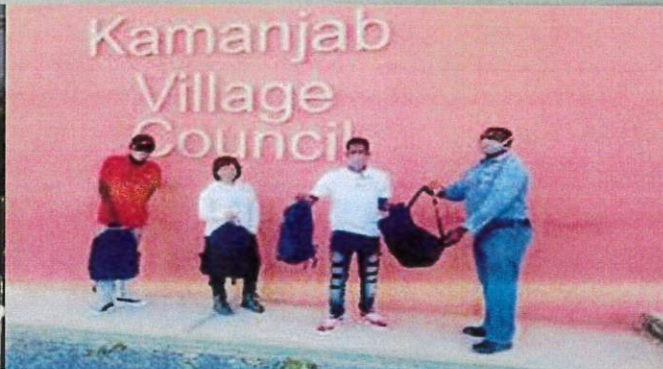
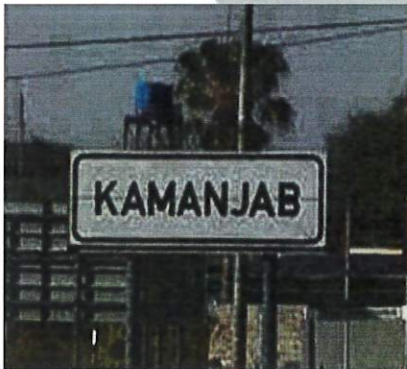




REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
VILLAGE COUNCIL OF KAMANJAB
FOR THE FINANCIAL YEAR ENDED 30 JUNE 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 Village Council of Kamanjab for the financial year ended 30 June 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 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, December 2022

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
KAMANJAB VILLAGE COUNCIL
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

1. QUALIFIED AUDIT OPINION

I have audited the financial statements of the Kamanjab Village Council for the financial year ended 30 June 2020. These financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the annual financial statements.

In my opinion, except for the effects of the matters described in the Basis for Qualified Audit Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Kamanjab Village Council as at 30 June 2020 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

2. BASIS FOR QUALIFIED AUDIT OPINION

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements in Namibia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

A qualified audit opinion is being expressed due to the following:

2.1 Provision for leave days

IPSAS19 par 22 states that a provision shall be recognised when:

- a) An entity has a present obligation (legal or constructive) as a result of a past event;
- b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) A reliable estimate can be made of the amount of the obligation.

The auditors were unable to verify the accuracy of the provision amounting to N\$ 279 017 (2020) disclosed in the financial statement due to the Village Council not providing supporting documentations.

2.2 Unrecorded liability

The auditors noted a non-disclosure of liability amounting to N\$ 610 580 as per the Namwater statement.

2.3 Land and buildings

International Public Sector Accounting Standards (IPSAS) 17 – Property, plant and equipment para 74, states that land and buildings are separable assets and are accounted for separately, even when they are acquired together.

2.4 Contingent liability-dumpsite

IPSAS 19 requires that the Council should disclose for each class of contingent liability (Dumpsites) at the reporting date. The auditors observed that the Council did not disclose the dumpsite in its financial statements.

2.5 Inventory of erven

IPSAS 12 states that the Inventories encompass goods purchased and held for resale including land and other property held for sale.

The auditors observed that the Village Council disclosed 120 erven as their inventory, however the auditor could not ascertain on the number of erven sold. The Village Council could not provide the auditors with a list of land serviced and available for sale.

2.6 Cash flow statements

The cash and cash equivalent consist of balances with banks and short term investments on call accounts. The closing balance of Cash and cash equivalents in the cash flow statement differs from the cash and cash equivalent reported in the statement of financial position by N\$ 990. Prior year (2019) cash and cash equivalent closing balance amounts to N\$ (529 757), while the opening is N\$ 316 205, resulting in a difference of N\$ (845 962).

3. KEY AUDIT MATTERS

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

4. OTHER INFORMATION

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. 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 legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for 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 in my report to the related disclosures in the financial statements or, if such

disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

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

7. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accounts were submitted later than required by the Accounting Officer to the Auditor-General on the 3 May 2022 in terms of Section 87(1) of the Local Authority Act, 1992 instead of three (3) months after year end.

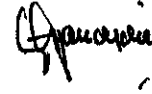
8. STRATEGIC PLAN

CRITICAL SUCCESS FACTORS (CSFS) AND KEY PERFORMANCE INDICATORS (KPIs)

Critical success factors should be identified during the process of assessing the strategic position of the entity. The Council needs to understand the main reasons why particular services are successful. Critical success factors are important in the process of making strategic choices. The Council should select strategies that will enable it to achieve a competitive advantage in Local Authorities. CSFs are also important for strategy implementation. Performance targets should be set for each CSF. This involves deciding on a measurement of performance that can be used to assess each CSF and then setting a quantified target for achievement within a given period of time. Measured targets for CSFs are called key performance indicators (KPIs). KPIs are essential to the achievement of strategy since what gets measured gets done. The auditors could not audit the Strategic plan for Council as there was no strategy at the time of audit.

9. ACKNOWLEDGEMENT

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



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, December 2022

**KAMANJAB VILLAGE COUNCIL
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE**

	Note	2020 N\$	2019 N\$
ASSETS			
Current assets		5 544 961	1 270 446
Inventory	6	397 361	213 084
Accounts receivables	7	1 461 292	741 157
Cash and cash equivalents	8	2 963 912	316 205
VAT Receivable	9	411 767	-
Prepayments	10	5 079	-
Current portion of long-term receivables	5	305 550	-
		2 025 982 884	41 463 735
Non-current assets			
Property, plant and equipment	2	2 023 751 451	40 077 025
Intangible assets	3	77 813	-
Investment in CENORED	4	1 386 710	1 386 710
Long term receivables	5	766 910	-
Total assets		2 031 527 845	42 734 181
LIABILITIES			
Current liabilities		3 316 256	3 744 821
Accounts payables: Exchange transactions	11	256 941	845 862
Accounts payables: non-exchange transactions	12	28 153	-
Accrued expenses	13	1 417 209	1 766 008
Employee provisions	14	349 644	279 017
Other creditors	15	547 104	163 434
Long-term loans	16	717 205	690 500
Non-current liabilities		1 730 400	-
Provisions - Cadastral mapping	17	1 730 400	-
Total Liabilities		5 046 656	3 744 821
NET ASSES/EQUITY			
Funds and accounts	37	1 672 060	1 672 060
Accumulated surplus		2 024 809 129	37 317 300

ANNEXURE B

KAMANJAB VILLAGE COUNCIL
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE

	Note	2020 N\$	2019 N\$
Revenue: Exchange transactions		5 871 695	5 677 411
Service charges	18	4 454 365	4 837 577
Rental income	19	175 004	245 681
Interest	20	559 914	318 624
Surcharge	21	178 448	-
Dividend	22	20 000	-
Other income	23	483 965	275 529
Revenue: Non-exchange transactions		7 445 505	5 082 094
Assessment rates	24	563 061	429 721
Government & other departments transfers	25	6 882 444	4 652 373
Revenue for the year		13 317 200	10 759 505
Expenses		12 947 609	11 967 375
Employee costs	26	3 801 290	3 073 641
Councilor's remuneration	27	191 576	191 044
Depreciation	2	1 857 951	3 870 359
Regional Council 5% Levy	12	28 153	-
Increase in allowance for doubtful debts	7	906 401	732 482
Pensioner's grant	28	105 350	191 924
Bulk purchases	29	1 536 132	1 672 678
Donations	30	10 618	-
Repairs and maintenance	31	1 254 884	764 797
General expenses	32	1 319 901	1 405 604
Provisions - cadastral mapping	15	1 730 400	-
Movement in employee provisions	14	200 814	-
Finance cost	33	4 139	64 846.00
Surplus / (deficit) for the year		369 590	(1 207 870)

