



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

TOWN COUNCIL OF RUNDU

FOR THE FINANCIAL YEARS ENDED 30 JUNE 2018, 2019 AND 2020

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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 Rundu for the financial years ended 30 June 2018, 2019 and 2020, 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, May 2025

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 RUNDU FOR THE FINANCIAL YEARS
ENDED 30 JUNE 2018, 2019 AND 2020**

1. ADVERSE OPINION AUDIT OPINION

I have audited the financial statements of the Town Council of Rundu for the financial years ended 30 June 2018, 2019 and 2020. 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 years then ended, summary of significant accounting policies and notes to the financial statements.

In my opinion, because of the significance of matters discussed in the Basis of Adverse audit Opinion paragraph, the financial statements do not fairly present the financial position of the Town Council of Rundu for the financial years ended 30 June 2018, 2019 and 2020 and its financial performance for the years then ended.

2. BASIS OF ADVERSE AUDIT OPINION

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

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

2.1 Accounting framework

The Council adopted IPSAS for the first time on 1 July 2018 and had a 3-year transitional period. However, the Council did not comply with IPAS 33, paragraph 5, which requires the first-time adopter to be fully compliant within 3 years from the effective date of adoption of the standard. The financial statements for 2020 should have been fully compliant.

*Although the Council adopted IPSAS for the first time on 1 July 2018, the auditors observed that it adopted it early in July 2017.

2.2 Prior period correction

The Council did not restate the 2018 financial statements in respect to income reversals amounting to N\$ 105 301 049 done in the 2020 financial year. The amounts of N\$ 8 681 283 and N\$ 96 619 765 were debited to the water sales and interest revenue accounts respectively.

2.3 General reserves

The Council did not provide supporting documents for journals amounting to N\$ 60 271 123 (2020), N\$ 43 955 115 (2019) and N\$ 14 359 579 (2018) credited to the general reserves account. The auditors could not confirm the valuation and accuracy of the recorded general reserve balance.

2.4 Accumulated surplus

The Council did not provide supporting documents for journals amounting to N\$ 78 195 773 credited to the accumulated surplus in the 2018 financial year.

2.5 Journals

Inadequate control was exercised over journals processed during the review years and while preparing the financial statements. This is evidenced by the absence of a record of all the journals processed, along with relevant supporting documents and documentation of motivation, review, and approval. The auditors could not confirm the integrity of the processed journals and their impact on the financial statements.

2.6 Land reconciliation

The Council did not provide a land reconciliation detailing the total land size under its jurisdiction and allocated to the relevant categories by land use. Therefore, the auditors could not confirm the accuracy and completeness of the land recognized under property, plant and equipment, investment property, and inventory.

2.7 Equity investment

The Council holds 990 shares of the total issued share capital of Local Authority Electricity Company (Pty) Ltd (LAEC), whose main asset is the investment in NORED Electricity (Pty) Limited. No additional information could be obtained from LAEC to enable auditors to determine the classification of the investment and the related accounting treatment.

2.8 Unsupported expenditure

The Council did not provide expenditure invoices amounting to N\$ 27 664 059 (2020), N\$ 14 145 359 (2019) and N\$ 16 738 279 (2018).

2.9 Credit notes

The Council did not provide supporting documents for the listings of credit notes issued during the three (3) years under review for audit verification. The auditors could therefore not confirm the accuracy of the reported revenue and related debtors.

2.10 Receivables from exchange and non-exchange transactions

- The Council did not provide supporting documents for the debt impairment on receivables from exchange transactions of N\$ 381 818 165 (2020), N\$ 329 273 312 (2019), and N\$ 277 002 495 (2018).
- The reported provision for 2020 of N\$ 381 818 165 is overstated by N\$ 39 136 776 in relation to the recomputed balance of N\$ 342 681 389. Secondly, the provisions for 2019 and 2018 of N\$ 329 273 312 and N\$ 277 002 495 are understated by N\$ 89 193 542 and N\$ 141 002 890 in relation to the recomputed provision of N\$ 418 466 854 and N\$ 418 005 385 respectively.
- The debt impairment expense for 2020 and 2018 of N\$ nil and N\$ 52 270 817 are understated by N\$ 28 510 261 and N\$ 141 002 890 in relation to the recomputed provision of N\$ 28 510 261 and N\$ 193 273 707, respectively, while the expense for 2019 of N\$ 47 804 199 is overstated by N\$ 51 809 349 in relation to the recomputed amount of N\$ 4 005 150.
- The Council did not provide the breakdown and supporting documents for receivables from non-exchange transactions of N\$ 322 294 544 (2020), N\$ 138 527 587 (2019) and N\$ 4 496 122 (2018).

2.11 Government subsidy

- The Council did not provide supporting documents to substantiate subsidy amounting to N\$ 5 264 734 received from Roads Authority in the 2018 financial year.
- Subsidies amounting to N\$ 5 861 395 received from Roads Authority during 2020 are not reported in the financial statements.

2.12 Bank reconciliation

- Council did not perform bank reconciliation at 30 June 2020 on the operational bank account. The Council took the bank statement balance of N\$ 5 109 264 as the cash book balance and disregarded the actual cash book balance. The auditors were not provided with the actual cash book to determine the cash book balance.
- For 2019, the reported cash book balance of the operational account of N\$ 294 565 is understated by N\$ 3 690 504 in comparison to the bank statement balance of N\$ 3 985 069. Furthermore, no bank reconciliation was performed by the Council.
- At 30 June 2018, there is an unexplained difference of N\$ 52 758 043 between the cash book of N\$ 53 052 608 and the bank statement balance of N\$ 294 565. There was also a lack of breakdown of material outstanding deposits and payments, omitted receipts and payments. In addition, the Council did not analyse and present the impact of the unrecorded transactions on the financial statements.

2.13 Property, plant and equipment

- The Council did not provide supporting documents for the work-in-progress of N\$ 5 001 057 presented in the financial statements for all the years under review.
- The reported carrying amount of property, plant and equipment of N\$ 63 964 052 for 2020 is overstated by N\$ 2 891 509 in comparison to the fixed assets register with a balance of N\$ 61 072 543.
- The asset register does not include identification details of some of the individual assets recorded.
- Land is not reported in the financial statements.

