



**REPUBLIC OF NAMIBIA**



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

# **TOWN COUNCIL OF OSHAKATI**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

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**REPUBLIC OF NAMIBIA**



**TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY**

I have the honour to submit herewith my report on the accounts of the Town Council of Oshakati for the financial year ended 30 June 2019, 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, September 2021**



**REPORT OF THE AUDITOR - GENERAL  
ON THE ACCOUNTS OF THE TOWN COUNCIL OF OSHAKATI  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

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**1. ADVERSE OPINION**

I have audited the financial statements of the Town Council of Oshakati for the financial year ended 30 June 2019. These financial statements comprise the statement of financial position, statement of Financial Performance, statements of changes in equity statement of cash flow and notes to the annual financial statements for the year then ended.

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 Town Council of Oshakati as at 30 June 2019 its financial performance and its cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

**2. BASIS FOR ADVERSE OPINION**

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the entity in accordance with the code of ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the code of ethics.

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

**2.1 NON COMPLIANCE WITH IPSAS**

- a) The Council did not present statement for budget vs actual in the financial statements in compliance with IPSAS 24.
- b) The Council did not state explicit that although it has adopted IPSAS, it will continue to use the same accounting policies through the transition period in compliance with IPSAS 33.

**2.2 OPENING BALANCES FOR TRADE RECEIVABLE AND PAYABLES**

Opening balances were not properly brought forward as a result, trade receivable and payables were over and understated with an amount of N\$ 855 363 and N\$ 10 775 620 respectively.

**2.3 UNRECONCILED SUSPENSE ACCOUNT**

A suspense account with a closing balance of N\$ 2 204 123 was included into sundry payables balances at year end, no supporting documents were provided to substantiate the correctness of the transactions.

#### **2.4. UNRECORDED LIABILITIES**

Subsequent payments for invoices amounting to N\$ 6 347 914 pertaining to current year under review were not recorded as accrued at year end.

#### **2.5 SUPPORTING DOCUMENTS FOR DISPOSED ASSETS**

Management did not provide the list of assets disposed during the year to substantiate proceed from disposals amounting to N\$ 1 406 567. It was further noted that records of disposed assets could not be traced in the fixed asset register.

#### **2.6 DIFFERENCES ON FINANCIAL STATEMENTS AND FIXED ASSET REGISTER**

Differences amounting to N\$ 846 274 was observed between the financial statements of N\$ 604 631 129 and fixed assets register of N\$ 603 784 855 for total assets.

#### **2.7 DEPRECIATION MISTATED**

Depreciations in the financial statements were overstated due to the fact that fixed assets additions recorded for the year under review were depreciated in full and not on prorata basis as assets were brought into use.

#### **2.8 BUILD TOGETHER AND MASS HOUSING**

Differences amounting to N\$ 353 566 was observed between the financial statements of N\$ 16 846 328 and trial balance of N\$ 16 492 762.

### **3. 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.

## **2. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

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

## **3. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole free from material misstatement, whether due to fraud or error and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

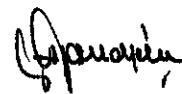
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- 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.

#### **4. ACKNOWLEDGEMENT**

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



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**WINDHOEK, September 2021**



**THE TOWN COUNCIL OF OSHAKATI**  
**FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENT**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE**

	Note	2019 N\$	2018 (restated) N\$	2018 N\$
<b>ASSETS</b>				
<b>Current assets</b>		<b>139 013 635</b>	<b>143 165 954</b>	<b>44 417 334</b>
Cash and cash equivalents	2	90 576 791	96 787 319	1 562
Trade and other receivables	3	47 091 336	45 411 300	43 448 437
Inventories		1 345 508	967 335	967 335
<b>Non-current assets</b>		<b>642 383 695</b>	<b>604 631 229</b>	<b>707 016 673</b>
Property, plant and equipment	4	627 226 806	604 631 129	603 230 817
Long term receivables		15 156 789	-	7 000 000
Investment OPE	5	100	100	96 785 856
<b>TOTAL ASSETS</b>		<b>781 397 330</b>	<b>747 797 183</b>	<b>751 434 007</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>		<b>19 557 167</b>	<b>17 942 276</b>	<b>121 590 960</b>
Bank overdraft	2	11 626 313	10 838 642	10 838 642
Consumer deposits		3 537 533	3 192 940	-
Trade and other payables	6	4 393 321	3 910 694	110 752 318
<b>Non-current liabilities</b>		<b>5 614 079</b>	<b>4 935 445</b>	<b>2 942 248</b>
Employee benefits		5 614 079	4 935 445	-
Loan contributions		-	-	2 942 248
<b>Net assets</b>		<b>756 226 084</b>	<b>724 919 462</b>	<b>626 900 799</b>
Funds	7	151 581 467	145 548 311	145 548 311
Other reserves		-	604 631 129	601 688 881
Government grants	8	73 759 988	95 076 415	-
Accumulated surplus/(deficit)		530 884 629	(120 336 393)	(120 336 393)
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>781 397 330</b>	<b>747 797 183</b>	<b>751 434 007</b>

