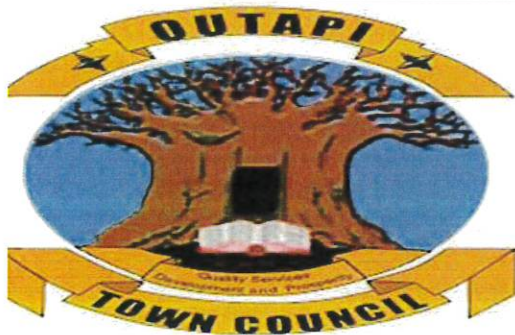




**REPUBLIC OF NAMIBIA**



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

# **TOWN COUNCIL OF OUTAPI**

**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 Outapi 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 No. 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, February 2023**

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



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

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**1. DISCLAIMER AUDIT OPINION**

I have audited the financial statements of the Town Council of Outapi for the financial year ended 30 June 2019. These financial statements comprise the statement of financial position, statement of financial performance, statement of changes in net assets, statement of cash flow, statement of comparison of budget and actual amounts for the year then ended, summary of significant accounting policies and notes to the financial statements.

Because of the significance of the matters described in the Basis for Disclaimer Audit Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

**2. BASIS FOR DISCLAIMER AUDIT OPINION**

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is not sufficient and appropriate to provide a basis for my opinion.

A disclaimer audit opinion is being expressed due to the following reasons:

**2.1 Comparative figures and opening balances**

The prior year audit report had a qualified audit opinion. Consequently, auditors could not obtain sufficient appropriate evidence to satisfy themselves that the opening retained earnings and comparative figures in the current year statement of financial position, statement of financial performance, statement of changes in net equity and cash flow statement are fairly presented.

**2.2 Inventory**

Auditors could not observe the counting of physical inventories stated at N\$ 438 486 (2018: N\$ 366 246) in the financial statements, thus auditors were unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the existence, completeness and valuation of the inventory quantities by alternative audit procedures.

Furthermore, the Town Council did not disclose the inventories relating to erven which were available for sale as at year end. Consequently, auditors were unable to satisfy themselves as to the existence, completeness, valuation and accuracy of inventory and related financial statement areas.

### **2.3 Cash and cash equivalents**

There are unrepresented payments amounting to N\$ 2 162 671 (2018: N\$ 2 387 803) contained in the bank reconciliation of the Town Council. These relate to payments which were done after the year end, but have been recorded as if they happened before year end resulting in understatement of the accounts payables balance and cash and cash equivalents balance by the same amount. Consequently, auditors were unable to satisfy themselves as to the completeness, existence and valuation of cash and cash equivalents and accounts payables.

### **2.4 Investment Property**

The Council has undetermined land that has not been valued or disclosed in the financial statements as investment properties in terms of the Councils accounting policy of measuring investment properties at fair value model, using the gazetted valuation as a model to account for all investment properties.

### **2.5 Restatement of 2018 Funds**

The Town Council could not provide supporting documentation of the restatement adjustments journal processed in the funds account for an amount of N\$ 5 048 090. There were no alternative procedures that auditors could perform to obtain audit evidence supporting the journal processed. Consequently, auditors were unable to satisfy themselves as to the presentation of the comparative figures in the financial statements.

### **2.6 Statutory Funds not supported by assets**

There is a material difference of N\$ 2 507 624 between the Town Council's Capital Reserve fund, Contributions Government (Fund), Build Together Housing Fund and Shack Dwellers Housing Fund and the assets supporting the funds. Therefore, auditors could not perform any procedures to verify completeness, existence, valuation and accuracy of statutory funds and the related fund assets and fund liabilities.

### **2.7 Financial reporting disclosure deficiencies**

The Town Council omitted to make the following disclosures in the financial statements which are required in terms of the International Public Sector Accounting Standards (IPSAS):

- The Town Council did not disclose in its accounting policies how the investment in NORED is measured. The investment in NORED is accounted for as non-current asset in the financial statements of N\$ 15 (2018: N\$ 15);

## 2.7 Financial reporting disclosure deficiencies (continued)

- The related party transactions and balances disclosure is not as required by IPSAS 20 – Related Party Disclosure; The related party disclosure omitted the below transactions and balances:
  - Investment in NORED N\$ 15
  - Amounts payable to the Regional Council N\$ 5 764 046
  - Amounts payable to Namwater N\$ 1 388 780
  - Revenue received from NORED surcharge levy N\$ 1 163 805
  - Road Fund Administration –Subsidy N\$ 1 105 085
  - Nored – Electricity Purchase N\$ 2 610 311
  - Namwater water purchase N\$ 7 878 646
  - Contribution to Omusati Regional Council N\$ 708 046
- The budget disclosed in the financial statements does not correspond to the approved budget. There is a material difference amounting to N\$ 2 709 923 between the approved budget of N\$ 58 809 773 and the budget disclosed in the financial statements of N\$ 56 099 850.
- The Council have classified the Employee Benefits of N\$ 2 797 553 (2018: N\$ 2 681 000) which comprise of leave pay and bonus provision as long-term liabilities in the statement of financial position. This is not in accordance with the requirements of IPSAS 39 – Employee Benefits, which considers such benefits as short term.
- There are no comparative figures on the notes in the financial statements such as the following:
  - Property, plant and equipment; and
  - Cash flow statement reconciliation.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS), and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Town Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible of overseeing the entity's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention to it in the audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the audit opinion. My conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