2.14 Provision for severance pay

The Council did not raise provision for severance pay in these financial statements despite the legal obligation imposed by the Labour Act, 2007 (Act No. 11 of 2007). Moreover, the Council did not provide additional information to enable the auditors to calculate and quantify the amount.

2.15 Provision for dumpsite rehabilitation

The Council did not recognise a provision for dumpsite rehabilitation in the financial statements, despite the existence of legal and environmental obligations related to the closure and rehabilitation of the landfill sites as per IPSAS 19, paragraph 27, read with Section 3(2)(j) of the Environmental Management Act, 2007 (Act No. 7 of 2007).

2.16 Value-Added Tax (VAT)

There are unexplained differences of N\$ 2 368 962 (2020), (N\$ 6 672 168) 2019 and N\$ 7 589 483 (2018) between the reported VAT payable 2020: N\$ 50 321 916, 2019: N\$ 52 140 672 and 2018: N\$ 45 505 160) and the VAT payable reconciliations (performed by the auditors) (2020: N\$ 52 690 878, 2019: N\$ 45 468 504 and 2018: N\$ 53 094 643). Secondly, no reconciliation of the total revenue to VAT returns showing standard-rated, zero-rated and exempt revenue was performed.

2.17 Rates and taxes

There are unexplained differences of N\$ 1 750 429 (2020), N\$ 2 363 096 (2019) and (N\$ 434 787) 2018 between the reported rates and taxes revenue (2020: N\$ 7 296 095, 2019: N\$ 6 683 428 and 2018: N\$ 7 296 095) and amounts per billing reports (2020: N\$ 9 046 524, 2019: N\$ 9 046 524 and 2018: N\$ 6 861 608). Secondly, the Council was using the outdated valuation roll and government gazettes for levying of rates and taxes income.

2.18 Royalties

There are unexplained differences of N\$ 1 749 585 (2020), N\$ 2 145 229 (2019) and N\$ 434 173 (2018) between the reported royalties (2020: N\$ 1 933 850, 2019: N\$ 1 242 564 and 2018: N\$ 3 290 098) and amounts per NORED reports (2020: N\$ 3 683 435, 2019: N\$ 3 387 793 and 2018: N\$ 3 724 271). The auditors could therefore not confirm the completeness and accuracy of royalties received.

2.19 Build Together Loans

There are unexplained differences of N\$ 2 596 559 (2020) and N\$ 1 430 028 (2019) between the reported Build Together loans (2020: N\$ 3 392 127; 2019: N\$ 2 386 693) and amounts per listing (2020: N\$ 795 568; 2019: N\$ 956 665).

2.20 Interest on arrears

The performance of interest calculation on arrear debtors revealed unexplained understatement of N\$ 4 028 543, N\$ 8 432 348 and N\$ 4 364 746 for 2020, 2019 and 2018 between the recalculated sample amounts of N\$ 6 485 063, N\$ 11 510 628 and N\$ 5 615 515 and the general ledger (calculated by Munsoft system) of N\$ 2 456 520, N\$ 3 078 280 and N\$1 250 769 respectively. The auditors could therefore not confirm the accuracy of the reported revenue.

2.21 Service charges revenue

- Billings for service charges (water, sewerage, refuse) were being done using incorrect tariff and tariffs per outdated government gazettes.
- There are unexplained differences of (N\$ 11 274 311) 2020, N\$ 10 473 724 (2019) and (N\$ 169 713 954) 2018 between the reported water sales revenue (2020: N\$ 29 251 792, 2019: N\$ 72 759 510 and 2018: N\$ 204 777 768) and amounts per billing reports (2020: N\$ 17 977 481, 2019: N\$ 83 233 234 and 2018: N\$ 35 063 814).
- There are unexplained differences of (N\$ 1 021 613) 2020, N\$ 1 062 156 (2019) and (N\$ 788 238) 2018 between the reported sewerage services revenue (2020: N\$ 5 544 563, 2019: N\$ 2 774 698 and 2018: N\$ 3 821 837) and amounts per billing reports (2020: N\$ 4 522 950, 2019: N\$ 3 836 854 and 2018: N\$ 3 033 599)
- There are unexplained differences of (N\$ 2 900 050) 2020, N\$ 2 785 461 (2019) and (N\$ 2 881 437) 2018 between the reported refuse revenue (2020: N\$ 14 354 342, 2019: N\$ 7 975 462 and 2018: N\$ 10 112 410) and amounts per billing reports of (2020: N\$ 11 454 292, 2019: N\$ 10 760 923 and 2018: N\$ 7 230 973).

2.22 Creditors

- At 30 June 2020, the Namwater account payable balance of N\$ 107 619 251 is overstated by N\$ 13 176 285 in relation to the statement balance of N\$ 94 442 966.
- There is no listing or reconciliation of the unknown deposits with balances of N\$ 52 465 658 and N\$ 40 104 289 at 30 June 2020 and 2019.
- There was no breakdown and related supporting documents for the creditors' amounting to N\$ 54 878 736 (2020), N\$ 22 403 521(2019) and N\$ 5 410 446 (2018).

2.23 Employee cost

- The reported employee costs for 2020 of N\$ 28 764 382 are understated by N\$ 5 668 733 in relation to the payroll, which amounts to N\$ 34 433 115.
- The payroll for July to September 2017, amounting to N\$ 8 526 249 of the employee cost for the 2018 year, was not provided for audit purposes.

2.24 Inventories

- Stock count sheets were completed in pencil and not signed to confirm authenticity.
- There are unexplained differences of N\$ 7 819 032 (2020), (N\$ 4 648 277) 2019 and (N\$ 1 012 496) 2018 between the reported inventories (2020: N\$ 14 269 292, 2019: N\$ 8 189 547 and 2018: N\$ 3 544 472) and amounts per inventory valuation reports (2020:N\$ 22 088 324, 2019: N\$ 3 541 270 and 2018: N\$ 2 531 976) The auditors could therefore not confirm the completeness, accuracy, and valuation of inventories.