**THE TOWN COUNCIL OF OSHAKATI**  
**FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE**

	Note	2019	2018
		N\$	N\$
<b>Revenue</b>	10	<b>149 137 494</b>	<b>97 013 660</b>
Rates and taxes		27 297 577	14 402 477
Fees, Licence, Fines and penalties		4 813 540	4 555 617
Other income		14 566 834	14 801 678
Sale of ervens		21 833 297	-
Water sales		49 810 344	42 960 182
Sewerage		4 872 040	4 245 947
Interest on investments		6 393 401	2 489 099
Surcharge income (OPE)		6 953 710	2 883 135
Refuse removal		11 190 184	10 675 525
Profit on disposal		1 406 567	-
		<b>155 189 949</b>	<b>116 770 933</b>
<b>Less expenses</b>			
Council		7 358 643	6 574 773
Town clerk		3 352 023	2 982 857
Town administration		4 998 999	4 466 500
Town Treasurer		8 381 314	10 754 411
Town Engineer		1 917 990	16 557 397
Health inspector		3 612 272	3 267 471
Town planning		12 247 382	11 202 210
Stores and procurement		1 467 046	1 352 562
Worksop		1 532 957	1 869 181
Assessment rates		1 364 879	1 428 124
Cemeteries		86 698	28 131
Parks and sports grounds		361 315	312 039
Civic building and housing		2 605 671	2 096 471
Streets, sidewalks and stormwaters		3 928 972	7 477 461
Information, communication and technology		522 232	1 015 613
Local economic development		2 299 618	4 621 465
Fire brigade		978 200	870 900
Cleansing services		8 678 038	8 141 496
Sewerage		5 173 666	4 550 181
Water supply		31 728 706	27 201 691
Depreciation and amortisation		44 457 317	-
Bad debts provision		7 332 617	-
Provision for employee benefits		825 394	-
<b>Deficit for the year</b>		<b>(6 052 455)</b>	<b>(19 757 273)</b>

**THE COUNCIL OF OSHAKATI  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS  
STATEMENT OF CHANGES IN ASSETS / EQUITY FOR THE YEAR ENDED 30 JUNE**

	Funds	Government Grants, capital	Reserves	Accumulated Surplus/ (deficit)	Total
	N\$	N\$	N\$	N\$	N\$
Balance as at 30 June 2017	113 325 888	-	615 496 772	(93 052 891)	635 769 769
Changes in accounting policy, errors and correction -IPSAS	-	95 076 415	-	(7 562 229)	87 514 186
Increase in funds	32 222 423	-	-	-	32 222 423
Decrease in reserves	-	-	(10 865 643)	-	(10 865 643)
Deficit for the year	-	-	-	(19 757 273)	(19 757 273)
<b>Balance as at 30 June 2018</b>	<b>145 548 311</b>	<b>95 076 415</b>	<b>604 631 129</b>	<b>(120 336 393)</b>	<b>724 919 462</b>
Changes in accounting policy, errors and correction -IPSAS	-	-	(638 848 583)	657 274 232	18 425 649
Increase in funds	6 033 156	-	-	-	6 033 156
Decrease in government grants	-	(21 316 427)	-	-	(21 316 427)
Increase in reserves	-	-	34 217 454	-	34 217 454
Corrections prior year	-	-	-	(755)	(755)
Deficit for the year	-	-	-	(6 052 455)	(6 052 455)
<b>Balance as at 30 June 2019</b>	<b>151 581 467</b>	<b>73 759 988</b>	<b>-</b>	<b>530 088 629</b>	<b>756 226 084</b>

**THE COUNCIL OF OSHAKATI**  
**FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENT**  
**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE**

	Note	2019 N\$	2018 N\$
<b>Cash flow from operating activities</b>			
Cash receipts from customers		123 906 076	-
Cash paid to suppliers and employees		(83 345 756)	-
Cash generated from operations	9	<b>40 560 320</b>	-
<b>Cash flow from investing activities</b>			
Purchases of property, plant and equipment		(66 492 702)	-
Proceeds from sale of property plant and equipment		(67 899 269)	-
		1 406 567	-
<b>Cash flow from financing activities</b>			
Increase in funds		18 934 183	-
Movement in other funds		6 033 156	-
Movement in Government reserves		34 217 454	-
		(21 316 427)	-
<b>Net decrease in cash and cash equivalents</b>		<b>(6 998 199)</b>	-
Cash and cash equivalents at the beginning of the year		85 948 677	-
<b>Cash and cash equivalents at the end of the year</b>		<b>78 950 478</b>	-

**THE TOWN COUNCIL OF OSHAKATI  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS  
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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## **1. ACCOUNTING POLICIES**

### **1.1 Basis of presentation**

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs), from July 2018.