KAMANJAB VILLAGE COUNCIL
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE

		Funds & accounts	Accumulated surplus/defici t	Total equity
	Note	N\$	N\$	N\$
Opening balance as previously reported		44 212 373	(11 903 267)	32 309 106
Adjustments				
Prior year adjustments (2017/18)	34	-	7 853 479	7 853 479
Reclassifications to accumulated surplus or deficit		(42 540 313)	42 540 313	-
Deficit for the year		-	(1 173 225)	(1 173 225)
Balance as at 01 July 2018		1 672 060	37 317 300	38 989 360
Changes in net assets				
New recognitions	35	-	1 982 159 513	1 982 159 513
Reversal of depreciation on intangible		-	77 813	77 813
Adjustments to accumulated surplus or deficit	36	-	4 884 912	4 884 912
Total adjustments		-	1 987 122 238	1 987 122 238
Balance as at 01 July 2019		1 672 060	2 024 439 538	2 026 111 598
Surplus for the year		-	369 590	369 590
Transferred to Build Together		62 047	(62 047)	-
Net assets / equity as at 30 June 2020		1 734 107	2 024 747 082	2 026 481 189

**KAMANJAB VILLAGE COUNCIL
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE**

		2020	2019
	Note	N\$	N\$
Receipts		12 989 312	10 198 571
Cash receipts from customers		5 714 621	10 198 571
Government & other departments transfers		6 752 444	-
Interest received		522 247	-
Payments		(8 898 108)	(8 606 695)
Cash paid to employees and councilors		(3 992 867)	(3 264 685)
Cash paid to suppliers		(4 901 102)	(5 342 010)
Interest paid		(4 139)	-
Net cash flow from operating activities	38	4 091 204	1 591 876
Cash flow from investing activities			
Construction & acquisition of property, plant and equipment		(1 458 613)	-
Net cash flow from investing activities		(1 458 613)	(2 885 235)
Cash flow from financing activities			
Government financing		-	306 921
Net movement on consumer debtors		16 105	-
Net cash flow from financing activities		16 105	306 921
Net increase/(decrease) in cash and cash equivalents		2 648,696	(986 438)
Cash & cash equivalents at the beginning of the period		316 205	456 681
Cash and cash equivalents at the end of the period		2 964 902	(529 757)

Cash and cash equivalents consist of balances with banks and short-term investments on call accounts. Cash and cash equivalents differ with N\$ 990 from cash and cash equivalents reported in the statement of financial position.

The Village Council has no undrawn balances for Build Together programme.
The Village Council has no undrawn balances for capital projects.

**KAMANJAB VILLAGE COUNCIL
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL**

	Budget	2020 Actual	Variance
	N\$	N\$	N\$
Statement of surplus or deficit			
Revenue: exchange transactions	6 704 305	5 871 696	832 609
Service charges	5 196 648	4 454 365	742 283
Erven sales	-	-	-
Licenses	-	-	-
Rental income	382 349	175 004	207 345
Interest	365 000	559 914	(194 914)
Surcharge	220 000	178 448	41 552
Dividend	65 000	20 000	45 000
Other income	475 308	483 965	(8 657)
Revenue: non-exchange transactions	10 962 591	7 445 505	3 517 086
Property rates and taxes	540 723	563 061	(22 338)
Government & other departments - transfers	10 421 868	6 882 444	3 539 424
Total Revenue	17 666 896	13 317 200	4 349 696
Expenses	10 317 372	12 947 609	(2 629 717)
Employee costs	4 374 134	3 801 290	572 844
Councilor's remuneration	191 056	191 576	(520)
Depreciation	-	1 857 951	(1 857 951)
Regional Council 5% Levy	27 036	28 153	(1 117)
Allowance for doubtful debts	40 000	906 401	(866 401)
Pensioners' grant	180 000	105 350	74 650
Bulk purchases	2 364 429	1 536 132	828 297
Donations	6 000	10 618	(4 618)
Repairs and maintenance	1 538 800	1 254 884	283 916
General expenses	1 399 000	1 319 901	79 099
Employee contributions	-	-	-
Provisions - cadastral mapping	-	1 730 400	(1 730 400)
Movement in employee provisions	196 917	200 814	(3 897)
Finance cost	-	4 139	(4 139)
Net surplus or (deficit) for the year	7 349 524	369 591	6 979 413

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE**

1. Basis of preparation and significant accounting policies

The financial statements have been prepared in accordance with accrual basis International Public Sector Accounting Standards (IPSASs). The financial statements have been prepared using the historical accounting basis. IPSAS 33 allows a first-time adopter a period of up to 3 years to recognise and/or measure certain assets and liabilities.

In its transition to accrual basis IPSAS, The Village Council took advantage of exemptions that affect fair presentation for reporting financial information relating to International Public Sector Accounting Standards specified under IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards paragraph 36 in accordance with these assets'/liabilities respective IPSASs. As a result, The Village Council is not able to make an explicit and unreserved statement of compliance with accrual basis IPSAS in preparing its Transitional IPSAS Financial Statements for the reporting period ended 30 June 2020.

The Village Council intends to recognise and/or measure its assets, and liabilities as specified in IPSAS 33 paragraphs 39, and 40 by 2022 or an earlier period where the relevant items are recognised and/or measured in the financial statements in accordance with applicable or relevant IPSAS.

Assets and liabilities have been reported in these transitional financial statements in accordance with the entity's newly adopted accrual basis IPSAS and the accounting policies applicable thereto. IPSAS 33, paragraph 137 (a) requires that Kamanjab Village Council discloses progress made towards recognising, measuring, presenting and/or disclosing assets, liabilities, revenue, and/or expenses in accordance with adopted and applicable IPSAS.

Presentation currency and rounding

The financial statements are presented in Namibia dollars which is the Village Council's presentation and functional currency, and all values, including Councillors' remuneration disclosures in note 23 are not rounded off.

1.1 Changes in accounting policy

Accounting policies applied to all IPSASs that Kamanjab Village Council has adopted may not be consistent in some instances with how financial information was being reported in prior financial periods and beyond. IPSAS 3 allows a change in accounting policy where such a change:

- a) Is required by an IPSAS; and,
- b) Results in the financial statements providing faithfully representative and more relevant information about effects of transactions, other events, and conditions on the entity's financial position, financial performance, and cash flows.

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)**

1.2 Transitional exemptions that do not affect fair presentation

In its transitional financial statements, the Village Council adopted the following IPSAS which do not affect fair presentation and applied their provisions in full unless stated otherwise;

IPSAS 1, Presentation of financial statements

This standard sets out considerations for the presentation of financial statements and offers guidance for the structure of these statements and minimum requirements for their content under the accruals, basis of accounting.

Further, the standard encourages the presentation of comparative figures, but does not make the presentation of comparative figures mandatory. In its second year of the three-year transitional period, The Village Council presents comparative figures in accordance with IPSAS 33, paragraph 78 and has included in these financial statements non-IPSAS historical summaries (where necessary) in accordance with the previous accounting basis and disclose the nature of the main adjustments that would be required to comply with IPSAS where necessary.

Kamanjab Village Council disclosures

Disclosures follow the prescribed IPSAS 1, presentation of financial statements model. Additional line items, sub-headings are added where necessary. Other disclosures required should include the judgements that management made in the process of applying accounting policies.

IPSAS 2, Statement of cash flows

This standard requires the provision of information about the changes in cash and cash-equivalents during the financial period from operating, investing and financing activities.

Kamanjab Village Council disclosures

The statement of cash flow shall report cash flows from three categories namely operating activities, investing activities, and financing activities. The statement of cash flow shall be prepared using the indirect method. The net surplus or deficit of the Village Council shall be adjusted for the effects of non-cash transactions.

IPSAS 3, Accounting policies, changes in accounting estimates and errors

This standard prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosures of changes in accounting policies, changes in accounting estimates and errors.

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)**

Kamanjab Village Council disclosures

Changes to accounting policies shall be applied retrospectively by restating prior year financial statements unless impracticable. Changes in accounting estimate shall be applied in the financial period of change and prospectively. All changes relating to IPSAS adoption shall be applied in the year of adoption and prospectively except for opening balances which will be restated for initial transition to IPSAS. Correction of material errors in the preparation of financial statements of one or more periods are corrected retrospectively by restating comparative period amounts. Where IPSAS does not provide guidance as to whether a change is a change in accounting policy or a change in accounting estimate, the change shall be considered to be a change in accounting estimate.