2.25 Sale of erven

The reported sale of erven revenue of N\$ 7 169 651 (2020), N\$ 13 884 682 (2019) and N\$ 6 622 672 (2018) were recognised on a receipt basis rather than the full transaction value upon satisfying all conditions for revenue recognition. The auditors could therefore not confirm the occurrence and accuracy of the reported revenue.

2.26 Financial reporting disclosure deficiencies

The auditors noted the following deficiencies with the disclosures in the financial statements, which are required in terms of the International Public Sector Accounting Standards (IPSAS):

- The financial statements for 2018 did not the disclose the reconciliation detailing the impact of first time IPSAS adoption on the Statement of financial position and Statement of financial performance required by IPSAS 33.142(a) and 33.142(b).
- The Council did not disclose in its accounting policies work-in progress, net assets (funds and accumulated surplus) and leases.
- The Council did not disclose contingency assets and liabilities as well as its risk management practices.
- The financial statements do not disclose the gross debtors and related provision for debt impairment.
- No reconciliation was presented for the movement in the loss allowance.
- No budget information is presented.
- The amounts disclosed as cash flows from financing activities of N\$ 60 272 692, N\$ 92 319 568 and N\$ 44 875 519 (outflow) for 2020, 2019 and 2018 respectively are all non-cash items incorrectly on the statement of cash flows.
- The following related party transactions and balances disclosures required by IPSAS 20 – Related Parties, paragraph 34, were omitted from the financial statements:
 - compensation paid to close family members of key management personnel
 - balances with key management personnel

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 Town Council of Rundu.

4. OTHER INFORMATION

In connection with the 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 knowledge obtained in the audit or otherwise appears not to be materially misstated. If, based on the work I have performed, I conclude that there are no material misstatements of this other information, I am required to report that fact. I have nothing to report in this regard.

5. 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 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 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.

6. 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 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 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

7. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

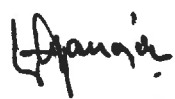
The financial statements were submitted by the Accounting Officer to the Auditor-General in terms of Section 87 of the Local Authorities Act, 1992 (Act No. 23 of 1992), except that they were submitted on 18 January 2024 (2018), 2 February 2024 (2019) and 26 March 2024 (2020) instead of three (3) months after the year end as required by the Act.

Non-compliance with submission of VAT return for all the years in terms of the Value-Added Tax Act, 2000 (Act No.10 of 2000), *Section 24 subsection (1)*.

8. ACKNOWLEDGEMENT

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

WINDHOEK, May 2025


JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

TOWN COUNCIL OF RUNDU
ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30
JUNE 2018, 2019 AND 2020

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Principal activities of the Town Council of Rundu are: Provision of municipal services to the residents of Rundu Town:
Council Councillors	Cllr Gabriel Kanyanga (Mayor) Cllr Johanna Kakondo (Deputy Mayor) Cllr Engelbert Muyenga (Chairperson Management Committee) Cllr Nicklaus Ndumba Cllr Rosalia Nanghuti Cllr Reginald Ndara Cllr Regina Nekare
Chief Executive Officer (Accounting Officer)	Olavi V E Nathanael
Registered office	Town Council of Rundu GRN Office Complex ERF 1212 Maria Mwengere Road Rundu
Bankers	First National Bank Namibia
Auditors	Auditor -General Office of the AuditorGeneral of Namibia

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

		2020	2019	2018	2017
	Note	N\$	N\$	N\$	N\$
ASSETS					
CURRENT ASSETS		376 446 168	324 325 414	168 060 746	93 124 985
Cash and cash equivalent	8	13 977 804	8 146 241	744 941	46 187 297
Receivables from exchange transactions	9	25 904 528	169 462 039	159 275 211	43 542 104
Other recoverable from non-exchange transactions (taxes and transfers)		322 294 544	138 527 587	4 496 122	-
Inventory		14 269 292	8 189 547	3 544 472	3 395 584
NON-CURRENT ASSETS		64 843 117	66 800 479	73 061 038	72 982 692
Property, plant and equipment	10	63 964 052	65 760 317	71 867 371	71 642 664
Build Together Advances		879 065	1 040 162	1 193 667	1 340 028
TOTAL ASSETS		441 289 285	391 125 893	241 121 784	166 107 677
LIABILITIES					
CURRENT LIABILITIES		275 639 084	212 615 490	118 242 700	116 610 383
Payables under exchange transactions	11	225 317 168	160 474 818	72 725 060	70 272 101
Consumer deposits		-	-	12 480	12 480
VAT payable		50 321 916	52 140 672	45 505 160	46 325 802

TOWN COUNCIL OF RUNDU

ANNEXURE A

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE (Continued)

	2020	2019	2018	2017
Note	N\$	N\$	N\$	N\$
NET ASSETS				
CAPITAL AND RESERVES	165 650 201	178 510 403	122 879 084	49 497 294
Reserves	144 286 418	84 015 295	74 387 622	113 729 895
Accumulated surplus	21 363 783	94 495 108	48 491 462	(64 232 601)
TOTAL NET ASSETS/EQUITY	441 289 285	391 125 893	241 121 784	166 107 677

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

		2020	2019	2018	2017
	Note	N\$	N\$	N\$	N\$
REVENUE					
REVENUE FROM NON-EXCHANGE TRANSACTIONS		12 008 934	10 080 817	14 301 624	14 884 085
TAXATION REVENUE					
Property rates		11 973 134	6 683 428	7 296 095	6 244 881
TRANSFER REVENUE					
Transfers from Roads Authority Fund		-	3 298 641	6 672 485	8 609 704
Fines, penalties and levies		35 800	98 748	333 044	29 500
REVENUE FROM EXCHANGE TRANSACTIONS		1 682 467	122 649 620	258 840 495	123 382 299
Service charges	3	49 150 697	83 509 670	218 712 015	89 816 976
Rendering of services		10 429 130	18 234 271	10 050 748	16 778 689
Royalty income		1 933 850	1 242 564	3 290 098	3 070 329
Rental of facilities and equipment	4	240 238	170 816	1 438 554	1 247 634
Interest received		(61 866 012)	17 622 696	22 848 972	10 785 600
Licences and permits		1 793 677	1 727 351	1 585 278	1 406 801
Miscellaneous other revenue		887	14 427	810 004	213 342
Interest income		-	127 825	104 826	62 928
TOTAL REVENUE	2	13 691 401	132 730 437	273 142 119	138 266 384