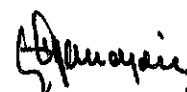
## **5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

The financial statements were submitted later than required by the Accounting Officer to the Auditor-General on 04 November 2019 in terms of Section 87 of the Local Authorities Act, 1992 (Act No. 23 of 1992), instead of three months after year end (30 September 2019) as required by the Act.

## **6. ACKNOWLEDGEMENT**

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

**WINDHOEK, February 2023**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## ANNEXURE A

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

	Note	2019 N\$	2018 N\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and Cash Equivalents	12	4 426 841	7 757 409
Trade and Other Receivables	13	6 290 405	5 562 625
Inventories		438 486	366 246
<b>Non-current assets</b>			
Property, Plant and Equipment		82 555 125	82 964 321
Investments: Nored		15	15
Long Term Receivables		1 482 298	-
<b>Total assets</b>		<b>95 193 170</b>	<b>96 650 616</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	14	9 033 943	4 648 976
Bank Overdraft		1 387 448	2 168 042
Consumer Deposit		1 665 565	1 401 003
<b>Non-current liabilities</b>			
Long Term Borrowings		-	1 234 574
Employee Benefits		2 797 553	2 681 000
<b>Net assets</b>		<b>80 308 662</b>	<b>84 517 022</b>
Funds		7 769 363	7 589 303
Other Reserves		-	81 975 809
Accumulated Surplus/Deficit		72 539 299	(5 048 090)
<b>Total net asset and liabilities</b>		<b>95 193 170</b>	<b>96 650 616</b>

NB: Statement of Financial Position for prior year (2018) was not adjusted, items that are reclassified are as follows:

1. Trade and Other Payables: Consumer Deposit and Employees Benefits reclassified to be disclosed separately on the face of the Statement of Financial Position.
2. Employees Benefits: Reclassified from Trade and other Payables.
3. Consumer Deposit: Reclassified from Trade and other Payables.
4. Cash and Cash: Reclassified to include items previously classified as investment.

## ANNEXURE B

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

	Note	2019 N\$	2018 N\$
<b>Revenue</b>		<b>49 987 610</b>	<b>42 530 785</b>
<b>Revenue from exchange transactions</b>		<b>40 698 779</b>	<b>36 073 917</b>
Rates and Taxes		14 160 916	13 614 689
Other Income-Exchange	1	6 275 764	5 127 007
Income From Refuse Removal	2	4 586 619	3 910 988
Income From Sales of Ervens	3	1 682 389	1 374 689
Income From Water	4	10 587 549	8 719 827
Income From Sewerage		3 319 666	3 045 907
Interest on Investment	5	85 875	280 810
<b>Revenue from non-exchange transactions</b>		<b>9 288 831</b>	<b>6 456 868</b>
Government Subsidy		7 010 200	5 000 000
Income from Surcharges		1 163 806	1 129 408
Subsidy RFA		1 105 085	309 373
Fees, Licence, Fines and Penalties	6	9 740	18 087
<b>Expenses</b>		<b>54 676 892</b>	<b>41 625 171</b>
Employees Related Cost	7	17 986 826	17 183 458
Allowances Council Members		477 284	483 104
General Expenses	8	8 804 910	11 175 525
Repairs and Maintenance	9	5 838	40 323
Fuelling and Lubricants		217 452	262 401
Purchasing of Water		7 628 597	6 260 942
Electricity Consumption	10	2 610 311	2 440 838
Insurance		193 104	179 352
Refuse Removal		2 314 491	2 150 822
Security Services	11	899 641	767 672
Contribution to Regional Council		708 046	680 734
Depreciation and Amortisation Expenses		7 473 397	-
Leave Days and Bonus Provision		450 834	-
Bad Debt Expenses		4 906 162	-
<b>Surplus/ (deficit) for the year</b>		<b>(4 689 282)</b>	<b>905 614</b>

