corrections (continued)

- 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.

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

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

2. ACCOUNTING PRINCIPLES (continued)

2.7 Contingent Assets and Liabilities (continued)

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 account

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.

2.8 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.

2.9.1 Recognition of capital expenditure (continued)

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

1. ACCOUNTING PRINCIPLES (continued)

2.10 Non-Current asset classification and useful life (continued)

- 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.

3.1 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.

3.2 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.

3.3 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.

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

3. INVESTMENT (continued)**3.4 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. The Council adopted accrual accounting hence revenue from exchange transaction is recognized on accrual basis.

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

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

4. REVENUE ACCOUNTING (continued)**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.

4.5 Employee cost

The council account for total benefit earned by employees during the financial year as salaries and wages to the notes. Council member's allowances is also recognised separately in the face of Statement of Financial Performance.

4.6 Research and other related cost

Payment for environmental impact assessment, drafting of infrastructure plans and other expenditure relating to capital project to determine the feasibility are treated in the Statement of Financial Performances.

Notably cost of compensation to land owners is treated as an expenses.

4.7 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.

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

4.7 Provision for doubtful debts (continued)

- 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.

4.8 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.

4.9 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.

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

	2023	2022(Reinstated)
	N\$	N\$
5. SERVICES CHARGES	79 968 267	57 584 933
Fire Brigade Fees	1 035	-
Fire Basic Fees	101 852	-
Refuse Removal (Vatable)	582 719	566 640
Refuse Removal (Non-Vatable)	2 855 375	2 967 463
Basic Charge: Sewer (Vat)	457 490	486 832
Basic Charge: Sewer (Non-Vat)	2 315 204	2 412 135
Electricity Sales	9 396 167	9 913 053
Electricity Sales (Non-Vat)	191 096	265 857
Electrical control board and NET levies	374 789	248 749
Electricity disconnection fees	-	(500)
Pre-Paid Sales (Non-Vat)	1 539 674	1 445 800
Electricity Pre-Paid Sales	13 662 458	12 864 298
Electricity Basic Charges	4 472 468	4 630 800
Electrical control board/NEF Levies	-	98 899
Water Sales (Non-Vat)	11 331 292	11 292 587
Water Basic (Vat)	487 408	484 951
Water Sales	8 991 291	8 591 822
Water Sales Prepaid	274 204	275 397
Sale of Erven (No Vat)	363 106	482 285
Sale of Erven (Vatable)	387 163	143 726
Sales of Erven Namdeb Improve	22 183 476	414 139
6. RENTAL INCOME	3 380 931	54 140 408
Rental Community Hall	76 434	11 159
Rental - Site	3 004 825	503 361
Occupational Rental	299 672	53 625 888
7. OTHER REVENUE	25 338 444	12 977 679
Promotional Items	35 465	28 114
Tender Document Fees	86 800	64 300
Miscellaneous	10 321	30 597
Interest On Arrears Accounts	1 135 725	9 077 620

ORANJEMUND TOWN COUNCIL

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

	2023	2022(Reinstated)
	N\$	N\$
7. OTHER REVENUE(continued)		
Photocopies	100	4
Building Plan	82 965	37 707
Penalties	21 957	8 000
Building Plan Submission Fees	36 595	17 400
Hire Of Machinery	262 781	224 980
Burial Fees	5 526	1 064
Income From Special Projects	1 235	-
Bill Boards	2 705	12 309
Rental - Unit	355 114	339 850
Rental Council Houses	117 911	51 518
Use Parks & Recreation Areas	425	2 847
Gardens And Nursery	500	-
Supply Of Refuse Bins	-	8 904
Removal: Garden Refuse	-	15 542
Waste disposal (private)	55 133	31 936
Registration/fitness certificate	207 410	192 930
Pets birds/poultry registration	2 887	3 276
Meat permits & licenses	3 134	1 725
Fines & penalties	12 912	3 963
Refuse/ skip bins	13 740	9 584
Sale of sand and gravel	264 951	340 495
Electricity Connection Fees	53 593	66 868
Electricity Re-Connection Fee	21 050	53 870
Water Connection	158 649	124 311
Water Disconnection	100	300
Water Reconnection	168 155	126 567
License - Dogs	20 475	17 202
Clearance Certificate Fees	274 760	9 637
Sale of Ervin with NAMDEB improvement	19 790 982	-
Valuation Certificate	459	-
Compliance Certificate	4 930	803
Land Lease	2 125 930	2 072 150
Pegs Searching	3 069	1 286
Land application form	-	20