IPSAS 14, Events after the reporting date

This standard prescribes when the entity should adjust its financial statements for events after the reporting date and the disclosures that the entity should give about the date when the financial statements were authorised for issue, and about events after the reporting period. The standard also requires that an entity should not prepare its financial statements on a going concern basis if events after the reporting period indicate that the going concern assumption is not appropriate (if those responsible for the preparation of financial statements or the governing body determine after the reporting date that there is no realistic alternative but to do so).

Kamanjab Village Council disclosures

The Village Council shall disclose the date when financial statements were authorised for issue, and the name and identity of the person giving that authorisation. No other body shall have the power to amend or direct the amendment of financial statements except the Auditor General directing such amendment in terms of statutory audit for the purposes of adding value to the Village Council's financial reporting.

IPSAS 19, Provisions, contingent liabilities, and contingent assets

The objective of this standard is to identify the circumstances in which provisions, contingent liabilities, and contingent assets should be recognised, how they should be measured and the required disclosures in the financial statements.

Kamanjab Village Council disclosures

The Village Council is guided by the definition of an obligation as per the standard. The Village Council shall record an obligation that derives from a contract (through its implicit and/or explicit terms), legislation or operation of the law (legal obligation), and an obligation that derives from the Village Council's actions whereby an established pattern of past practice, published policies, or sufficiently specific current statement, the Village Council has indicated to other parties that it will accept certain responsibilities; and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge the obligation.

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)**

IPSAS 20, Related party disclosures

The objective of this standard is to set the disclosure requirements for transactions between Kamanjab Village Council and its related parties in certain circumstances. Related party relationships are disclosed in the notes to the financial statements. Transactions where they occur within a normal relationship of supplier and recipient and on arms-length terms are also disclosed.

Kamanjab Village Council disclosures

The Village Council shall disclose related party transactions and management remuneration (including an analysis by type of remuneration). With respect to related parties, the Village Council shall disclose the nature of the related party relationship, and type of transactions that have occurred.

IPSAS 21, Impairment of non-cash generating assets

This standard prescribes the procedures that the Village Council applies to determine whether a non-cash generating asset is impaired, and to ensure that impairment losses are recognised. This standard further specifies when an impairment loss can be reversed and prescribes disclosures.

Kamanjab Village Council disclosures

The Village Council shall disclose the amount of impairment loss recognised in surplus or deficit during the period, the amount of reversal of impairment loss recognised in surplus or deficit.

IPSAS 24, Presentation of budget information in financial statements

Requires a comparison of budget amounts and actual amounts arising from execution of the budget to be included in the financial statements of the Village Council since it is required to make publicly available its approved budget and for which the Village Council is therefore held accountable.

Kamanjab Village Council disclosures

The Village Council shall disclose reconciliation between actual amounts on a comparable basis in the Statement of Comparison of Budget and Actual Amounts. The Village Council shall the budgetary basis and classification basis adopted in the approved budget and the financial period of the approved budget. Explanation of variances between the final budget and actual as presented in the comparison shall be disclosed to in the notes to the financial statements

IPSAS 24, Presentation of budget information in financial statements

Requires a comparison of budget amounts and actual amounts arising from execution of the budget to be included in the financial statements of the Village Council since it is required to

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)**

make publicly available its approved budget and for which the Village Council is therefore held accountable

Kamanjab Village Council disclosures

The Village Council shall disclose reconciliation between actual amounts on a comparable basis in the Statement of Comparison of Budget and Actual Amounts. The Village Council shall the budgetary basis and classification basis adopted in the approved budget and the financial period of the approved budget. Explanation of variances between the final budget and actual as presented in the comparison shall be disclosed to in the notes to the financial statements

IPSAS 28, 29, and 30 Financial instruments: Presentation, Recognition, Measurements and Disclosure.

These standards entail the criteria for recognising financial instruments in the Village Council's financial statements and the measurement of their carrying value, and the provision of information about factors that affect the amount, timing and certainty of future cash flows related to financial instruments, and the risks associated to those financial instruments. For the Village Council, the main financial instruments are accounts receivables, and accounts payables. The cash per balance is treated as cash and cash equivalents.

Kamanjab Village Council disclosures

The Village Council will disclose information as required by IPSAS 30. IPSAS 30 requires disclosure of information about the significance of financial instruments for the Village Council's financial position and financial performance.

IPSAS 31, Intangible assets

This standard prescribes the accounting treatment for intangible assets that are not dealt with specifically in another standard. This standard requires an entity to recognise an intangible asset if, and only if, specified criteria are met. This standard further specifies how to measure the carrying amount of intangible assets and requires specific disclosures about intangible assets. The standard IPSAS 31 forms part of the regime of standards whose adoption affect fair presentation as per IPSAS 33, paragraph 33. The Village Council judges it can comply with this standard in full on its initial adoption of accrual basis IPSAS.

Kamanjab Village Council disclosures

The Village Council shall disclose useful lives, amortisation methods, gross carrying amount, and any accumulated amortisation at the beginning and end of the period, line items of the statement of surplus or deficit in which amortisation of intangible assets is included, and a reconciliation of the carrying amount at the beginning and end of the period. The Village Council shall further disclose a movement table showing changes in carrying amount and accumulated amortisation and details about impairment of intangible assets if any in the notes to the financial statements.

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)

IPSAS 41

The purpose of this standard is to establish principles for the reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessments of the amounts, timing and uncertainty of an entity's future cash flows.

Kamanjab Village Council disclosures

The Village Council shall disclose the amount of exchange differences recognised in surplus or in deficit, except for those arising on financial instruments measured at fair value through surplus or deficit.

Expense recognition

Under IPSAS, there is no specific standard that prescribes the accounting treatment of expenses and expense recognition. The accounting for this area arises from the fundamental principle of accrual basis accounting. As per IPSAS 1, presentation of financial statements, under the accrual basis, expenses are recognised when the transaction or event that causes the expense occurs. Expenses shall be analysed by nature in the statement of surplus or deficit.

The accounting policies which relate to the IPSASs set out above have been developed and adopted by the Village Council and were applied in presenting its financial information for the year beginning 01 July 2018. The accounting policies form part of these financial statements and are subject to continuous review and improvement during the transitional period.

1.3 Transitional exemptions that affect fair presentation

As a first-time adopter of International Public Sector Accounting Standards (IPSASs), the Village Council has taken advantage of transitional exemptions that provide a 3-year relief for the following IPSASs:

IPSAS 12, Inventories

IPSAS 16, Investment property

IPSAS 17, Property, plant and, equipment

IPSAS 29, Financial instruments: Recognition and measurement

A summary of significant accounting policies which have been applied in the preparation of these annual financial statements are disclosed below.

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)**

1.4 IPSASs not adopted by Kamanjab Village Council

The International Public Sector Accounting Standards listed below have not yet been adopted for the purposes of reporting financial information for the year ended 30 June 2020. Management shall apply any of the IPSAS where the Village Council's future transactions render it necessary to apply the provisions of the respective IPSAS

IPSAS 4, The effects of changes in foreign exchange rates
IPSAS 5, Borrowing costs
IPSAS 10, Financial reporting in hyperinflationary times
IPSAS 11, Construction contracts
IPSAS 13, Leases
IPSAS 16, Investment property
IPSAS 26, Impairment of cash-generating assets
IPSAS 27, Agriculture
IPSAS 32, Service concession arrangements: Grantor
IPSAS 34, Separate financial statements
IPSAS 36, Investment in associates and joint ventures
IPSAS 37, Joint arrangements
IPSAS 38, Disclosure of interest in other entities
IPSAS 40, Public sector combinations

1.5 Significant judgements and sources of estimation uncertainty

In the preparation of these annual financial statements, management is required to make estimates, and assumptions that affect the amounts presented in these annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the making of estimates. Actual results in the future could differ from these estimates which could be material to the annual financial statements.