TOWN COUNCIL OF RUNDU

STATEMENT OF FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE (Continued)

		2020	2019	2018	2017
	Note	N\$	N\$	N\$	N\$
EXPENSES		(86 822 724)	(164 922 564)	(159 380 932)	(97 152 114)
Bulk purchases		(31 381 000)	(58 152 757)	(54 968 940)	(45 988 057)
Employee costs	5	(28 764 382)	(31 964 251)	(32 507 942)	(18 134 207)
Remuneration of councillors		(477 428)	(559 938)	(312 586)	(1 049 863)
Depreciation and amortisation expense		(7 679 967)	(7 543 969)	(7 438 606)	(1 069 908)
Repairs and maintenance	6	(6 569 707)	(5 983 250)	(1 611 438)	(12 772 519)
Contracted services		(1 054 975)	(703 370)	(3 553 124)	(4 893 574)
Debt impairment	7	-	(52 270 817)	(47 804 199)	-
General Expenses		(10 895 265)	(7 744 212)	(11 184 097)	(13 243 986)
Surplus/(Deficit) for the year		(73 131 323)	(32 192 127)	113 761 187	41 114 270

**TOWN COUNCIL OF RUNDU
STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE**

	General Reserves	Accumulated surplus	Total net assets/equity
	N\$	N\$	N\$
Balance at 1 July 2016	114 189 714	(105 346 871)	8 842 843
Prior period adjustments	-	(1 037 124)	(1 037 124)
Surplus for the year	-	41 114 270	41 114 270
Direct net adjustment to equity	(459 819)	-	(459 819)
Total changes	(459 819)	40 077 146	39 617 327
Balance at 30 June 2017	113 729 895	(65 269 725)	48 460 170
Changes in net assets/equity	-	-	-
Surplus for the year	4 496 122	113 761 187	113 761 187
Direct net adjustment to equity	(43 838 395)	-	(43 838 395)
Total changes	(39 342 273)	113 761 187	69 922 792
Balance at 30 June 2018	74 387 622	48 491 462	118 382 962

TOWN COUNCIL OF RUNDU

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE (Continued)

	General Reserves	Accumulated surplus	Total net assets/equity
	N\$	N\$	N\$
Surplus for the year	-	(32 192 127)	(32 192 127)
Prior period adjustments	-	78 195 773	78 195 773
Direct net adjustment to equity	9 627 673	-	9 627 673
Total changes	9 627 673	46 003 646	55 631 319
Balance at 30 June 2019	84 015 295	94 495 108	174 014 281
Surplus for the year	-	(73 131 323)	(73 131 323)
Direct net adjustment to equity	60 271 123	(2)	60 271 121
Total changes	60 271 123	(73 131 325)	(12 860 202)
Balance at 30 June 2020	144 286 418	21 363 783	161 154 079

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

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
Note				
CASH FLOWS FROM OPERATING ACTIVITIES				
Deficit	(73 131 323)	(32 192 127)	113 761 187	41 114 270
ADJUSTMENTS FOR:				
Depreciation and amortisation expense	7 679 967	7 543 969	7 438 606	1 069 908
Debt impairment	-	52 270 817	47 804 199	-
CHANGES IN WORKING CAPITAL				
Inventories	(6 079 745)	(4 645 075)	(148 888)	(1 043 987)
Receivables from exchange transactions	143 557 511	(10 192 083)	(115 733 107)	(15 764 595)
Debt impairment	-	(52 270 817)	(47 804 199)	-
Other receivables from non-exchange transactions	(183 766 958)	(138 527 587)	-	-
Payables under exchange transactions	64 842 350	87 755 016	2 452 955	12 062 447
VAT	(1 818 756)	6 635 512	(820 642)	46 325 802
Consumer deposits	-	(12 480)	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	(48 716 954)	(83 634 855)	6 950 111	83 763 845

TOWN COUNCIL OF RUNDU

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE (Continued)

	2020	2019	2018	2017
Note	N\$	N\$	N\$	N\$
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(5 885 273)	(1 436 918)	(7 663 312)	(14 478 135)
Proceeds from sale of other asset	161 097	(153 505)	146 361	147 526)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(5 724 176)	(1 283 413)	(7 516 951)	(14 330 609)

TOWN COUNCIL OF RUNDU STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE (Continued)				
	2020	2019	2018	2017
Note	N\$	N\$	N\$	N\$
CASHFLOWS FROM FINANCING ACTIVITIES				
Net non-cash flows of reserves	1 569	14 123 797	(43 838 393)	11 660 768
Non-cash item - Direct adjustments to accumulated surplus (deficit)	60 271 123	78 195 771	(1 037 123)	(68 157 132)
	60 272 692	92 319 568	(44 875 516)	(56 496 364)
NET CASH FLOWS FROM FINANCING ACTIVITIES				
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5 831 563	7 401 300	(45 442 356)	12 936 872
Cash and cash equivalents at the beginning of the year	8 146 241	744 941	46 187 297	33 250 425
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	13 977 804	8 146 241	744 941	46 187 297

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TOWN COUNCIL OF RUNDU
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEARS ENDED 30 JUNE 2018, 2019 AND 2020

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS), issued by the Public Sector Accounting Standards Board, and in accordance with Section 87 of the Local Authorities Act, 1992 (Act No. 23 of 1992).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost conventions as the basis of measurement unless specified otherwise. They are presented in Namibia Dollar.

1.1 Presentation currency

These annual financial statements are presented in Namibia Dollar, which is the functional currency of the entity.