## ANNEXURE C

**TOWN COUNCIL OF OUTAPI**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE**

	Funds	Reserves	Accumulated surplus/ (deficit)
	N\$	N\$	N\$
<b>Balance as at 1 July 2017</b>	13 177 085	85 240 376	(4 031 647)
<b>Changes in accounting policies errors and corrections</b>		<b>(3 264 567)</b>	<b>(2 057 940)</b>
<b>Restated Balance</b>	-	-	<b>(6 089 587)</b>
Increase in Funds	(5 587 782)	-	-
<b>Surplus/ (deficit) for the year</b>	-	-	<b>1 041 497</b>
<b>Balance as at 30 June 2018</b>	<b>7 589 303</b>	<b>81 975 809</b>	<b>(5 048 090)</b>
<b>Changes in accounting policies errors and corrections</b>		<b>(81 975 809)</b>	82 276 671
<b>Restated Balance</b>			<b>77 228 581</b>
Increase in Funds	180 061	-	-
<b>Surplus/ (deficit) for the year</b>	-	-	<b>(4 689 282)</b>
<b>Balance as at 30 June 2019</b>	<b>7 769 364</b>	-	<b>72 539 299</b>

## ANNEXURE D

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

		<b>2019</b>	<b>2018</b>
	Note	N\$	N\$
<b>Cash flow from operating activities</b>			
<b>Receipts</b>			
Receipts from exchange and Other non-exchange transaction (including Interest)	16	41 031 893	42 946 126
Government Subsidy	16	7 010 200	-
<b>Payments</b>			
Payment to suppliers and on behalf of employees	17	42 473 353	43 075 628
<b>Net cash flow from operating activities</b>	<b>15</b>	<b>5 568 740</b>	<b>(129 502)</b>
<b>Cash flow from investing activities</b>			
Purchase of property plant and equipment	18	(7 064 200)	(4 431 991)
<b>Net cash flow from investing activities</b>		<b>(7 064 200)</b>	<b>(4 431 991)</b>
<b>Cash flow from financing activities</b>			
Repayment of Long-term Loan	19	(1 234 574)	-
Increase in funds and reserves		180 061	4 151 070
<b>Net cash flow from financing activities</b>		<b>(1 054 513)</b>	<b>4 151 070</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>(2 549 974)</b>	<b>(1 290 353)</b>
Cash and cash equivalents at beginning of the year		5 589 367	(876 189)
<b>Cash and cash equivalents at end of the year</b>		<b>3 039 393</b>	<b>(2 166 542)</b>

## ANNEXURE E

**TOWN COUNCIL OF OUTAPI  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2019**

	Budgeted Amount	Actual Amount	Variance	Variance %
	N\$	N\$	N\$	
<b>Receipts</b>				
<b>Receipts from Exchange Transactions</b>				
Rates and Taxes	59 060 773	49 987 610	9 073 164	15%
Other Income-Exchange	48 769 626	40 698 779	8 070 848	17%
Income From Refuse Removal	19 743 843	14 160 916	5 582 927	28%
Income From Sales of Events	5 905 119	6 275 764	(370 645)	(6%)
Income From Water	4 529 704	4 586 619	(56 915)	(1%)
Income From Sewerage	3 387 777	1 682 389	1 705 388	50%
Interest on Investment	10 004 635	10 587 549	(582 915)	(6%)
	4 893 549	3 319 666	1 573 883	32%
	305 000	85 875	219 125	72%
<b>Receipts from Non-exchange Transactions</b>	<b>10 291 147</b>	<b>9 288 831</b>	<b>1 002 316</b>	<b>10%</b>
Government Subsidy	7 648 000	7 010 200	637 800	8%
Income from Surcharges	1 661 147	1 163 806	497 341	30%
Subsidy RFA	982 000	1 105 085	(123 085)	(13%)
Fees, Licence, Fines and Penalties	-	9 740	(9 740)	-

**ANNEXURE E**

**TOWN COUNCIL OF OUTAPI  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2019 (Continued)**

	Budgeted Amount	Actual Amount	Variance	Variance %
	N\$	N\$	N\$	
<b>Payments</b>	<b>47 469 850</b>	<b>41 846 500</b>	<b>5 623 351</b>	<b>12%</b>
Employees Related Cost	19 126 113	17 986 826	1 139 287	6%
Allowances Council Members	483 088	477 284	5 804	1%
General Expenses	11 863 240	8 804 910	3 058 330	26%
Repairs and Maintenance	32 490	5 838	26 652	82%
Fuelling and Lubricants	217 455	217 452	3	70%
Purchasing of Water	7 678 890	7 628 597	50 293	1%
Electricity Consumption	2 657 560	2 610 311	47 249	2%
Insurance	210 000	193 104	16 896	8%
Refuse Removal	3 084 000	2 314 491	769 509	25%
Security Services	1 129 822	899 641	230 181	20%
Contribution to Regional Council	987 192	708 046	279 146	28%
<b>Net Receipts/(Payments) From Operating Activities</b>	<b>11 590 923</b>	<b>8 141 110</b>	<b>3 449 813</b>	<b>30%</b>
<b>Capital Expenditures: Property, Plant and Equipment</b>	<b>11 590 923</b>	<b>(7 064 200)</b>	<b>18 655 123</b>	<b>161%</b>
<b>Net Receipts/(Payments)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## ANNEXURE E