### **1.2 Accrual concept**

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 recognized 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 recognized as income or expenditure, a payable (income in advance) or receivable (payment in advance) is recorded in the Statement of Financial Position.

### **1.3 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 may not balance with Receiver of Revenue figures because of different accounting concept that the government is using.

### **1.4 Changes in accounting policy, errors and corrections**

Where there is a known future change in accounting policy in terms of IPSAS 3, the Council will disclose the following 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, oversights 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, or 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.

**THE TOWN COUNCIL OF OSHAKATI  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS  
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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### **1.5 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 balances are cleared as soon as possible. Any items of revenue not cleared at year end will be treated as sundry revenue.

### **1.6 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.

### **1.7 Cash and cash equivalents**

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 change 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.

### **1.8 Consumer deposits and employee benefits 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, Oshakati 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.

### **1.9 Capital assets**

Capital expenditure is recognized in terms of IPSAS 16: Investment Properties, IPSAS 17: 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 service potential are expected from its use or disposal.

**THE TOWN COUNCIL OF OSHAKATI  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS  
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**Property, plant and equipment**

Non-current asset is initially recorded at cost less accumulated depreciation and impairment. The council does not carry out market valuation because the cost outweighs 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

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. Depreciation is calculated using straight line methods to write the cost of each asset over the useful life as follows:

• Buildings and Plants	20 Years	5%
• Machinery	10 Years	10%
• Office Equipment	5 Years	20%
• Motor Vehicles	5 Years	20%
• Office Furniture and Fittings	5 Years	20%
• Computer Equipment's	5 Years	20%

**Impairment**

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.

**Disposal of non-current assets**

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.

**Assets held for sale**

The council will classify the asset as held for sale where the following conditions are met.

- The asset is a condition required for sale
- The assets sale is highly probable
- The completion is expected to be completed with 12 months.
- Non-current asset held for sale are not to be depreciated.

**THE TOWN COUNCIL OF OSHAKATI  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS  
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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### **Investment properties**

These are items of land and/or building held solely for the purpose 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.

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 amend according to the general valuation and interim valuation

### **Investments**

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.

#### **1.10 Revenue**

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 Oshakati Town Council directly in return for service rendered/ goods sold, the value of which approximates the consideration received or receivables. Revenue from non-exchange transaction refers to transactions where the Council received revenue from another entity without directly giving approximately equal value in exchange.

#### **1.11 Government grants and other donations**

Conditional grants, donations and funding's are recognised as revenue to the extent that the municipality 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.



**THE TOWN COUNCIL OF OSHAKATI  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS  
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

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**1.12 Borrowing costs**

Oshakati 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.

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

**1.13 Employee costs**

The council account for total benefit earned by employees during the financial year as salaries and wages the notes. Council members allowance is also recognized under this category.

**1.14 Provisions**

Oshakati Town Council maintains a provision for any non-payment, 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 the annual financial statement. Provision for impairment is only applicable to debtors who at 120 days and 120days plus.

**1.15 Inventory and 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.

**THE TOWN COUNCIL OF OSHAKATI  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS  
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE**

	2019 N\$	2018 N\$
<b>2 CASH AND CASH EQUIVALENTS</b>		
<b>Include the following accounts:</b>		
Stanlib account	54 715 837	51 154 810
Bank Windhoek call account	15 257 963	14 101 058
Build together call account	11 090 881	10 420 643
Standard bank call account	9 430 059	21 029 057
Ceded account	58 090	57 605
FNB call account	22 399	22 584
Petty cash	1 562	1 562
<b>Sub total</b>	<b>90 576 791</b>	<b>96 787 319</b>
Less bank overdraft	(11 626 313)	(10 838 642)
	<b>78 950 478</b>	<b>85 948 677</b>
<b>3. TRADE AND OTHER RECEIVABLES</b>		
Debtors services	39 657 984	29 345 182
Value added tax	19 603 432	14 525 970
Mass housing advances	15 691 650	17 045 783
Provisions	10 319 436	-
Loan account: Oshakati Premier Electric	7 000 000	7 000 000
Build together loan advances	1 154 679	1 372 450
Personnel laptop scheme	43 431	21 126
Cell phone scheme	17 284	7 942
<b>Sub total</b>	<b>93 487 896</b>	<b>69 318 453</b>
Less: Provision for doubtful debts	(31 239 771)	(23 907 153)
Long term receivables	(15 156 789)	-
	<b>47 091 336</b>	<b>45 411 300</b>
<b>4. Property, plant and equipment</b>		
Income and general capital assets	<b>627 226 806</b>	<b>604 631 129</b>