1.2 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, because of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

**TOWN COUNCIL OF RUNDU
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)**

1.2 Revenue from non-exchange transactions (continued)

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

TOWN COUNCIL OF RUNDU**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)**

1.2 Revenue from non-exchange transactions (continued)**Service charges**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; the stage of completion of the transaction at the reporting date can be measured reliably;
- stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.3 Revenue from exchange transactions

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

TOWN COUNCIL OF RUNDU**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)**

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Thereafter, property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual value. The entity changes from a modified reducing balance method of estimated annual depreciation charge to a straight light method with effect from 01 July 2017.

TOWN COUNCIL OF RUNDU
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)

1.4 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	20-50
Plant and machinery	5-15
Furniture and fixtures	5-10
Motor vehicles	5-10
Office equipment	5-10
IT equipment	3-5
Computer software	3-5
Infrastructure	10-50
Other property, plant and equipment	5-10
Bins and containers	5-20
Communication equipment	5
Park facilities	5-20
Specialised vehicles	5-15
Small tools and other assets	5-20
Wastewater network	10-50
Water network	10-50

The residual value, the useful life and depreciation method of each asset are reviewed at least once at the reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset.

**TOWN COUNCIL OF RUNDU
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)**

1.4 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Property, plant and equipment which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end, and the assets are available for sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the statement of cashflow.

1.5 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

TOWN COUNCIL OF RUNDU**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)**

1.6 Financial instruments (continued)

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of IPSAS on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity, or
 - exchange financial assets or financial liabilities with another entity or conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

**TOWN COUNCIL OF RUNDU
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)**

1.6 Financial instruments (continued)

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

TOWN COUNCIL OF RUNDU**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)****1.6 Financial instruments (continued)**

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.8 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

TOWN COUNCIL OF RUNDU**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)**

1.8 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

TOWN COUNCIL OF RUNDU**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)**

1.9 Employee benefits**Short-Term Employee Benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

Recognition and Measurement

When an employee has rendered service to the entity during an accounting period, the entity recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognizes that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

Short-Term Paid Absences

The entity recognizes the expected cost of short-term employee benefits in the form of paid absences as follows:

- in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and
- in the case of non-accumulating paid absences, when the absences occur.

The entity measures the expected cost of accumulating paid absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Profit-Sharing and Bonus Plans

The entity recognizes the expected cost of profit-sharing and bonus payments when, and only when:

- the entity has a present legal or constructive obligation to make such payments as a result of past events; and
- a reliable estimate of the obligation can be made.

A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

TOWN COUNCIL OF RUNDU**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)**

1.9 Employee benefits (continued)**Post-employment Benefits - Distinction between Defined Contribution Plans and Defined Benefit Plans****Multi-Employer Plans**

Multi-employer plans are defined contribution plans (other than state plans) that:

- pool the assets contributed by various entities that are not under common control; and
- use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees.

The entity classifies a multi-employer plan as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

When the entity participates in a multi-employer defined benefit plan, it:

- accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan; and
- discloses the information required.

When sufficient information is not available to use defined benefit accounting for a multi-employer defined benefit plan, the entity:

- accounts for the plan as if it were a defined contribution plan; and
- disclose the information required.

In determining when to recognize, and how to measure, a liability relating to the wind-up of a multi-employer defined benefit plan, or the entity's withdrawal from a multi-employer defined benefit plan, the entity applies IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets.

Defined Benefit Plans that Share Risks between Entities under Common Control

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

**TOWN COUNCIL OF RUNDU
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)**

1.9 Employee benefits (continued)

Recognition and Measurement

When an employee has rendered service to the entity during a period, the entity recognizes the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the entity recognizes that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money.

Post-employment Benefits - Defined Benefit Plans

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The net defined benefit liability (asset) is the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The deficit or surplus is:

- the present value of the defined benefit obligation less
- the fair value of plan assets (if any).

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Plan assets comprise:

- assets held by a long-term employee benefit fund; and
- qualifying insurance policies.

TOWN COUNCIL OF RUNDU
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)

1.9 Employee benefits (continued)

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that:

- are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits; and
- are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in bankruptcy), and cannot be returned to the reporting entity, unless either:
 - the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
 - the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in IPSAS 20) of the reporting entity, if the proceeds of the policy:

- can be used only to pay or fund employee benefits under a defined benefit plan; and
- are not available to the reporting entity's own creditors (even in bankruptcy) and cannot be paid to the reporting entity, unless either:
 - the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
 - the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Service cost comprises:

- current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.
- past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan); and any gain or loss on settlement.
- Net interest on the net defined benefit liability (asset) is the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprise:

- actuarial gains and losses;
- the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

TOWN COUNCIL OF RUNDU**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)**

1.9 Employee benefits (continued)

Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- the effects of changes in actuarial assumptions.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realized and unrealized gains or losses on the plan assets, less:

- any costs of managing the plan assets; and
- any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

Recognition and Measurement

The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Accounting for the Constructive Obligation

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits.

Statement of Financial Position

The entity recognize the net defined benefit liability (asset) in the statement of financial position.

When an entity has a surplus in a defined benefit plan, it measures the net defined benefit asset at the lower of:

- the surplus in the defined benefit plan; and
- the asset ceiling, determined using the discount rate.

**TOWN COUNCIL OF RUNDU
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)**

1.9 Employee benefits (continued)

Termination Benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Recognition

The entity recognizes a liability and expense for termination benefits at the earlier of the following dates:

- when the entity can no longer withdraw the offer of those benefits; and
- when the entity recognizes costs for a restructuring that is within the scope of IPSAS 19 and involves the payment of termination benefits.

Measurement

The entity measures termination benefits on initial recognition, and measures and recognizes subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment benefits, the entity applies the requirements for post-employment benefits. Otherwise:

- if the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period in which the termination benefit is recognized, the entity applies the requirements for short-term employee benefits.
- if the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the entity applies the requirements for other long-term employee benefits.

TOWN COUNCIL OF RUNDU**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)**

1.10 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its entity.