**TOWN COUNCIL OF OUTAPI  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2019 (Continued)**

	Budgeted Amount N\$	Actual Amount N\$	Variance N\$	Variance %
<b>Reconciliation to the Surplus or Deficit</b>				
<b>Net Receipts/(Payments) From Operating Activities</b>		<b>8 141 110</b>		
<b>Non-Cash Items</b>		<b>12 830 392</b>		
Depreciation and Amortisation Expenses		7 473 397		
Leave Days and Bonus Provision		450 834		
Bad Debt Expenses		4 906 162		
<b>Surplus/ (deficit) Reconciliation</b>				
		<b>(4 689 282)</b>		



**TOWN COUNCIL OF OUTAPI  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED  
30 JUNE 2019 (Continued)**

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**Variance Analysis**

During the financial year the Council approved a budget amounting to N\$ 61 809 773, a subsequent communication indicates that allocation for Capital Project was reduced by N\$ 3 000 000. In addition, Allocation from Road Fund Administration for road Maintenance has increased by N\$ 251 000, hence the total budget allocation after consideration of the above, amounts to N\$ 59 060 773.

**Rates and taxes**

Proposed development e.g NHE, Ext 11 and Ext 9 was only partially completed by the end of the financial year.

**Income from Sales of Ervens**

Proposed sales of ervens to be generated was only allocated but no commitment from prospective clients.

**Income from Sewerage**

Proposed development e.g NHE, Ext 11 and Ext 9 was only partially completed by the end of the financial year

**Interest on Investment**

The Council planned to invest funds from sales of ervens, however, this did not materialise hence revenue could not be earned.

**Government Subsidy**

Budget execution meet the Council target.

**Income from Surcharges**

Planned surcharges increase in correlation with increase in development.

**Fees, Licence, Fines and Penalties**

The Council does not budget for this activities.

**TOWN COUNCIL OF OUTAPI  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED  
30 JUNE 2019 (Continued)**

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**General Expenses**

The Council cut on general expenses, example travelling allowance.

**Repairs and Maintenance**

The Council minimised on repair and all equipment's are properly serviced to avoid breakdown.

**Fuelling and Lubricants**

The Council minimised on S&T to save cost.

**Refuse Removal**

The Council minimised the funds spend on Refuse removal.

**Security Services**

Over budget on security, because of Olefa open market and Dumping site.

**Contribution to Regional Council**

The Council based the payment on the actual while the budget is based on the levy.

**TOWN COUNCIL OF OUTAPI  
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019**

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## **1. INTRODUCTION**

The Accounting Policies for Outapi Town Council have been prepared in accordance with International Public Sector Accounting Standards (IPSASs), from July 2018. Having 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 of the entity;
- Reflect the economic substance of transactions, other 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 change in statute impacting on the authority's accounts.

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 Accounting and Revenue Accounting.

## **2. ACCOUNTING PRINCIPLES**

### **2.1 GOING CONCERN**

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

### **2.2 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.

**TOWN COUNCIL OF OUTAPI**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019 (Continued)**

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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.

### **2.3 VALUE ADDED TAX (VAT)**

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.

### **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 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.

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

**TOWN COUNCIL OF OUTAPI**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019 (Continued)**

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**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 liability 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 asset 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 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 equivalents in the Statement of cash Flow Statement.

**2.9 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, Outapi Town Council will continue to exist in a near feasible future (going concern). Where are known employees, who will retire or resign in the next 12 months, this will be accounted under current liabilities.

**TOWN COUNCIL OF OUTAPI**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019 (Continued)**

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**2.10 RECOGNITION OF CAPITAL EXPENDITURE**

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 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 on a full year basis on the year of acquisition and the year of disposal as follows:

**2.11 NON-CURRENT ASSET CLASSIFICATION AND USEFUL LIFE**

• Buildings and Plants	20 Years	5%
• Machinery	10 Years	10%
• Office Equipment	5 Years	20%
• Motor Vehicles	5 Years	20%
• Office Furniture and Fittings	10 Years	10%
• Computer Equipment's	5 Years	20%
• Other Assets	5 Years	25%
• Intangible assets (impairment assessments)		
• 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.

Assets held for sale.

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

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

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

- 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.

**TOWN COUNCIL OF OUTAPI  
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019 (Continued)**

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**2.12 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 amend according to the general valuation and interim valuation.

**2.13 NON-CURRENT ASSET VALUATION METHODOLOGY**

Non-current assets are 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.