**THE TOWN COUNCIL OF OSHAKATI  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENT  
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE**

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>5. INVESTMENT OPE</b>		
Investment OPE	100	100
<p>Oshakati Town Council own 100% equity in Oshakati Premier Electric. In terms of IPSAS 6 the parent company is required to prepare consolidated financial statements however the Council is transitioning to IPSAS effective 01 July 2018 and has a 3- year exemption in terms of IPSAS 33. Full consolidation should be done by 30 June 2021.</p>		
<b>6. TRADE AND OTHER PAYABLES</b>		
Sundry payables	2 204 123	815 064
Other payables	2 135 153	3 041 585
Provision creditors	54 045	54 045
	<b>4 393 321</b>	<b>3 910 694</b>
<b>7. FUNDS AND OTHER RESERVES</b>		
<b>Capital development fund</b>	107 432 712	107 432 712
Mass housing fund	23 640 958	22 816 113
Build together fund	16 072 330	15 299 486
Multi-purpose centre fund	4 435 467	-
	<b>151 581 467</b>	<b>145 548 311</b>
<b>8. GOVERNMENT GRANTS</b>		
Fund account	73 759 988	93 676 103
DBN loan unspent funds	-	1 400 312
	<b>73 759 988</b>	<b>95 076 415</b>

**THE TOWN COUNCIL OF OSHAKATI**  
**FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE ENDED 30 JUNE**

**9. CASH GENERATED FROM OPERATIONS**

Deficit for the year	(6 052 455)	-
<i>Add back:</i>	71 061 104	-
Depreciation	44 457 317	-
Changes in accounting policies, errors and corrections	18 424 895	-
Provision for bad debts	7 332 617	-
Adjustments on fixed assets opening balances	846 275	-
<i>Less:</i>		
Profit on disposal	(1 406 567)	-
Cash generated before working capital changes	63 602 082	-
<i>Changes in working capital</i>	(23 041 762)	-
Movement in long term receivables	(15 156 789)	-
Movement in accounts receivables	(9 012 654)	-
Movement in inventory	(378 173)	-
Movement in employee benefits	678 634	-
Movement in accounts payables	482 628	-
Movement in consumer deposits	344 592	-
	<b>40 560 320</b>	<b>-</b>

**THE TOWN COUNCIL OF OSHAKATI**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE (continued)**

**ANNEXURE D**

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>10. REVENUE EARNED DURING THE YEAR</b>		
Admin and advertising fees	1 763 820	1 900 698
Interest on current account	275 936	617 722
Refuse removal non-vatable	5 261 437	4 404 690
Refuse removal business vatable	5 928 747	6 272 835
Assessment rates	27 297 577	14 402 477
Tenders	83 700	191 450
Surplus banked	2 367	1 347
Sewerage non vatable	4 872 040	4 245 947
Sundry income	691 285	744 828
Animal slaughtering	98 085	114 080
Fitness certificate	674 605	694 639
Interest on short term investments	5 448 401	1 701 599
Interest accounts on arrears	4 026 554	3 853 192
Interest on staff loans	1 048	2 341
Electricity royalties	6 953 710	2 883 135
Registration fees	112 380	7 786
Oshakati Premier fees	945 000	787 500
Proceeds from auction	1 406 567	-
Fire brigade fees	907 452	815 685
Pound fees	57 678	52 002
Building plan fees	628 910	383 760
Permission to occupy	154 927	155 176
House and plot rentals	1 578 252	1 620 470
Burial fees	57 865	53 643
Sale of ervens business and residential	21 833 297	-
Rental of civic buildings	524 969	480 182
Plant and equipment hire	7 827	6 026
Open market fees	1 784 929	1 556 442
Water sales	49 810 344	42 960 182
Sale of dustbins	60 177	123 719
Sewerage connections	355 618	275 674
Water connections	1 535 625	642 866
Sale of corporate wear	15 822	-
Sale of promotional items	17 107	-
Social housing income	1 869	-
Contribution RFA	3 961 567	-
	<b>149 137 494</b>	<b>97 013 660</b>

**THE TOWN COUNCIL OF OSHAKATI  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENT  
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE**

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	<u>2019</u>	<u>2018</u>
	N\$	N\$
<b>11. CHANGE IN REPORTING FRAMEWORK</b>		
During the current year, the Town Council adopted IPSAS as their reporting framework. As a result, capital outlay and other fund accounts were reclassified to accumulated surplus or loss to be in line with the reporting framework as indicated below:		
	<b>DR</b>	<b>CR</b>
Other reserves	657 274 232	
Accumulated profit/loss		657 274 232