The Village Council may receive information after the date of adoption of IPSAS about estimates that it had made under the previous basis of accounting. The Village Council shall account for such information in the same way as non-adjusting events in accordance with IPSAS 14, Events after the reporting period. This, however, shall not apply where estimates were in error or the adjustment is due to differences in accounting policies.

Management has exercised the following significant judgements in applying accounting policies. The judgements exercised by management incorporate recent developments regarding the impact of the corona virus and its implications on the Village Council's financial reporting.

Provisions, contingent liabilities, and contingent assets

Management shall establish the requirements for the recognition of provisions and disclosure of contingent liabilities and contingent assets. In light of the corona virus (an event that existed as at the reporting date), management's actions are only accounted for as a provision to the extent that there is a present obligation for which the outflow of economic benefits is probable and can be reliably measured.

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)**

Accounts receivables, loans, and other receivables

The Village Council assesses its accounts receivables, loans, and other receivables at the end of each reporting date. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgement based on past practices or observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

As a prudent precaution on accounts receivables, management shall make an allowance for credit losses where an allowance for credit losses shall be shown as an expense in the statement of surplus or deficit. Accounts receivables shall be presented on the face of the statement net of allowance for receivables. Management judges that the directive from the government requiring that all local authorities reconnect water services (where disconnected due to outstanding customer payments) will increase uncollectable receivables as those customers were already defaulting on payments before the corona virus pandemic.

Allowance for slow moving, obsolete or damaged inventory items

Inventory items shall be written down to the lower of cost and net realisable value.

Useful lives of items of property, plant, and equipment

Management determines the useful lives of all items of property, plant, and equipment and the related depreciation charges. Management shall assess the useful lives of items of property, plant, and equipment every year and, where useful lives are less than previously estimated, a review shall be performed to increase the useful lives of the respective items.

1.6 Offsetting

Assets and liabilities, and revenue and expenses are reported in these financial statements separately and shall not be offset unless required or permitted by an IPSAS.

1.7 Value added tax (VAT) on goods and services

Items in the financial statements are stated exclusive of value added tax, except for accounts receivables and accounts payables which are presented on a value added tax inclusive basis. Where value added tax is not recoverable, it forms part of the stated asset or expense. Commitments or contingencies are disclosed exclusive of value added tax.

1.8 Budget information

The budget figures for the Village Council are those approved by the Ministry of Urban and Rural Development. General purpose financial reporting by the Village Council shall provide information on whether resources were deployed in accordance with the set limit and provisions of the respective legislative oversight.

The approved budget is prepared on cash basis and covers the financial period beginning 01 July 2019 and ending 30 June 2020.

Comparative information shall not be required for the budget

Differences between actual figures and budget figures shall be considered to be material where such a difference is above 10%. Significant variances shall be explained in the statement of comparison of budget and actual amounts to the annual financial statements.

The budget has been prepared on cash basis and the financial statements have been prepared on the full accrual basis. A separate statement of comparison of actual and budget has henceforth been presented and forms part of these financial statements.

1.9 Going concern

These financial statements have been prepared using 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 the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the Village Council's operations.

Management judges that considerations for the potential implications of corona virus and the measures taken to control it when assessing the entity's ability to continue as a going concern are critical. Further, management judges that the government lockdown programme which initially was focused on Erongo Region is a material development which could have reasonably been expected to affect other parts of the country post reporting date.

1.10 Revenue

Revenue comprises 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.

1.10.1 Revenue from exchange transactions

An exchange transaction is one in which the Village Council receives assets or services or has liabilities extinguished, and directly gives approximately equal value to the other part in exchange.

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

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)**

Recognition

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, the Village Council shall recognise revenue 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 future 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; and
- The costs incurred for the transaction and the costs to complete the transaction can be estimated 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 after the execution of that significant act.

Rendering of services(continue)

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

Sale of goods

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

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

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)**

Measurement

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

Service charges relating to solid waste, sanitation and sewerage are levied in terms of approved tariffs.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and revenue is recognised in the period when the consumption took place. Provisional estimates of consumption are made monthly when meter readings are not performed. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period.

Services provided on a prepayment basis are recognised at a point of sale. An adjustment to an unutilised portion is made at year end, based on the average consumption history.

1.10.2 Revenue from non-exchange transactions

Village Council is not required to change its accounting policies in respect of the recognition and measurement of revenue from non-exchange transactions, for reporting periods beginning on a date within 3 years of first-time adoption of this standard. However, the Village Council's IPSAS task force recommended the application of transitional provisions to the extent necessary to achieve compliance with this IPSAS.

Amounts collected by the Council as agent of the government or other third parties do not meet the definition of revenue.

Control of an asset arises when the Village Council can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or regulate the access of others to that benefit.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Village Council receives value from another party without directly giving approximately equal value in exchange.

Conditions on transferred assets are stipulations that specify that future economic benefits or service potential embodied in the asset is required to be consumed by the Village Council as specified or service potential must be returned to the transferor.

Restrictions on transferred assets are stipulations that limit or direct the purpose for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Taxes such as property rates are economic benefits or service potential compulsorily paid to the Village Council in accordance with laws and/or regulations. Taxes do not include fines or penalties imposed as a result of breaches of the law.

Transfers are future economic benefits or service potential from non-exchange transactions other than taxes.

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)**

1.10.2 Revenue from non-exchange transactions(continued)

Recognition

The Village Council recognises revenue from fees, and fines when the event occurs, and the asset recognition criteria is met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognised instead of revenue.

Other non-exchange revenue is recognised when it is probable that future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be reliably measured.

1.11 Investments

The Village Council holds an equity instrument in NORED in accordance with IPSAS 28, Financial Instruments: Presentation. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. IPSAS 33 provides that a first-time adopter applies the criteria in IPSAS 28 financial instruments classified as equity instruments in accordance with the substance of the contractual arrangement when the instrument first satisfied the recognition criteria in IPSAS 28 (Paragraphs 13)

1.12 Property plant and equipment

The Village Council has adopted IPSAS as set out in the basis for preparation paragraph above. Amongst the IPSASs adopted is IPSAS 17 Property, Plant, and Equipment (PPE). In its previous basis of accounting, the Village Council did not have an accounting policy for the recognition, and measurement of items of PPE that is consistent with IPSAS 17, Property, Plant, and Equipment.

The Village Council is in the process of recognising and/or measuring its items of property, plant, and equipment for inclusion in the financial statements during the transitional period beginning 01 July 208. The process of recognising and measuring items of property, plant, and equipment necessitates a continuous development of accounting policies relating to those items of PPE subsequently brought to the statement of financial position.

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 expected to be used for more than one period.

Recognition

The cost of an item of Property, plant and, equipment is recognised as an asset when the following criteria are met:

- It is probable that future economic benefits, or service potential associated with the item of PPE flow to the Village Council
- The cost of the item can be measured reliably

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)**

Initial measurement

An item of property, plant, and equipment is initially measured at cost.

The cost of an item of property, plant and, equipment is the purchase price and the other cost attributable to bringing the asset to its present 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 cost.

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

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

When significant components of an item of PPE have different useful lives, they are accounted for as separate items (major components) of PPE.

The cost of an item of PPE includes costs incurred initially to acquire or construct an item of PPE and costs subsequently incurred to add to, and/or to replace part of the item of PPE. If a replacement cost is recognised in the carrying amount of an item of PPE, the carrying amount of the replaced item of PPE is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site in which it is located is also included in the cost of PPE where the Village Council has an obligation to incur such an expenditure, and the obligation arises as a result of acquiring the asset or using it for the purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of PPE ceases when the item is in the location, and condition, necessary for it to be operated in the manner intended by management. Major spare parts and standby equipment which are expected to be used for more than one period are included in PPE.

Major inspection costs which are a condition of continuing use of an item of PPE and which meet the recognition criteria above are included as a replacement in the cost of item of PPE. Any remaining inspection costs from the previous inspection are derecognised.

PPE is carried at cost less accumulated depreciation and any impairment losses except for land which is not depreciated.