**2.14 IMPAIREMENT 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.

**2.15 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.

**2.16 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 Outapi 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.

**TOWN COUNCIL OF OUTAPI**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019 (Continued)**

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**2.17 GOVERNEMENT 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.

**2.18 BORROWING COSTS**

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

**2.19 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.

**2.20 EMPLOYEES COST**

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

**2.21 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 Performance.



**TOWN COUNCIL OF OUTAPI**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019 (Continued)**

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**2.22 PROVISION FOR DOUBTFUL DEBTS**

Outapi 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 the annual financial statement. Provision for impairment is only applicable to debtors who at 90 days, 120 days and 120 days plus.

**2.23 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.

**2.24 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.

**2.25 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.

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

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>1. Other Income-Exchange</b>	<b>6 275 764</b>	<b>5 127 007</b>
Interest on arrears	2 630 682	1 987 205
Open Market Fees	644 027	543 625
Site rent: Informal Settlement	630 461	590 933
Reconnection Fees	382 833	369 224
Advertisement Boards Levies	310 010	282 682
Fire Brigade Levies	299 312	254 242
Fitness Certificates	244 524	230 329
Approval of plans	186 647	228 066
Leasing of land	141 384	116 076
Administration Costs	108 375	41 118
Lease / hire truck/equipment	108 113	48 575
Connection to services	93 261	33 462
Sundries	63 703	-
Clearance certificates	55 044	48 645
Tender Document Fees	52 126	75 257
Inspection fees: Businesses	48 947	52 299
Commission	41 956	36 722
Hiring of Mobile Toilets	38 004	-
Connection to services	35 834	12 179
PTO Rental	28 556	44 992
Donations	25 000	-
Homebased Garages	24 850	19 650
Business registration fees	14 072	13 807
Pound income and auctions	12 252	5 920
Completion Certificate	8 534	13 639
Sundries	7 273	4 962
Sales of Promotional Items	7 126	7 922
Hiring of Chairs	6 087	-
Sundries	4 133	5 361
Draining of Septic Tank	3 958	3 899
Sale of Water Prepaid Tokens	3 578	5 162

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

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>1. Other Income-Exchange (continued)</b>		
Sundries	3 342	3 736
Hiring of Lawnmower	3 322	4 652
Municipal Valuation Certificate	3 240	1 913
Sundries	2 475	-
Hiring of Tables	1 522	-
Sales of water	366	315
Surplus banked	344	388
Sundries	261	-
Open Market Fees	230	-
Sundries	-	1 500
Betterment Fees	-	2 788
Sundries	-	143
Endowment Fees	-	2 826
Hiring of Mobile Toilets	-	32 791
<b>2. Income From Refuse Removal</b>	<b>4 586 619</b>	<b>3 910 988</b>
Removal: Refuse	2 987 809	2 562 322
Removal: Garden/Bulk Refuse	846 582	698 378
Cleaning: Streets & Open space	752 228	650 288
<b>3. Income From Sales of Ervens</b>	<b>1 682 389</b>	<b>1 374 689</b>
Sale of Erven Instalment: Residential	1 206 878	96 570
Sale of Erven: Businesses	188 633	411 868
Sale of Erven Instalment: Business	153 568	652 413
Sale of Erven: Residential	133 310	213 838
<b>4. Income From Water</b>	<b>10 587 549</b>	<b>8 719 827</b>
Sales of water	10 386 575	8 547 875
Sales Water Prepaid	126 934	96 752
Sales Water Prepaid	74 040	75 200

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

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>5. Interest on Investment</b>	<b>85 875</b>	<b>280 810</b>
Interest on investments	84 124	279 458
Interest on current account	1 751	1 351
<b>6. Fees Licence Fines and Penalties</b>	<b>9 740</b>	<b>18 087</b>
Fines	7 653	15 217
Fines	2 087	870
Fines	-	2 000
<b>7. Employees Related Cost</b>	<b>17 986 826</b>	<b>17 183 458</b>
Social Security	891	1 027
Telephone Allowance	27 000	27 600
Workmen compensation	52 985	45 548
Salaries	924 394	871 673
Overtime	32 403	31 991
Medical Aid	100 484	92 599
13th Cheque	76 272	72 640
Pension Fund	198 613	187 098
Social Security	2 916	2 916
Housing Allowance	21 641	37 098
Housing Subsidy	322 826	274 477
Telephone Allowance	20 988	8 397
Vehicle Allowance	103 121	97 667
Transport Allowances	14 988	14 400
Entertainment Town Clerk	1 909	2 946
Travelling & Accommodation	94 299	120 067
Salaries	1 013 939	1 011 824
Overtime	57 888	80 278
Medical Aid	239 436	211 960
13th Cheque	88 535	84 319
Pension Fund	220 025	217 087
Social Security	4 617	4 844