ANNEXURE F

ORANJEMUND TOWN COUNCIL

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

	2023	2022(Reinstated)
	N\$	N\$
8. GOVERNMENT & OTHER DEPARTMENTS	1 892 000	11 425 191
MRLGHRD subsidy	-	3 000 000
National Planning Com Fund	1 892 000	5 563 976
Road fund Administration Contribution	-	2 861 215
9. FEES, FINES AND CERTIFICATE	92 496	22 227
Penalties	-	7 279
Illegal Connection/Penalties	5 000	12 000
Penalties	13 104	2 947
Penalties	74 392	-
10. EMPLOYEE COST	16 068 526	13 582 421
Car Allowance	362 816	456 963
Cell Phone Allowance	50 584	52 460
Contr/Airtime Allowance	25 200	20 400
Housing Allowance	2 149 430	1 933 743
Medical aid contribution	1 943 795	1 467 048
Overtime	716 094	620 871
Pension Fund Contribution	1 740 114	1 461 217
Salary & Wages	8 014 834	6 710 399
Service Bonus	655 498	556 458
Social security	40 811	31 704
Standby allowances	44 425	30 175
Transport Allowance	324 925	240 983
11. REPAIRS & MAINTENANCE	1 773 441	3 332 820
Office Equipment	251	-
Office Furniture	-	75
Machines & Equipment	44 023	36 166
Tyre Replacement	130 973	95 207
Vehicle & Trucks	552 405	275 019
Renovations	55 338	113 970
Building Maintenance	-	81 881

ORANJEMUND TOWN COUNCIL

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

	2023	2022(Reinstated)
	N\$	N\$
11. REPAIRS & MAINTANANCE (continued)		
Sewerage Maintenance	4 087	-
Machines & Equipment	2 856	-
Sewerage Pumps	183 567	399 657
Sewerage Line Materials	-	257
Swartkops trickling filter	46 611	1 643
Street Lights	115	-
Reticulation	-	4 921
Repairs & Maintenance	753 215	2 324 024
12. GENERAL EXPENSES	40 936 316	43 158 541
Ad-Hoc Consultancy Services	43 000	143 281
Ad-Hoc Town planning Activities	135 335	104 237
Advertising And Marketing	184 443	112 512
Animal control	330 600	220 400
Bank Charges	301 324	257 150
Bulk Purchases	23 001 797	26 619 684
Capital Projects From Previous Financial year	(125 768)	88 551
Casual laborers	649 913	472 469
Chipping machine	-	1
Cleansing Materials	77 076	75 698
Community Support Programmer	9 359	3 060
Computers And Printers	74 196	285 877
Construct Of Toilet	-	4 500
Construction of new houses	20 359	89 147
Construction Of Open Market	(511 350)	-
Consultancy Services	-	84 000
Consultant Fees	158 270	136 912
Contract workers/voluntary inc	210 605	149 961
Conveyance Fees	-	7 090
Critical communication systems	3 120	-
Disaster risk management	467 788	427 726
Engineering Software	387 993	-
Entertainment	27 453	12 745

ANNEXURE F

ORANJEMUND TOWN COUNCIL

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

	2023	2022(Reinstated)
	N\$	N\$
12. GENERAL EXPENSES (continued)		
Entertainment Council	64 144	62 434
Environmental health club	3 044	-
Establishment of expo center	120 000	120 000
Establishment of fire station	27	-
Events	3 000	17 202
Fencing Cemetery	-	239 400
Financial System - Sebata	804 705	940 191
Fuel	1 182 268	832 006
Hire Of Machinery	7 350	4 240
Hiv & Community Upliftment Program	47 110	-
Independence Celebrations	3 391	4 557
Insect & redent control	-	3 585
Insurance Excess	454 132	398 814
Internet And Email	79 011	34 374
Internship Incentives	95 133	215 268
Land Survey And Eia Assessment	1 025 891	-
Led Strategy Implementation	704	-
Machines And Equipment	16 395	99 764
Materials And Stores	916 049	1 046 628
Mayoral Relieve Fund	100 000	60 000
Mayors Annual Report	-	13 613
Medical examination	1 000	-
Merchandise Items	327 048	18 503
Municipal Associations Control	22 500	52 500
Office Furniture & Equipment	-	10 174
Plant Upgrading	54 045	215 132
Planting Of Trees	116 066	71 573
Pole bins	62 030	-
Postage & Couriers Services	131 248	70 180
Prep Of Financial Statements	230 000	230 000
Pre-Paid Water Meters	-	123 200
Printing And Stationary	173 270	102 270