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)

Initial measurement (continued)

PPE items are depreciated using the straight-line depreciation method over the item's useful life. Items of PPE shall not have any residual value as they shall be fully employed in the provision of goods and/or services. For plant and equipment, useful lives and depreciation method shall be reviewed annually, and changes shall be recognised prospectively as a change in accounting estimate in the statements of surplus or deficit. Minor assets below N\$ 1 000 are not depreciated. They are expensed in the year of acquisition.

Assets that are fully depreciated and are no longer used in the production of goods and/or services are held at a dollar value in the fixed asset register for the purposes of completeness and monitoring pending disposal.

Items of PPE are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

Gains or losses arising from the derecognition of an item of PPE are recognised in the statement of surplus or deficit as other income. The gain or loss arising from the derecognition of an item of PPE is determined as the difference between the net disposal proceeds (if any) and the carrying amount of the item.

Assets which the Village Council holds for rental to others and subsequently routinely sells as part of the ordinary course of activities are transferred to inventories when the rentals end and they are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sale of these assets are recognised as revenue. Profit or loss from the disposal of these assets are included in the cash flow statement under operating activities.

Each part of any item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in the statement of surplus or deficit unless if it is included in the cost of another asset. Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The useful lives of items of property, plant and equipment have been assessed as follows:

TYPE OF ASSET	DEPRECIATION METHOD	(AVERAGE) USEFUL LIFE
Land and Buildings	Straight line	50
Furniture and Fittings	Straight line	5
Computer & Office Equipment	Straight line	(5 - 10)
Plant and Machinery	Straight line	(5 -15)
Motor Vehicles	Straight line	5
Infrastructure	Straight line	50

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)**

Initial measurement (continued)

The useful life of each item of property, plant and equipment is reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Site restoration and dismantling costs

The Village Council has an obligation to dismantle, remove and/or restore items of property, plant, and equipment in circumstances where dismantlement, removal or restoration is necessitated. At recognition of an item of PPE, the cost shall include the initial estimates of costs of dismantling and removing the item and restoring the site on which it is located as a consequence of having used the item during a particular period for the purposes other than to produce inventories during the period. This accounting policy is attributable to the dumpsite under ownership and control of the Village Council.

Measurement using the cost model:

- a) Subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- b) If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the statement of surplus or deficit;
- c) If the adjustment results in an addition to the cost of the asset, the Village Council considers whether this is an indication that the carrying amount of the asset is not fully recoverable. If it is such an indication, the asset is tested for impairment by testing its recoverable amount and any impairment loss is recognised the statement of accumulated surplus or deficit on the date of the adoption of IPSAS and/or in subsequent accounting periods within the transitional period. The Village Council may rely on further guidance in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash generating assets.

1.13 Inventories

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

Subsequently, inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion, and the estimated costs necessary to make the sell, exchange or distribution.

The cost of inventories comprises 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 shall be determined using the first in first out formula (FIFO). The same formula is used for all inventories having a similar nature and use to the Village Council.

When inventories are sold and/or used, the carrying amounts of those inventories are recognised as expenses in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or services are rendered.

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)**

1.13 Inventories (continued)

The amount of any write-down of inventories to net realisable value and all losses on inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value are recognised as a reduction in the amount, of inventories recognised as an expense in the period in which the reversal occurs.

1.14 Provisions and contingencies

Provisions are recognised when:

- The Village Council has a present obligation as a result of past events
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation
- A reliable estimate can be made of the obligation

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

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle the provision is reimbursed by another part, the reimbursement is recognised when, and only when, it is virtually certain that the reimbursement will be received. 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 out flow of resources embodying economic benefits or service potential will be required to settle the obligation.

A provision is used only for the expenditures for which the provision was initially recognised

Provisions are not recognised for future operating deficits

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

1.15 Employee benefits

Employee benefits are all forms of consideration given by Kamanjab Village Council in exchange for services rendered by employees. There are four categories of employee benefits:

- Short term employee benefits
- Post-employment benefits
- Other long-term employee benefits
- Termination benefits

The categories are explained below together with the Village Council's employee benefits included in these categories.

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)**

Short term employee benefits

Short term employee benefits are benefits payable within a year of the end of the year in which an employee rendered services. Within the Village Council of Kamanjab, this category includes wages and salaries, fixed and variable allowances, social security contributions, paid sick leave, and variable short-term remuneration. The costs of these employee benefits are recognised in the statement of surplus or deficit when the service is rendered, or the rights to benefits are accrued.

Post-employment benefits

These are employee benefits that fall due after the completion of employment. They include pension and job-related early retirement. Kamanjab Village Council's pension plan is administered by Retirement Fund for Local Authorities and Utilities Services in Namibia (RFLAUN). The retirement fund was established in March 1992 and is registered in terms of both the pension Fund Act, No. 24 of 1956 and Income Tax Act. The pension plan is regarded as a group scheme involving more than one employer qualifying it as a defined contribution plan because:

- The affiliated employers have no supplementary obligation to make additional contributions in the event of a deficit at RFLAUN nor are they entitled to any surpluses in addition to paying the premium set by RFLAUN;
- The members bear the actuarial and investment risk in full
- Each year, the premium is set by RFLAUN board on the basis of its own file data, with due regard for prescribed parameters or requirements.

Accordingly, in measuring the obligation arising from the pension plan, the Village Council recognises pension contributions payable as an expense in the statement of surplus or deficit.

Other long-term employee benefits

These are employee benefits which do not wholly fall due within a year of the end of the period in which the employee renders the service.

Termination benefits

These are benefits paid as a result of the Village Council's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for such benefits. The costs are recognised in full in the statement of surplus or deficit as soon as a decision is made. Termination benefits are recognised at the present value of the obligation.

1.16 Unauthorised expenditure

Unauthorised expenditure means:

- Overspending on a vote or a main division within a vote; and
- Expenditure not in accordance with the purpose of a vote, in the case of a main division not in accordance with the purpose of a main division

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure made in vain and would have been avoided had reasonable care been exercised.

All fruitless and unauthorised expenditure are recognised in the statement of surplus or deficit in the year in which they are incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered it is subsequently recognised as revenue in the statement of surplus or deficit.

1.18 Conditional grants and receipts

Revenue received from conditional grants, donations is recognised as revenue to the extent that the Village Council has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions, or obligations have not been met a liability is recognised.

1.19 Debt forgiveness

The Village Council recognises revenue in respect to debt forgiveness when the former debt no longer meets the definition of a liability

1.20 Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that future economic benefits or service potential will flow to the Village Council, and the fair value of the assets can be measured reliably.

1.21 Gifts and donations

Gifts and donations including goods in kind that satisfy the definition of an asset are recognised as assets and revenue when it is probable that future economic benefits or service potential will flow to the Village Council, and the fair value of the assets can be measured reliably.

Measurement

An asset acquired through a non-exchange transaction shall initially be measured at its fair value at the date of acquisition.

Revenue from non-exchange transactions shall be measured at the amount of the increase in net assets recognised by the entity.

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)**

1.22 Fines

Assets arising from fines are measured at the best estimate of the inflow of resources to the Village Council.

1.23 Investments

Where the carrying amount of an investment is greater than the recoverable amount, the investment must be written down to its recoverable amount, and an impairment loss is charged to the statement of surplus or deficit in the year in which the impairment has occurred.

1.24 Transfers

The Village Council recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfies the recognition criteria as an asset.

1.25 Cash and cash equivalents

Cash and cash equivalents include all cash balances, deposits held at call at financial institutions, and short term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash. Liquid investments with an original maturity exceeding three months are excluded from cash and cash equivalents and reported under accounts receivables. Bank overdrafts are included in the short-term payable.