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

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>7. Employees Related Cost (continued)</b>		
Housing Allowance	73 180	73 388
Housing Subsidy	259 215	257 954
Telephone Allowance	9 600	7 200
Vehicle Allowance	86 882	83 474
Transport Allowances	31 324	28 800
Salaries	1 996 733	2 025 353
Overtime	55 751	28 827
Medical Aid	268 327	253 400
13th Cheque	177 150	168 714
Pension Fund	445 285	434 365
Social Security	9 477	9 673
Housing Allowance	153 921	178 443
Housing Subsidy	512 961	453 255
Salaries	736 205	701 148
Medical Aid	76 219	65 964
13th Cheque	61 350	58 429
Pension Fund	159 757	150 714
Social Security	1 944	1 944
Housing Subsidy	294 482	280 459
Telephone Allowance	17 700	13 140
Vehicle Allowance	178 129	164 142
Salaries	635 914	605 633
Overtime	1 800	2 280
Medical Aid	105 298	94 220
13th Cheque	52 993	50 469
Pension Fund	137 994	130 032
Social Security	1 944	1 944
Housing Subsidy	254 366	242 253
Telephone Allowance	9 600	7 200
Vehicle Allowance	92 064	83 474
Transport Allowances	7 494	7 200
Salaries	1 046 932	949 653
Overtime	5 805	44 392

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

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>7. Employees Related Cost (continued)</b>		
Medical Aid	37 613	29 048
13th Cheque	83 432	68 845
Pension Fund	227 183	204 246
Social Security	4 860	4 551
Housing Allowance	89 486	76 951
Housing Subsidy	239 799	220 456
Telephone Allowance	8 100	5 940
Vehicle Allowance	87 446	80 668
Transport Allowances	30 396	27 000
Salaries	193 902	184 668
Overtime	26 972	20 338
Medical Aid	26 542	21 136
13th Cheque	16 158	15 389
Pension Fund	42 077	39 578
Social Security	972	972
Housing Allowance	38 780	36 934
Transport Allowances	8 275	7 200
Contractual Labour	23 702	10 431
Salaries	148 207	141 149
Overtime	3 071	1 912
Medical Aid	27 170	23 834
13th Cheque	12 351	11 762
Pension Fund	32 161	30 251
Social Security	972	972
Housing Allowance	29 641	28 230
Stand-by Allowance	15 000	16 000
Transport Allowances	8 364	7 200
Security Services	71 548	90 276
Travelling & Accommodation	-	3 832
Salaries	386 311	367 916
Medical Aid	54 206	48 531
13th Cheque	32 193	30 660
Pension Fund	83 830	79 085

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

	2019	2018
	N\$	N\$
<b>7. Employees Related Cost (continued)</b>		
Social Security	972	972
Housing Subsidy	154 524	147 166
Telephone Allowance	9 600	7 200
Vehicle Allowance	90 624	83 474
Salaries	251 128	259 819
Overtime	7 803	36 042
Medical Aid	46 321	21 136
13th Cheque	20 927	22 545
Pension Fund	55 181	55 398
Social Security	1 701	1 782
Housing Allowance	20 584	9 410
Housing Subsidy	59 283	85 099
Stand-by Allowance	4 250	-
Transport Allowances	14 053	13 240
Salaries	234 027	220 132
Overtime	59 945	46 685
Medical Aid	60 353	24 996
13th Cheque	19 502	18 574
Pension Fund	50 784	47 769
Social Security	1 944	1 930
Housing Allowance	46 806	47 328
Stand-by Allowance	10 250	8 000
Transport Allowances	14 988	14 400
Salaries	241 332	229 840
Overtime	4 983	4 963
Medical Aid	82 281	76 543
13th Cheque	20 111	19 153
Pension Fund	52 369	49 260
Social Security	1 810	1 760
Housing Allowance	18 625	17 738
Housing Subsidy	59 283	56 460
Transport Allowances	17 496	14 400

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

	2019	2018
	N\$	N\$
<b>7. Employees Related Cost (continued)</b>		
Salaries	661 956	629 911
Overtime	76 114	81 139
Medical Aid	135 719	143 704
13th Cheque	55 163	52 536
Pension Fund	143 645	135 116
Social Security	4 860	4 831
Housing Allowance	132 391	126 087
Stand-by Allowance	8 500	10 500
Transport Allowances	41 686	36 000
Salaries	660 528	618 552
Overtime	126 266	102 981
Medical Aid	147 304	109 362
13th Cheque	51 006	52 480
Pension Fund	143 335	131 881
Social Security	4 860	4 709
Housing Allowance	132 106	123 105
Stand-by Allowance	17 500	16 250
Transport Allowances	41 363	35 400
Acting Allowance	-	33 750

Management and Council members are classified as related party, during the year related party transactions are as follows:

Council employs, CEO, four Senior Managers and three Managers with a total Salary package cost to company amounting to N\$ 6 373 113.