ANNEXURE F

ORANJEMUND TOWN COUNCIL

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

	2023	2022(Reinstated)
	N\$	N\$
12.GENERAL EXPENSES (continued)		
Protective clothing	655 203	585 778
Properties Lease	5 129	18 785
Renovations	-	79 246
Rental/Photocopy Machine	254 295	240 117
Sebata License Fee	26 571	26 852
Security Services	589 587	320 403
Service Contract	1 996 752	3 193 961
Service contract: dumpsite man	628 852	482 400
Sewer Chemicals	83 276	31 484
Sewer Plant Analysis	11 478	10 652
Skip Bins & Trailer	-	243 065
Special Projects	43 706	-
Strategic planning	633 349	-
Streets Sidewalks & Stormwat	-	100 616
Telephone	151 565	148 013
Tools & Equipment (Small)	-	60 035
Tools & Equipment	147 048	51 378
Training	157 979	253 546
Travel And Subsistence	556 944	438 987
Travel & Subs & Km Claims	209 697	170 367
Upgrade informal settlements	34 288	-
Upgrading of fehlman well	22 646	-
Vaccination and spaying of dog	8 266	-
Valuation Roll	57 165	74 900
Vehicle License Fees	348 307	127 579
Vehicle Registration Fees	-	203
Vendors	849 052	808 581
Volunteers Incentives	1 026 665	787 502
Water Abstraction	64 605	-
Water Analysis	62 190	51 818
Water Chemicals	237 693	175 092
Water Distribution	5 778	48 692
Water Materials & Stores	434 983	114 180
Water Meters	-	45 097

ANNEXURE F

ORANJEMUND TOWN COUNCIL

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

	2023	2022(Reinstated)
	N\$	N\$
12.GENERAL EXPENSES (continued)		
Year End Function	144 374	188 603
Youth Development	3 799	-
13. LEAVE PROVISION CONTRIBUTION	1 322 728	250 969
Provision-Leave	74 267	-
Provision - severance expenses	897 942	229 599
Provision Bonus	108 427	-
Provision-Leave Paid	242 092	21 370
14. ACCOUNT RECEIVABLES	6 465 176	15 036 943
Cash suspense heindre tenants	31 870	-
Accounts receivables	17 979 324	21 932 085
Provision For Bad Debts	(11 867 077)	(8 024 931)
Debtors With Credit Balances	321 059	1 129 789
15. CASH AND CASH EQUIVALENTS	117 220 016	99 033 836
Main Bank	-	12 420 652
Call Account - FNB	36 214	8 233 104
Call Account - Bank Windhoek	1 460 508	1 389 404
Call Account FNB Toa	127 177 046	72 071 350
Electricity Fnb Current Account	2 670 354	3 133 509
Electricity Fnb Call Account	1 845 927	1 785 817
Housing Call Account-FNB	100	-
Bank overdraft	(15 970 133)	-
16. ACCOUNTS PAYABLES	12 116 099	12 336 848
Creditors Accrued	12 116 099	3 616 553
Accrual Kishi Shakumu	-	5 825 989
Accrual NAMDEB	-	2 894 306

ORANJEMUND TOWN COUNCIL

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

	2023 N\$	2022(Reinstated) N\$
17. CONSUMER DEPOSIT	1 932 564	1 948 694
Consumer Deposit Water	1 137 900	665 394
Electricity Consumer Deposits	794 664	1 283 300
18. PROVISIONS	2 655 752	1 575 116
Bonus Provision	369 222	260 795
Severance provision	897 942	-
Creditor Provision Staff Leave	1 388 588	1 314 321
19. OTHER CREDITORS	2 191 291	2 766 669
Cash suspense deposits	472 149	400 969
Cash suspense heindre tenants	-	5 500
Re-imbusement vote	338 640	-
Regional Council	753 702	338 349
Provision - Retention	305 741	687 146
Rent A Drum	321 059	1 129 789
Unspent Government Grant	-	204 916