ANNEXURE F

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (Continued)

2. Property, plant, and equipment

	2020		2019			
	Cost N\$	Accumulated depreciation N\$	Carrying amount N\$	Cost N\$	Accumulated depreciation N\$	Carrying amount N\$
Land & Buildings	1 989 464 918	(2 173 380)	1 987 291 537	7 397 348	(2 024 535)	5 372 813
Furniture Fixtures & fittings	142 133	(113 276)	28 857	135 433	(95 872)	39 561
Computer & office equipment	205 852	(111 993)	93 859	123 606	(93 910)	29 696
Plant & Equipment	1 140 654	(874 335)	266 319	1 140 654	(791 016)	349 638
Motor Vehicles	2 564 452	(1 649 522)	914 930	2 564 452	(1 382 661)	1 181 791
Infrastructure	51 679 373	(16 523 425)	35 155 948	48 309 706	(15 206 180)	33 103 526
Total	2 045 197 382	(21 445 931)	2 023 751 450	59 671 199	(19 594 174)	40 077 025

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (Continued)**

2. Property, plant and equipment (continued)

Reconciliation of property, plant, and equipment - 2020

	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
	Land & Buildings	Furniture, Fixture, & fittings	Computer & office equipment	Plant & Equipment	Motor Vehicles	Infrastructure	Total		
Opening balance 01/07/2019	5 372 813	39 561	29 696	349 638	1 181 791	33 103 526	40 077 025		
Additions	-	6 700	82 246	-	-	3 369 667	3 458 613		
Disposals	-	-	-	-	-	-	-		
Total	5 372 813	46 261	111 942	349 638	1 181 791	36 473 193	43 535 638		
Transfers:									
To infrastructure	-	-	-	-	-	-	-		
Other	1 982 067 570	-	-	-	-	-	1 982 067 570		
Total	1 987 440 383	46 261	111 942	349 638	1 181 791	36 473 193	2 025 603 208		
Depreciation	(148 845)	(17 404)	(18 083)	(83 319)	(266 861)	(1 317 245)	(1 851 758)		
Revaluations	-	-	-	-	-	-	-		
Closing balance at 30/06/2020	1 987 291 538	28 857	93 859	266 319	914 930	35 155 948	2 023 751 450		

KAMANJIAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (Continued)

2. Property, plant and equipment (Continued)

Reconciliation of property, plant, and equipment – 2019

	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
	Land & Buildings	Furniture, Fixture, & fittings	Computer & office equipment	Plant & Equipment	Motor Vehicles	Infrastructure	Total	N\$
Opening balance 01/07/2018	5 521 658	56 167	33 638	432 957	1 249 790	31 744 185	39 038 394	
Additions	-	-	9 785	-	198 862.61	2 676 587	2 885 235	
Disposals	-	-	-	-	-	-	-	
Total	5 521 658	56 167	43 423	432 957	1 448 653	34 420 772	41 923 629	
Depreciation	(148 845)	(16 606)	(13 726)	(83 319)	(266 861)	(1 317 245)	(1 846 603)	
Revaluations	-	-	-	-	-	-	-	
Closing balance at 30/06/2019	5 372 813	39 561	29 697	349 638	1 181 792	33 103 527	40 077 026	

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (Continued)**

2. Property, plant and equipment (continued)

Reconciliation of movements in opening balances

	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
	Land & Buildings	Furniture, Fixture, & fittings	Computers & office equipment	Plant & Equipment	Motor Vehicles	Infrastructure	Total	Total
NBV - 30 June 2018	4 201 802	265 359	8 586	513 192	85 999	28 133 732	33 208 670	33 208 670
Derecognitions per class	(121 866)	(11 744)	-	(1 365)	-	(83 861)	(218 836)	(218 836)
Recognitions per class	555 472	-	-	-	-	-	555 472	555 472
Transfers from	-	2 130	1 883	-	-	-	4 014	4 014
Transfers to	-	(1 883)	(2 130)	-	-	-	(4 014)	(4 014)
Revision in useful life	886 251	20 970	25 298	(30 694)	1 163 791	3 694 314	5 759 929	5 759 929
Accounting errors	-	(218 665)	-	(48 177)	-	-	(266 842)	(266 842)
Total movements	1 319 856	(209 192)	25 052	(80 235)	1 163 791	3 610 453	5 829 724	5 829 724
Opening balance - 01 July 2018	5 521 658	56 167	33 638	432 957	1 249 790	31 744 185	39 038 394	39 038 394

Movements in property, plant, and equipment consist primarily of newly recognised, derecognised items due to prolonged use where such items no longer hold any service potential transferable to Kamanjab village council. Computer equipment and office equipment have been combined to form the new Computer and office equipment class. Other movements comprise of transfers between classes as well as the review in useful life for a significant number of items of PPE across all classes.

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(Continued)

2. Property, plant and equipment (continued)

Class of Item	Quantity	Cost N\$
Computers & office equipment	8	150 706
Furniture, fixtures & fittings	16	24 699
Motor vehicles	1	135 691
Plant and machinery	5	195 871
Total	30	506 967

The economic entity has the above assets (by class) that are fully depreciated and still in use.

3. Intangible asset

	2020		
	Cost	Accumulated depreciation	Carrying amount
	N\$	N\$	N\$
Finstel system	77 813	-	77 813
Closing balance	77 813	-	77 813

Reconciliation of intangible assets - 2020

	Opening balance	Acquisitions	Disposals	Amortisation	Total
	N\$	N\$	N\$	N\$	N\$
Finstel system	77 813	-	-	-	77 813
Closing balance	77 813	-	-	-	77 813

There has not been any accumulated amortisation on the Village Council's intangible assets due to its policy which prescribes non-amortisation of intangibles and as a result no movements (due to amortisation or impairment) during the financial year were recorded.

In relation to impairment assessment of intangible assets;

There has not been a decline in performance of the intangible assets though management is reviewing the operational effectiveness of its accounting system in consideration of the IPSAS framework requirements; and

There has not been a change in costs which would result in the Village Council reviewing the need to continue using the intangible assets.

ANNEXURE F

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(Continued)

	2020	2019
	N\$	N\$
4. Investments	1 386 710	1 386 710

Kamanjab Village Council holds an equity interest in Cenored valued at N\$ 1 386 710. The contractual agreement provided for a transfer of electrical infrastructure to Cenored at cost in exchange for equity. The equity interest is held at cost and is equivalent to the value of assets transferred as there is no market for the determination of fair value.

5. Long term receivables	
Balance as per prior year	1 264 025
Loan advance for the financial year	41 109
Instalment levied	(232 674)
Build Together accounts receivables as at 30 June 2020	1 072 460
Long term receivables	766 910
Current portion of long-term receivables	305 550
Total receivables	1 072 460

Built together receivables arise from off-market housing loans with a lower future cash flow expectation as the objective of the loans is to ensure housing to all Namibians with lower income earnings.

Representing the short-term portion is an amount of N\$ 305 550 and representing the long-term portion is an amount of N\$ 766 910 with both the long term and short-term portion having been extended to beneficiaries at market terms but with lower service potential expectation.

Kamanjab village council is in the process of developing a reliable model for accounting for originated credit impaired loans. As at the reporting date, a provision has not been made on these loans due to their risk profile which differs significantly from that of other consumer debtors handled by the village council year on year.

6. Inventory	397 361
Purchased during the year	383 231
Unrecognised inventory from prior years	14 130

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(Continued)

	2020	2019
	N\$	N\$
7. Accounts receivables	1 461 292	741 157
Accounts receivables as per age analysis	10 418 990	8 926 865
Reversal – credits	134 411	-
Adjusted accounts receivables	10 553 401	8 926 865
Allowance for doubtful debts	(9 092 109)	(8 185 708)
Age analysis		
Current	484 653	
30 Days	361 606	
60 Days	254 804	
90 Days	225 818	
120 Days	198 113	
120 Days+	8 893 996	
Total accounts receivables as per age analysis	10 418 990	
Accounts receivables consist of service charges customer billing, sales of erven billing and Build Together.		
Allowance for doubtful debts		
Allowance – 2020	9 092 109	8 185 708
Allowance – 2019	(8 185 708)	(7 464 794)
Movement for the year	(906 401)	(720 914)

The Village Council makes a full provision on all accounts receivables that are 120 days and above.

Accounts receivables show the Village Council's maximum exposure to credit risk exclusive of consumer deposits held.