Total allowance paid to seven Councilors amounts to N\$ 477 284.



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

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>8. General Expenses</b>	<b>8 804 910</b>	<b>11 175 525</b>
Donations	3 300	3 543
Entertainment Mayor	-	17 280
Entertainment Council	10 001	35 351
Foreign Visits	194 128	86 205
Incidental Expenses	10 850	7 965
General Legal Expenses	60 755	56 251
Municipal Association Contr.	12 657	66 293
Publicity	16 908	26 339
Consultant Fees	28 544	24 335
Local City Relationships	2 720	30 620
Travelling & Accommodation	53 955	92 929
TV Licence	220	418
External Redemption	971 970	1 422 616
External Interest	56 961	153 010
Capital Outlay	-	11 638
Advertising	16 611	53 144
Courier services	98 962	38 788
Cleansing	52 176	27 488
Vehicle Licence Fees	6 623	7 244
Materials and Stores	17 605	11 608
Postage and Stamps	101 336	123 577
Internet Utility	23 248	23 124
Rental Photo Copier	42 147	43 848
Telephone	217 877	259 062
VIP Payroll Package	8 431	14 286
Trainees Allowances	44 400	-
Training personnel	8 800	1 600
Travelling & Accommodation	23 486	49 283
Office Cleaning	185 130	217 969
Office Equipment	-	1 738
ICT Technical Support	103 344	102 452
Vehicles	20 004	111 569

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

	2019	2018
	N\$	N\$
<b>8. General Expenses (continued)</b>		
Vehicles Services	144 987	179 307
Telephone Allowance	16 900	13 140
Vehicle Allowance	176 736	164 142
Transport Allowances	58 668	57 600
Bank Charges	450 749	388 007
Interest Paid	205 033	1 449
Munsoft Annual Licence Fees	241 500	159 995
Monthly Service Agreement	319 500	290 400
Monthly Disaster Recover Centre	-	108 000
Travelling & Accommodation	62 456	136 177
Hiring Of Equipment	-	22 081
Travelling & Accommodation	29 478	62 996
First Aid	816	-
Malaria Control Programme	19 641	-
Security Services	71 548	86 400
Animal Collectors	88 434	76 882
Travelling & Accommodation	2 746	58 351
Animal Fodder	1 600	620
Beautification of Town	5 269	-
Chubb Fire Extinguisher	3 434	3 417
Deeds Office Returns	-	756
Compensation	-	126 814
Materials and Stores	695	-
Printing and Stationary	2 011	-
Professional Fees	12 693	49 023
Protective clothing	-	-
Travelling & Accommodation	28 215	42 437
Compensation	25 000	-
Printing and Stationary	218 640	158 710
Rent	-	48 084
Materials and Stores	1 368	-
Travelling & Accommodation	1 384	3 384
Traffic Signs	-	84 268

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

	2019	2018
	N\$	N\$
<b>8. General Expenses (continued)</b>		
Gravelling of Streets/ Roads	1 156 576	133 431
Contributions: Emergency	5 000	-
Office Cleaning	62 569	48 600
Advertising	-	15 215
Contribution: Olufuko Festival	745 703	587 699
Materials and Stores	4 512	-
Travelling & Accommodation	24 280	74 693
Town Entrance Features	-	-
Trade Fair Participation	28 900	10 400
Marketing Tools	132 639	96 510
Cleaning: Open Market	300 618	195 154
Materials and Stores	222	-
Travelling & Accommodation	471	8 596
Incentives: Market Committees	6 800	11 145
Cleaning Wash House	72 250	61 196
Spare parts	-	209 534
Installation : Electricity - E	-	392 194
Water Reticulation-VTC	-	400 104
Highmast Light: Ext. 14	31 877	-
Planning: Nakayale Ext. 2 and 3	858 261	-
Sewer Reticulation: Ext. 12	364 654	-
Materials and Stores	88 427	24 262
Travelling & Accommodation	7 855	19 259
Materials and Stores	18 319	-
Protective clothing	14 635	-
Travelling & Accommodation	2 284	-
Network Manholes	-	56 694
Pumps	35 020	189 135
Cleaning of Pumps	10 339	12 886
Materials and Stores	237 251	245 834
Professional Fees	-	29 373
Protective clothing	8 905	-
Travelling & Accommodation	3 894	23 535