1.11 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

**TOWN COUNCIL OF RUNDU
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)**

1.11 Significant judgements and sources of estimation uncertainty (continued)

Impairment of financial assets

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Available-for-sale financial assets

The entity follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the entity evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Allowance for slow-moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Water inventory

Management used the ABC model to determine the value of the options at issue date. Additional details regarding the estimates are included in the note - Share based payments.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

TOWN COUNCIL OF RUNDU**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)**

1.12 Site restoration and dismantling cost

The entity has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

1.13 Heritage assets

Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

1.14 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.15 Transitional exemptions and provisions

As the entity adopted the accrual basis IPSAS for the first time on 01 July 2018 and is making use of the transitional exemptions, details regarding the progress in fully adopting the accrual basis IPSAS, are stated below. The Council is not in a position to assert full compliance with the International Public Sector Accounting Standard due to a delay in the preparation for the transition as well the actual preparation of the actual IPSAS financial statements.

Affecting fair presentation transitional exemptions utilised

IPSAS 5: Borrowing Costs
 IPSAS 9: Revenue from Exchange Transactions
 IPSAS 12: Inventories
 IPSAS 13: Leases
 IPSAS 16: Investment Property
 IPSAS 17: Property, Plant and Equipment

TOWN COUNCIL OF RUNDU
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE
YEARS ENDED 30 JUNE 2018, 2019 AND 2020 (Continued)

1.15 Transitional exemptions and provisions (continued)

IPSAS 19: Provisions, Contingent Liabilities and Contingent Assets
 IPSAS 20: Related Party Disclosures
 IPSAS 23: Revenue from Non-Exchange Transactions (Taxes and Transfers)
 IPSAS 27: Agriculture
 IPSAS 29: Financial Instruments: Recognition and Measurement
 IPSAS 31: Intangible Assets
 IPSAS 32: Service Concession Arrangements: Grantor
 IPSAS 36: Investments in Associates and Joint Ventures
 IPSAS 39: Employee Benefits
 IPSAS 40: Public Sector Combinations
 IPSAS 41: Financial Instruments

Exemption from disclosure requirements in IPSAS during the period of transition

To the extent that the entity takes advantage of the exemption that provides a three year relief period to not recognize and/or measure items, it is not required to apply any associated presentation and/or disclosure requirements related to such items as required in IPSAS 1, IPSAS 18 and/or the applicable IPSAS until such time as the exemptions that provided the relief have expired and/or when the relevant items have been recognized and/or measured in accordance with the applicable IPSAS (whichever is earlier).

1.16 Events after reporting date

Management is not aware of any events that could have occurred between the year end date and the date of this report that could have a material impact on the results of the Council for the period ended 30 June 2018, 2019 and 2020.

TOWN COUNCIL OF RUNDU

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$

The amount included in revenue arising from exchanges of goods or services are as follows:

1. Revenue	1 682 467	122 649 620	258 840 495	123 382 299
Rendering of services	10 429 130	18 234 271	218 712 015	89 816 976
Service charges	49 150 697	83 509 670	10 050 748	16 778 689
Royalty income	1 933 850	1 242 564	3 290 098	3 070 329
Rental of facilities and equipment	240 238	170 816	1 438 554	1 247 634
Interest received (trading)	(61 866 012)	17 622 696	22 848 972	10 785 600
Licences and permits	1 793 677	1 727 351	1 585 278	1 406 801
Miscellaneous other revenue	887	14 427	810 004	213 342
Interest received - investment	-	127 825	104 826	62 928

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue	12 008 934	10 080 817	14 301 624	14 884 085
Property rates	11 973 134	6 683 428	7 296 095	6 244 881
Transfer revenue				
Transfers from other government entities	-	3 298 641	6 672 485	8 609 704
Fines, penalties and levies	35 800	98 748	333 044	29 500
TOTAL REVENUE	13 691 401	132 730 437	273 142 119	138 266 384

TOWN COUNCIL OF RUNDU

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE (Continued)

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
2. Service charges	49 150 697	83 509 670	218 712 015	80 816 976
Sale of water	29 251 792	72 759 510	204 777 768	74 229 973
Sewerage and sanitation charges	5 544 563	2 774 698	3 821 837	3 529 839
Refuse removal	14 354 342	7 975 462	10 112 410	3 057 164
3. Rental of facilities and equipment	240 238	170 816	1 438 554	1 247 634
Rental of Premises and related	240 238	170 816	1 330 139	818 034
Other rentals	-	-	108 415	429 600
4. Employee related costs	28 764 382	31 964 251	32 507 942	18 134 207
Basic	15 499 347	15 757 602	18 592 597	9 356 905
Bonus	1 264 969	1 416 257	1 317 595	739 688
Medical Aid – company contributions	2 139 630	2 509 404	1 641 752	876 021
Social security	170 992	192 394	142 589	35 172
Employee compensation fund contribution	5 409	88 009	-	205 882
Other payroll levies	558 626	558 626	75 588	532 822
Leave pays provision charge	-	(1 404 379)	-	11 037
Standby allowance	43 397	2 086 019	180 073	159 757
Overtime payments	761 334	892 909	759 934	858 428
Transport allowance	714 990	857 988	1 540 800	637 200
Car allowance	597 824	701 141	644 742	437 482
Housing benefits and allowance	3 370 044	4 041 767	3 914 525	1 380 892
Medical check expenses	-	-	466	-

TOWN COUNCIL OF RUNDU

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE (Continued)