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(Continued)**

		2020	2019
		N\$	N\$
8. Cash and cash equivalents			
Bank	Account name	Balance	
Standard bank	Business account	6 797	
Bank Windhoek	Capital expenditure	2 693 802	
Bank Windhoek	Operational account	62 236	
Bank Windhoek	Build Together	10 188	
Bank Windhoek		176 063	
Bank Windhoek		3 088	
Bank Windhoek	Sewerage account	10 463	
Petty cash		1 274	
Total cash and cash equivalents		2 963 912	

Kamanjab Village Council adopted IPSAS on the 01 July 2018 and all cash and cash equivalents meet the definition of cash and cash equivalents.

In consideration of Covid19 there were no circumstances triggering possible declines in value and restrictions on redemption of cash and cash equivalents.

Assets classified under non-current assets as investments have been reclassified to cash and cash equivalents.

9. Value added tax receivable	411 767	-
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Value added tax (VAT) amounting to N\$ 411 767 is an excess of input VAT over output VAT. Value added tax becomes an obligation to the Receiver of Revenue when the Village Council raises an invoice and is declared to Receiver of Revenue whether cash has been received or not.

10. Prepayments	5 079	-
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Prepayments are attributable to unexpired motor vehicle licenses at the end of the financial year.

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(Continued)

	2020	2019
	N\$	N\$
11. Accounts payables	256 942	
Exchange transactions		
E.F.R Transport	1 054	
Telecom Namibia	2 666	
Social Security Commission	1 266	
Walton's	5 414	
Renaissance health	20 652	
Clevima Consulting Engineering	146 351	
Old Mutual Orion	47 358	
Pupkewitz & Sons	6 431	
Nampost	20 980	
Namibia Zero Waste Network	4 770	

12. Non-exchange transactions

Accounts payables: non-exchange transactions	28 153	-
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The 5% levy amounting to N\$ 28 153 is an assessment on ratable properties within Kamanjab village council area assessed in terms of Section 73 of the Local Authorities Act 1992 (Act No. 23 of 1992).

13. Accrued expenses

	1 417 209	1 766 008
Maperes Investments	1 299 690	
Tjivikua Vaundjasa	600	
Komihe Maria	600	
Kangueehi & Kavendji	53 279	
Kishi Shakumu & Co (inc)	49 086	
Jokkie R. Mbahee	700	
Southern West Investment	1 254	
Rivaldo Kambatuomasa	2 000	
Immanuel Kenahama	2 000	
Jonas E. Kandume	2 000	
Cleff C. Mbahee	2 000	
Vincent Gorabeb	2 000	
Salathiel Useb	2 000	

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(Continued)

	2020	2019
	N\$	N\$
14. Employee provisions	349 644	
Opening leave provision	148 830	
Contribution during the financial year	106 518	
Leave bonus as at 30 June 2020	255 348	
Opening bonus provision	-	
Bonus contribution during the financial year	94 296	
Bonus provision as at 30 June 2020	94 296	

Bonus and leave provision are Village Council obligation as a result of service offered by employees in full employment as at reporting date.

Movements in leave provision is as a result of leave days taken or accumulated by employees.

15. Other creditors	547 104
Erven sales liability	92 250
Retention fees	252 342
Consumer deposits	148 654
Unearned revenue	37 797
Unknown deposits	16 060

Other creditors comprise of consumer deposits, erven sales, advance payments, Retention fee and unknown deposits.

Consumer deposits are held as security on water accounts while unknown deposits are amounts received by the Village Council through the bank and cannot be allocated to a specific consumer account due to non-availability of a customer name or account reference number.

The retention fees of N\$ 211 084 is on the construction of water reticulation services by Maperes in Ourab informal settlement, while the other balance on retention amounting to N\$ 41 258 is held on road maintenance.

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(Continued)

	2020	2019
	N\$	N\$
16. Long term loans		
Government loans	717 205	690 500
	Capital	Interest
Arrears	207 506	494 914
Current	10 647	4 139
Total	218 152	499 053
	Instalment	
		702 420
		14 785
		717 205

The loans are pre-independence loans which the village council has not been servicing as agreed.

The loans have been presented under current liabilities due to the borrower's breach of the loan covenants.

17. Provisions – cadastral mapping

	Quantity	Cost per house	Total Cost	Replace ment cost per house	Total cost: replaceme nt	Grand Total
		N\$	N\$	N\$	N\$	N\$
Rezoning of social houses	10	16 215	162 150	-	-	162 150
House in the middle of 4 plots	1	14 820	14 820	45 000	45 000	59 820
Houses to be demolished	5	19 110	95 550	45 000	225 000	320 550
Constructed on land for roads	8	19 110	152 880	45 000	360 000	512 880
Other Town planning matters	15	-	-	45 000	675 000	675 000
Total	39		425 400		1 305 000	1 730 400

Other provisions relate to Town planning errors which the Village Council has an obligation to rectify through rezoning or completely removing some of the structures.

Most of the errors where houses were constructed on wrong places relate to Build Together houses. 39 houses were constructed on undesignated points.

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(Continued)

	2020	2019
	N\$	N\$
18. Service charges	4 454 365	4 837 577
Sewerage fees	340 803	
Water sales	2 947 959	
Pre-paid sales	97 600	
Sanitation	1 068 002	

Service charges revenue arises from the rendering of services and the sale of goods where equal value is approximately exchanged in return.

Most of the errors where houses were constructed on wrong places relate to Build Together houses. 39 houses were constructed on undesignated points.

	175 004	245 681
19. Rental income		
Office rental	35 705	
Village rent	74 556	
Community hall	12 797	
New land allocation rental	11 185	
Rental of office space	-	
Rental of chairs	209	
MTC Tower rental	21 502	
Street market rental	13 759	
Machinery rental	5 291	

Major gross inflow of revenues during the financial year were from village rent amounting to N\$ 74 556.

	559 913	318 624
20. Interest		
Interest on bank accounts	991	10 220
Interest on overdue accounts	397 351	308 404
Interest on sales of erven	36 676	-
Interest levied - BT	124 895	-

Interest on overdue accounts amounting to N\$ 397 351 comprise interest received and interest receivable.

Interest amounting to N\$ 124 985 on Build Together comprise interest levied on loans advance to beneficiaries during the financial year.

KAMANJAB VILLAGE COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

(Continued)

	2020	2019
	N\$	N\$
21. Surcharge income	178 448	
July	16 076	
August	15 387	
September	15 473	
October	16 104	
November	16 168	
December	15 220	
January and February	30 158	
March	14 414	
April	12 586	
May	13 439	
June	13 423	

Surcharge revenue arose from rights given to CENORED to sell electricity within Kamanjab area.

22. Dividend	20 000
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The dividend received is attributable to the investment in CENORED where Kamanjab surrendered its electricity infrastructure in exchange for shares. As at the reporting date, the village council had not established the size of shareholding which is determined by CENORED a company which has been set-up by group of local authorities within the central part of the country.

	483 962	268 524
23. Other income		
Sundry income	35 686	
Building plan fees	6 444	
Fire brigade fees	74 164	
Business stalls	22 853	
Water Tag	5 760	
Licenses	6 326	
Water connections	22 158	
Claim fees	15 217	
Pre-paid meter - ABC No.2	15 970	
Billboards	25 269	
Public toilets	3 021	
Sale of sand	55 316	

KAMANJAB VILLAGE COUNCIL**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE****(Continued)**

	2020	2019
	N\$	N\$
23. Other income (continued)		
Donation income	1 000	
Burial fees	8 641	
Open space cleaning	110 080	
Pre-paid meter - ABC No.2	35 279	
Insurance recovered - BT	40 526	
Dumpsite charges	252	

Other income comprises of gross inflows of service potential from various sources where some sources are not recurrent from one financial year to the other.

Kamanjab village council has not determined a threshold of revenue classifiable under other income except management judgement regarding the size of the gross inflows as being small and inconsistent year on year.

The major inflow of service potential amounting to N\$ 110 080 is from open space cleaning followed by fire brigade fees amounting to N\$ 74 164.