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

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>8. General Expenses (continued)</b>		
Registration of Extensions	-	22 415
Land Survey Erf 219	-	367 766
Planning - Lay-out	-	572 174
Storm water Channel: Ext. 4	-	27 831
Protective clothing	-	15 277
Investment Conference	-	317 242
Olufuko: Research	-	532 000
Rehabilitation: Pump station N	-	168 441
Construction of Services	-	862 920
	<b>5 838</b>	<b>40 323</b>
<b>9. Repairs and Maintenance</b>		
Buildings	5 838	27 999
Servicing of Air Conditioners	-	12 324
	<b>2 610 311</b>	<b>2 440 838</b>
<b>10. Electricity Consumption</b>		
Departmental Electricity	2 273 393	2 432 773
Departmental Electricity	336 918	8 065
	<b>899 641</b>	<b>767 672</b>
<b>11. Security Services</b>		
Security Services	221 949	203 485
Security Services	197 504	167 982
Security Services	246 923	237 371
Security Services (Plant)	233 264	158 834

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

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>12. Cash and Cash Equivalents</b>	<b>4 426 841</b>	<b>7 757 409</b>
Petty Cash	-	1 500
LED /GIZ Account	46 290	45 834
SDFN-Call Account	16 760	16 577
OTC Bank Windhoek Call Account	397 299	3 073 600
Build Together: Call Account	429 506	416 412
Build Together: Disbursement Account	31 313	68 308
Build Together: Receipt Account	1 958 460	1 767 075
OTC-FNB Call Account	435 520	1 335 632
SDFN-Receipt Account	1 111 693	1 032 470
<b>13. Trade and Other Receivables</b>	<b>6 290 405</b>	<b>5 562 625</b>
Build Together Advances	1 588 286	1 720 043
Shack Dwellers Advances	125 721	188 416
Debtors	23 902 534	17 208 970
Bad Debts	(18 605 104)	(13 698 942)
Nored	(115 023)	112 208
Retention	-	31 929
Unclaimed Salaries	7 750	-
VAT Control Account	868 539	-
Long Term Receivables	(1 482 298)	-
<b>14. Trade and Other Payables</b>	<b>9 033 943</b>	<b>4 648 976</b>
Namwater Accrual	5 764 046	-
Regional Council	1 388 780	-
Creditor Accruals 30 June	999 593	3 647 082
Other Deposit: Met Life	-	288 763
Suspense Account	-	204 026
Retention : O'B David Ext 8	250 000	-
VAT Control Account	-	478 403
Bank Reconciliation	631 524	30 702

## ANNEXURE F

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

	<u>2019</u>
	N\$
<b>15. Reconciliation for cash generated from operation:</b>	
<b>Surplus/Deficit for the period</b>	<b>(4 689 282)</b>
<b>Non-cash items:</b>	<b>7 774 259</b>
Depreciation and Amortisation Expenses	7 473 397
Changes in Accounting Policies, Error and Corrections	300 862
<b>Cash generated from operation before changes in working capital</b>	<b>3 084 976</b>
<b>Changes in working capital:</b>	<b>2 483 763</b>
Trade and Other Receivables	(727 781)
Inventory	(72 240)
Long Term Receivables	(1 482 298)
Trade and Other Payables	4 384 967
Employee Benefits	116 553
Consumer Deposit	264 562
<b>Net cash flow from operating activities</b>	<b>5 568 740</b>

<b>16. Trade and other receivables control account</b>	<b>Debit</b>	<b>Credit</b>
Balance	5 562 625	6 290 405
Long term receivables	-	1 482 298
Consumer deposit	1 665 565	1 401 003
Revenue	49 987 610	-
Government Subsidy	-	7 010 200
<b>Receipts from exchange and Other non-exchange transaction</b>	<b>-</b>	<b>41 031 893</b>
	<b>57 215 800</b>	<b>57 215 799</b>

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

<b>17. Trade and other payables control account</b>	<b>Debit</b>	<b>Credit</b>
Trade and Other Payables	9 033 943	4 648 976
Balance: Inventories	366 246	438 486
Balance: Employee Benefits	2 797 553	2 681 000
Expenses	-	54 676 892
Depreciation and Amortisation Expenses	7 473 397	-
Changes in Accounting policies Error and Corrections:	300 862	-
<b>Cash paid to suppliers and on behalf of employees</b>	<b>42 473 353</b>	<b>-</b>
	<b>62 445 354</b>	<b>62 445 354</b>

<b>18. Property, Plant and equipment (including WIP)</b>	<b>Debit</b>	<b>Credit</b>
Property, Plant and Equipment	82 964 321	82 555 125
Depreciation and Amortisation Expenses	-	7 473 397
<b>Purchase of property, plant and equipment</b>	<b>7 064 200</b>	<b>-</b>
	<b>90 028 521</b>	<b>90 028 522</b>

<b>19. Long Term Loan</b>	<b>Debit</b>	<b>Credit</b>
Balance	-	1 234 574
<b>Repayment of long Term Loan</b>	<b>1 234 574</b>	<b>-</b>
	<b>1 234 574</b>	<b>1 234 574</b>