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

20. PROPERTY, PLANT AND EQUIPMENT

	2023	2022				
	Cost/ Valuation	Accumulated depreciation	Carrying Value	Cost/Valuation	Accumulated depreciation	Carrying Value
	N\$	N\$	N\$	N\$	N\$	N\$
Work in progress	29 753 796	-	29 753 769	9 588 598	-	9 588 598
Buildings	54 880 001	(8 510 988)	46 369 013	54 880 001	(5 766 988)	49 113 013
Land - Occupied	926 000	-	926 000	926 000	-	926 000
Land - Open Land	21 234 800	-	21 234 800	21 234 800	-	21 234 800
Infrastructure	542 966 272	(171 109 671)	371 856 601	525 930 302	(135 085 861)	390 844 440
Plant & Machinery	21 421 103	(12 525 046)	8 896 057	13 833 570	(11 092 230)	2 741 340
Furniture, Fixtures & Fittings	1 551 404	(908 477)	642 927	1 551 404	(707 614)	843 790
Motor Vehicle	8 433 850	(5 163 931)	3 269 919	6 940 850	(3 834 092)	3 106 758
Computers & Equipment	2 271 498	(1 812 922)	458 576	2 037 192	(1 402 937)	634 255
Total	683 438 724	(200 031 035)	483 407 689	636 922 717	(157 889 722)	479 032 995

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

20. Property, Plant & Equipment (Continued)

Reconciliation of property, plant and equipment – 2023

	Opening Balance N\$	Additions N\$	Disposals N\$	Depreciation N\$	Total N\$
Work in progress	9 588 598	20 165 198	-	-	29 753 796
Buildings	49 113 013	-	-	(2 744 000)	46 369 013
Land - Occupied	926 000	-	-	-	926 000
Land - Open Land	21 234 800	-	-	-	21 234 800
Infrastructure	390 844 440	17 889 578	-	(36 023 810)	*371 856 601
Plant & Machinery	2 741 340	7 587 533	-	(1 432 816)	8 896 057
Furniture, Fixtures & Fittings	843 790	-	-	(200 863)	642 927
Motor Vehicle	3 106 758	1 493 000	-	(1 329 840)	3 269 919
Computers & Equipment	634 255	234 306	-	(409 985)	458 576
Total	479 032 994	47 369 615	-	(42 141 314)	*483 407 689

*Total amount does not agree (Infrastructure) with client calculation (N\$ 371 856 601 - N\$ 372 710 208) that resulted in a variance of N\$ 853 607

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

20. Property, plant and equipment (Continued)

Reconciliation of property, plant and equipment - 2022

	Opening Balance N\$	Additions N\$	Donations N\$	Transfers N\$	Depreciation N\$	Total N\$
Work in progress	13 331 118	9 588 598	-	(13 331 118)	-	9 588 598
Buildings	7 022 109	3 117 964	41 662 388	-	(5 766 988)	*49 113 013
Land - Occupied	-	-	926 000	-	-	926 000
Land - Open Land	-	-	21 234 800	-	-	21 234 800
Infrastructure	33 059 953	16 240 931	362 860 361	13 331 118	(34 647 922)	390 844 440
Plant & Machinery	3 665 160	-	-	-	(1 410 563)	*2 741 340
Furniture,Fixtures & Fittings	1 049 031	-	-	-	(205 241)	843 790
Motor Vehicle	1 380 678	2 907 144	-	-	(1 181 064)	3 106 758
Computers & Equipment	945 532	-	-	-	(379 930)	634 255
Total	60 453 581	31 854 637	426 683 549	-	(43 591 708)	479 032 995

*Building mount does agree as it is not totalling up (2022) (N\$ 49 113 013- N\$ 46 035 473) N\$ 3 077 540

*Infrastructure (2022) (N\$ 2 741 340- N\$ 2 254 597) N\$ 486 743

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

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

	2023	2022
	N\$	N\$
Surplus for the period	17 490 569	28 880 289
Non-cash movements	41 463 216	12 264 969
Depreciation	42 141 314	43 591 708
Changes in accounting policies, error and corrections-	(678 098)	(31 326 739)
Working capital changes	6 953 022	13 356 772
Account receivables	9 249 863	3 410 528
Inventories	(15 393)	445 802
VAT Receivables	(3 008 228)	(4 725 584)
Prepayments	(91 601)	(52 873)
Consumer deposit	(16 130)	140 994
Account payables	(220 749)	12 097 662
Leave provision-current portion	76 667	21 370
Leave and other severance provision	1 003 971	229 599
Other provisions	550 000	1 789 274
Other creditors	(575 378)	-
Non-cash items and changes in working capital	48 416 238	25 621 741
Net cash flow from operating activities	65 906 807	54 502 030