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
5. Employee related costs (continued)				
Casuals & Temp Employees	-	-	-	985 503
Defined Benefit Plan Expense: current service cost	3 637 820	4 266 514	3 697 281	1 917 418
	6 569 707	5 983 250	1 611 438	12 772 519
6. Repairs and maintenance				
Repairs and maintenance - deductible	265	-	-	-
Repairs and maintenance – all assets	6 569 442	5 983 250	1 611 438	12 772 519
	10 895 265	7 744 212	11 184 097	13 243 986
9. General expenses				
Advertising	78 588	124 569	52 268	262 729
Bank charges	918 812	938 269	822 773	705 496
Cleaning	-	13 250	568 950	638 852
Consulting and professional fees	(358 841)	241 197	2 231 941	34 547
Supplies and consumables used	430 867	201 458	241 434	1 546 139
Catering & Entertainment Cost	42 457	25 809	60 392	182 018
Insurance	-	-	544 127	539 446
IT expenses	-	-	64 182	74 147
Hiring of Facilities & Equipment	-	-	-	53 131
Promotions and sponsorships	-	-	-	11 500
Levies	-	-	-	-
Motor vehicle expenses	456 205	456 205	743 059	-
Pest control	1 310 091	1 008 701	-	509 033
Fuel and oil	56 243	-	269 337	441 533
Productions	-	-	6 207	13 675
	6 696	-	-	-

TOWN COUNCIL OF RUNDU
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE (Continued)

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
7. General expenses (continued)				
Postage and courier	165 944	231 888	32 835	134 108
Printing and stationery	98 860	682 504	155 800	250 638
Policies and Strategies	-	-	37 747	42 931
Protective clothing	-	-	23 374	203 051
Security (Guarding of municipal property)	1 602 237	1 990 296	2 381 677	2 685 122
Staff welfare	-	-	-	431 616
Subscriptions and membership fees	52 500	52 500	48 698	73 205
Telephone and fax	1 129 503	1 240 580	800 448	332 516
Training	252 111	132 275	25 700	97 926
Travel - local	240 095	229 178	696 269	365 619
Cleansing charges	4 470	-	1 372 529	1 361 398
Inter-departmental transfers	810 464	-	-	328 650
Youth Centre Sec/Care Taker	-	-	-	69 564
First Aid Expenses	-	-	-	6 981
Other expenses	3 597 963	175 533	4 350	1 848 415
	13 977 804	8 146 241	744 941	46 187 297
8. Cash and cash equivalent				
Bank balances	5 109 264	294 565	294 565	46 187 297
Short-term deposits	8 868 540	7 851 676	450 376	-

TOWN COUNCIL OF RUNDU

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE (Continued)

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
9. Receivables from exchange transactions	25 904 528	169 462 039	159 275 211	43 542 104
Trade debtors	25 890 256	169 380 653	159 191 149	41 716 797
Employee costs in advance	1 792	81 386	84 062	-
Deposits	12 480	-	-	1 825 307
10. Property, plant and equipment: 2020	139 944 706	(75 980 654)		63 964 052
Buildings	18 030 889	(11 103 462)		6 927 427
Plant and machinery	1 936 590	(1 850 824)		85 766
Furniture and fixtures	843 841	(768 492)		75 349
Motor vehicles	8 738 787	(8 046 479)		692 308
Office equipment	744 220	(739 893)		4 327
IT equipment	4 480 416	(2 726 432)		1 753 984
Computer software	1 941 788	(1 672 214)		269 574
Infrastructure	95 884 747	(46 777 853)		49 106 894
Work in Progress	5 001 057	-		5 001 057
Tools and loose gear	2 342 371	(2 295 005)		47 366

TOWN COUNCIL OF RUNDU

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE (Continued)

10. Property, plant and equipment: 2020 (continued)

	Opening balance	Additions	Disposals	Depreciation	Carrying amount
	N\$	N\$	N\$	N\$	N\$
Reconciliation of property of property, plant and equipment - 2020	65 760 317	5 885 273	-	(7 681 538)	63 964 052
Buildings	5 445 719	2 276 639	-	(794 931)	6 927 427
Plant and machinery	96 510	-	-	(10 744)	85 766
Furniture and fixtures	115 200	-	-	(39 851)	75 349
Motor vehicles	1 004 225	-	-	(311 917)	692 308
Office equipment	18 997	-	-	(14 670)	4 327
IT equipment	2 152 241	233 671	-	(631 928)	1 753 984
Computer software	358 732	-	-	(89 158)	269 574
Infrastructure	51 404 911	3 374 963	-	(5 672 980)	49 106 894
Work in Progress	5 001 057	-	-	-	5 001 057
Tools and loose gear	162 725	-	-	(115 359)	47 366

TOWN COUNCIL OF RUNDU

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE (Continued)

	Cost	Accumulated depreciation	Carrying amount
	N\$	N\$	N\$
10. Property, plant and equipment (continued) - 2019	134 059 435	(68 299 118)	65 760 317
Buildings	15 754 250	(10 308 531)	5 445 719
Plant and machinery	1 936 590	(1 840 080)	96 510
Furniture and fixtures	843 841	(728 641)	115 200
Motor vehicles	8 738 787	(7 734 562)	1 004 225
Office equipment	744 220	(725 223)	18 997
IT equipment	4 246 746	(2 094 505)	2 152 241
Computer software	1 941 788	(1 583 056)	358 732
Infrastructure	92 509 785	(41 104 874)	51 404 911
Work in Progress	5 001 057	-	5 001 057
Tools and loose gear	2 342 371	(2 179 646)	162 725

TOWN COUNCIL OF RUNDU

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE (Continued)

10. Property, plant and equipment (continued) - 2019

	Opening balance	Additions	Disposals	Depreciation	Carrying amount
	N\$	N\$	N\$	N\$	N\$
Reconciliation of property of property, plant and equipment - 2019	71 867 371	1 436 918	-	(7 543 972)	65 760 317
Buildings	6 232 891	-	-	(787 172)	5 445 719
Plant and machinery	108 968	-	-	(12 458)	96 510
Furniture and fixtures	158 183	-	-	(42 983)	115 200
Motor vehicles	1 437 714	-	-	(433 489)	1 004 225
Office equipment	61 980	-	-	(42 983)	18 997
IT equipment	2 404 900	325 871	-	(578 530)	2 152 241
Computer software	447 739	-	-	(89 007)	358 732
Infrastructure	55 718 414	1 109 378	-	(5 422 881)	51 404 911
Work in Progress	5 001 057	-	-	-	5 001 057
Tools and loose gear	295 525	1 669	-	(134 469)	162 725