24. Property /Assessment rates

Assessment rates	563 061	429 721
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Property rates

Property rates are assessed on improvements and property (land) owned by residents and businesses in Kamanjab village council area in terms of Section 73 of the Local Authorities Act (Act No. 23 of 1992).

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(Continued)

	2020	2019
	N\$	N\$
25. Government & other departments transfers	6 882 444	4 652 373
GRN Subsidy	1 396 656	
GRN Subsidy	3 050 000	
GRN subsidy - sewer department	235 015	
GRN Subsidy	1 264 985	
Road Fund Authority	805 789	
OAG grant	130 000	

Government funding consist of capital allocation, operational allocation, maintenance and audit allocations where the audit is a service in-kind from the office of the auditor general. The service in kind is conditioned to finance staff accounting, financial reporting improvement and internal audit. The village council estimate the cost of the service in kind at N\$ 130 000 per year.

26. Employee costs	3 801 289
Cell phone allowance	19 200
Housing allowance	543 421
Medical aid contributions	255 567
Overtime	33 815
Pension contributions	522 168
Salaries and wages	2 040 697
Social security contributions	15 310
Standby allowance	1 600
Leave gratuity	145 257
Vehicle allowance	224 254

Employee entitlements for the financial year as disclosed in this note accrue to employee as and when the services are rendered.

All entitlements to services rendered are recognised in the statements of surplus or deficit.

All entitlements to be settled within 12 months have been reported at the amount expected to be paid and the same goes for uncontested termination expenses.

27. Councilor's remuneration	191 576
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ANNEXURE F

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(Continued)**

	2020	2019
	N\$	N\$
27. Councilor's remuneration (continued)		
Remuneration for managers		
Salary structure and benefits	CEO	Accountant
Basic salary	304 697	205 056
Housing allowance	121 879	82 022
Medical aid contributions	20 000	48 600
Pension contributions	63 986	43 062
Social security contributions	2 742	1 846
Vehicle allowance	83 474	-
Bonus	25 392	17 088
Transport allowance	-	8 400
Total remuneration	622 170	406 074

Remuneration of key management personnel responsible for the strategic direction of Kamanjab Village Council has been set out above in line with the provisions of IPSAS 20 Related Parties paragraph 21.

There were no loans made to management during the financial year.

28. Pensioners' grant **105 350**

The pensioner's grant is assistance to old-aged members of the community by the Village Council in the form of reduced consumer billing on monthly services offered by the Village Council.

29. Bulk purchases **1 536 132** **1 672 678**

Bulk purchases comprise of water from Namwater Corporation during the financial year.

30. Donations **10 618**

Donations for the financial year were made to Swakopmund informal settlement fire victims

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(Continued)

	2020	2019
	N\$	N\$
31. Repairs and maintenance	1 254 885	764 797
Streets and roads	822 492	
Fuel and oil	194 417	
Office bulbs	50	
Renovation houses	10 457	
Motor vehicles	73 016	
Repairs and maintenance	153 064	
Repairs & Maintenance - tools and equipment	-	
Dumping site	1 389	

Repairs and maintenance comprise revenue expenditure incurred in the maintenance of items of property, plant and equipment, the purchase of fuel, oil and other consumables. Major expenditure on repairs and maintenance is attributable to road maintenance funded by Roads Authority and for the financial year amounted to N\$ 822 492.

	1 319 902	1 405 604
32. General expenses		
Antiseptic and soap	5 215	
Bank charges	96 579	
Casual workers	5 269	
Consultancy fee	68 710	
Deeds office returns	891	
Disaster risk management	1 091	
Audit fees	130 000	
Electricity consumption	34 490	
Licences	13 233	
Finstel	68 935	
Legal expenses	69 205	
Membership fees	39 982	
Postage and courier	37 026	
Postage and telephone	49 999	
Printing and stationery	58 140	
Protective clothing	978	
Publicity	42 450	
Refuse receptacles	1 132	

KAMANJAB VILLAGE COUNCIL

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

	2020	2019
	N\$	N\$
32. General expenses (continued)		
Sewer pump electricity	151 011	
Insurance	78 335	
Materials and stores	3 085	
Town cleaning	3 437	
Travel & subsistence allowance	211 964	
Unforeseen expenses	63 454	
Entertainment	23 025	
Insurance BT	62 266	

General expenses form part of the village council's day-to-day operational expenses that are non-capital (not including the construction and/or purchase of items of property, plant and equipment).

All expenses are recorded and accounted for on accrual basis. Such recording has resulted in expenses being recorded as and when obligations arise and not when cash changes hands.

33. Finance cost	4 139	64 846
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Finance cost for the financial year relate to undischarged interest on external loans.

34. Adjustment to prior years	7 853 478
Derecognition to PPE items	(218 836)
Recognition of PPE items	555 472
Prior period errors	(266 842)
Retrospective review of depreciation	5 759 929
Other movements to equity	2 023 755

35. New recognitions	1 982 159 513
Recognition of land	1 982 067 570
Recognition of an intangible asset	77 813
Recognition of inventory	14 130

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(Continued)

	2020	2019
	N\$	N\$
35. New recognitions(continued)		
Kamanjab Proclamation land size (Sqm)	198 338 668	
Land sales to date (Sqm)	(131 911)	
Total land available	198 206 757	
Price per square meter	10	
Land at cost	1 982 067 570	

The total land area under Kamanjab at proclamation covers 198 338 668 square meters. The cost per square meter was gazetted at N\$ 10 per square meter and land sales to purchasers covers 131 911 square meters.

36. Adjustment to accumulated surplus or deficit	4 884 912
Renovation of toilets	(2 935)
Accumulated depreciation on renovations	998
Depreciation on retention fees	27 763
Depreciation on CENORED assets	330 000
Depreciation review	2 012 408
Unsupported movements to equity	1 453 734
Movement in accounts receivables	720 914
Other equity movements	342 030

37. Funds and accounts	1 734 107
Opening balance Build Together fund	1 672 060
Interest levied during the year	124 895
Insurance paid	(62 266)
Paid to beneficiaries	(41 109)
Insurance recovered	40 526
Net movement	62 047

Funds and accounts as set out above show the status of the Build Together fund. The Build Together fund administration has not been undertaken through a policy and Kamanjab village council is working on ensuring a policy is in place.

Further, the costs of administering the funds are not reflected in all the activities attributable to the funds therefore the funds are highly likely to be overstated. No credit losses have been assessed due to unavailability of complete information.

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

	2020	2019
	N\$	N\$
38. Reconciliation of net cash flows from operating activities to surplus or deficit		
Surplus for the year	369 590	
Non-cash movements		
Depreciation	1 857 951	
Increase in allowance for doubtful debts	906 401	
Provisions - Cadastral mapping	1 730 400	
Pensioners' grant	105 350	
Movement in employee provisions	200 814	
Total non-cash movements	5 170 507	
Working capital changes		
Increase in inventory	(184 277)	
Increase in accounts receivables	(1 626 536)	
Increase in VAT receivable	(411 767)	
Increase in prepayments	(5 079)	
Decrease in accounts payables	(560 768)	
Accrued expenses	(348 799)	
other creditors	383 670	
Other movements	1 674 254	
Total working capital changes	(1 079 302)	
Net cash movements	4 091 205	

39. Related parties

Related parties arise where an individual is either a member of the governing body or is involved in the financial and operating decisions of the village council. This also extent to entities owned by key management personnel Councilors and close family members of such individuals and other entities with significant influence on the reporting entity.

Related party transactions – loans

There were no loans advanced to top management Councilors during the financial year.

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**

39. Related parties (continued)

Related parties – consumer cyclical billing

Management and Councilors

All accounts for both management and Councilors were in good outstanding as at 30 June 2020 except for June billing which is effected on the 20th of every month.

No bad debts for village council management and Councilors or other employees were written-off.

Entities with significant influence

No entities with significant influence hold accounts or any business interest with Kamanjab village council.

Related parties – interest in Kamanjab village council

Management and Councilors had no business or commercial interests in the village council for the financial year ended 30 June 2020.