TOWN COUNCIL OF RUNDU

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE (Continued)

	Cost N\$	Accumulated depreciation N\$	Carrying amount N\$
10. Property, plant and equipment (continued) - 2018	132 622 518	(60 755 147)	71 867 371
Buildings	15 754 250	(9 521 359)	6 232 891
Plant and machinery	1 936 590	(1 827 622)	108 968
Furniture and fixtures	843 841	(685 658)	158 183
Motor vehicles	8 738 787	(7 301 073)	1 437 714
Office equipment	744 220	(682 240)	61 980
IT equipment	3 920 876	(1 515 976)	2 404 900
Computer software	1 941 788	(1 494 049)	447 739
Infrastructure	91 400 407	(35 681 993)	55 718 414
Work in Progress	5 001 057	-	5 001 057
Tools and loose gear	2 340 702	(2 045 177)	295 525

TOWN COUNCIL OF RUNDU

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE (Continued)

10. Property, plant and equipment (continued) - 2018

	Opening balance	Additions	Disposals	Depreciation	Carrying amount
	N\$	N\$	N\$	N\$	N\$
Reconciliation of property of property, plant and equipment - 2018	71 642 664	7 663 312	-	(7 438 605)	71 867 371
Buildings	7 020 063	-	-	(787 172)	6 232 891
Plant and machinery	295 928	107 212	-	(294 172)	108 968
Furniture and fixtures	201 693	-	-	(43 510)	158 183
Motor vehicles	1 871 203	-	-	(433 489)	1 437 714
Office equipment	107 512	-	-	(45 532)	61 980
IT equipment	514 569	2 060 123	-	(169 792)	2 404 900
Computer software	569 949	-	-	(122 210)	447 739
Infrastructure	60 628 813	494 920	-	(5 405 319)	55 718 414
Work in Progress	-	5 001 057	-	-	5 001 057
Tools and loose gear	432 934	-	-	(137 409)	295 525

TOWN COUNCIL OF RUNDU

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE (Continued)

	Cost N\$	Accumulated depreciation N\$	Carrying amount N\$
10. Property, plant and equipment (continued) 2017	124 959 206	(53 316 542)	71 642 664
Buildings	15 754 250	(8 734 187)	7 020 063
Plant and machinery	1 829 378	(1 533 450)	295 928
Furniture and fixtures	843 841	(642 148)	201 693
Motor vehicles	8 738 787	(6 867 584)	1 871 203
Office equipment	744 220	(636 708)	107 512
IT equipment	1 860 753	(1 346 184)	514 569
Computer software	1 941 788	(1 371 839)	569 949
Infrastructure	90 905 487	(30 276 674)	60 628 813
Tools and loose gear	2 340 702	(1 907 768)	432 934

	Opening balance N\$	Additions N\$	Disposals N\$	Depreciation N\$	Carrying amount N\$
Reconciliation of property of property, plant and equipment - 2017	58 151 384	14 478 135	-	(986 855)	71 642 664
Buildings	7 640 204	167 031	-	(787 172)	7 020 063
Plant and machinery	590 297	-	-	(294 369)	295 928
Furniture and fixtures	219 869	31 199	-	(49 375)	201 693
Motor vehicles	1 806 037	501 878	-	(436 712)	1 871 203
Office equipment	146 717	6 499	-	(45 704)	107 512
IT equipment	192 830	350 134	-	(28 395)	514 569
Computer software	692 159	-	-	(122 210)	569 949
Infrastructure	46 511 664	13 340 067	-	777 082	60 628 813
Work in Progress	351 607	81 327	-	-	432 934

ANNEXURE F

TOWN COUNCIL OF RUNDU

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE (Continued)

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
11. Payables under exchange transactions	225 317 168	160 474 818	72 725 060	70 272 101
Trade payables	67 265 778	3 313 064	2 773 227	1 666 919
Staff bonus	4 250 550	6 719 603	7 087 494	7 087 494
Staff leave	2 266 128	2 020 608	1 775 088	1 609 512
Accrued staff benefits	43 915 461	19 891 446	862 135	-
NamWater – Ring fenced liability	107 619 251	83 923 183	60 227 116	59 908 176
Other creditors	-	44 606 914	-	-

TOWN COUNCIL OF RUNDU

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE (Continued)

12. Strategic executive and councillors' emoluments

	Emoluments	Vehicle allowance	Housing allowance	Other benefits	Total
	N\$	N\$	N\$	N\$	N\$
2020					
Chief Executive Officer	1 114 200	247 850	220 606	2 400	1 585 056
Head of Departments	61 815	17 117	-	2 400	81 332
	1 052 385	230 733	220 606	-	1 503 724
2019					
Head of Departments	1 325 345	293 643	336 438	-	1 955 426
2018					
Head of Departments	1 296 887	248 941	-	298 174	1 844 002
2017					
Head of Departments	(*)	(*)	(*)	(*)	(*)

(*) – information is not presented 2020

TOWN COUNCIL OF RUNDU

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE (Continued)

	2020	2019	2018	2017
	N\$	N\$	N\$	N\$
12. Strategic executive and councillors' emoluments (continued)	325 564	468 018	483 082	-
Councillors sitting allowance	55 283	71 042	77 500	(*)
Mayor	46 311	67 170	69 756	(*)
Deputy Mayor	52 243	68 454	72 324	(*)
MC Chairperson	98 747	132 184	134 334	(*)
Other MC Members	72 980	129 168	129 168	(*)
Ordinary Council Members				(*)

(*) – information is not presented

13. Going concern

We draw attention to the fact that at 30 June 2020, 2019 and 2018, the entity had accumulated deficits of N\$ 21 363 783, N\$ 94 495 108 and N\$ 48 491 462. The entity's total liabilities exceeds its assets by N\$ 165 650 201 (2020), N\$ 178 510 510 403 (2019) and N\$ 118 382 962 (2018).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

14. Events after the reporting date

Management is not aware of any events, whether adjusting or non-adjusting that occurred after the reporting date that may have material impact on these annual financial statements or require additional disclosure.

