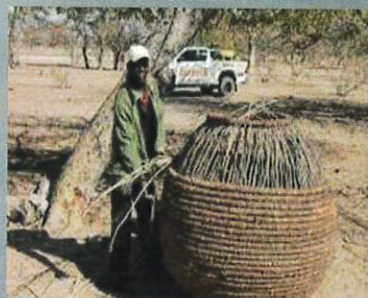




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

VILLAGE COUNCIL OF OKONGO

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 Okongo 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.

WINDHOEK, July 2021

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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

1. DISCLAIMER AUDIT OPINION

I have audited the financial statements of the Village Council of Okongo for the financial year ended 30 June 2020. These financial statements comprise the Statement of Financial Position, the Statement of Financial Performance, and Statement of Changes in Owners' Equity, Statement of Cash Flows, and Notes to Financial Statements for the year then ended.

Because of the significance of the matters described in the Basis for Disclaimer of audit Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements of the Village Council of Okongo as at 30 June 2020.

2. BASIS FOR DISCLAIMER AUDIT OPINION

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

I believe that the audit evidence I have obtained is not sufficient and appropriate to provide a basis for my opinion. A disclaimer audit opinion is being expressed due to the following:

- The Village Council could not explain the variances amounting to N\$ 8 802 995 between the statement of financial position and trial balance, comprised of the following: Property, Plant and Equipment (N\$ 12 616 302), Accounts Receivable (N\$ 6 504 990), Cash and Cash Equivalent N\$ 94 170, Vat Receivable N\$ 49 590, Allowance for Bad Debts (N\$ 622 446), Unearned Revenue N\$ 301 061, Funds and Accounts N\$ 358 558, Accumulated Surplus N\$ 10 137 364;
- The Village Council could not explain the variances amounting to N\$ 4 470 425 between the Statement of Surplus/deficit and trial balance;
- A difference amounting to N\$ 3 287 777 was observed of Provision for doubtful debts between the general ledger (N\$ 622 446) and the financial statement under Trade and Other Receivables (N\$ 3 910 223).
- The auditors observed a difference amounting to N\$ 552 926 760 between the Property, Plant and Equipment disclosed in the financial statements (N\$ 619 930 232) and fixed asset register (N\$ 67 003 472);

- An adjustment amounting to N\$ 543 614 705 was made to land and buildings at the beginning of the year, however, no information or supporting documentation was provided to support the adjustments;
- Work-in-progress for capital projects invoice amounting to N\$ 380 534 pertaining to the subsequent financial year was recorded in the current year;
- The Council disclosed inventory balances in the financial statements amounting to N\$ 1 936 159, however, no stock count reports was provided for audit purposes and no stock count was undertaken for the year under review;
- Cash received from customers as per the Cash flow Statement (N\$ 10 268 817) is not agreeing with the note as stated in the notes to the financial statements (N\$ 6 686 130) with a difference amounting to (N\$ 3 582 687);
- Non-submission of supporting documentation amounting to N\$ 2 108 273 in respect of Accounts payables N\$ 91 480, General expenditures N\$ 958 555, Journal entries N\$ 162 318, Bank statement for Standard Bank account N\$ 800 494, and Subsistence and Travelling N\$ 95 427;
- The Chief Executive Officer was given opportunity to respond to the Management Letter, unfortunately the CEO elected not to respond to the Management Letter; and
- Village Councils were exempted to pay audit fees on the undertaking that they should capacitate their finance personnel. A liability of N\$ 99 250 for consultancy on preparation of the financial statements was not provided for the year under review, furthermore, the CEO could not provide the service level agreement neither could he provide the documentation pertaining to the procurement of consultancy at year end.

3. OTHER INFORMATION

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and, accordingly, the auditor does not express any form of assurance conclusion thereon. In connection with the audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained in the audit or otherwise appears to be materially misstated. I have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and legislation, and for such internal control as management determines is 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.

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions, 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;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit;
- Provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards;
- From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

6. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- The financial statements for the financial year ended 30 June 2020 were submitted by the Accounting Officer to the Auditor-General in compliance with Section 85 of the Local Authorities Act, 1992 (Act No. 23 of 1992).
- Non-compliance with Local authority act no: 23 of 1992, section 27 (bi). Whereby the Management Committee is supposed to appoint or reappoint the CEO in consultation with the Minister. The Chief Executive Officer prepared a submission recommending himself while the management committee members were supposed to execute that mandate. The CEO's action was not in compliance with the Local authority act no: 23 of 1992, section 27 (bi).
- The CEO did not comply with the Procurement Act when the Village Council procured the services of the consultant to prepare the Village Council's financial statements.

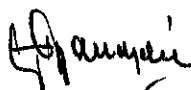
7. AUDIT OF KEY PERFORMANCE INFORMATION

Auditors did not perform the Key Performance Audit due to non-submission of approved Strategic Plan and Annual Plans.

8. ACKNOWLEDGEMENT

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

WINDHOEK, July 2021


JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

**VILLAGE COUNCIL OF OKONGO
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
GENERAL INFORMATION**

Legal form of organisation	Local Authority
Nature of business and principal activity	Local Government
Grading of local authority	Village Council
Substantive CEO	Wodibo S. Haulofu
Accountant	Anna-Mary Mutilifa
Business Address	98 Hospital Road
Postal Address	Private Bag 66003 Okongo Namibia
Bankers	Standard Bank & First National Bank
Auditors	Auditor General Namibia
Councillors	Paulus Myahanyekange (Chairperson) Jacobina Kayofa (Deputy Chairperson) Lydia Hamakali (Committee Member) Sarah Shiwayu (Committee Member) Jonas Nghinaunye (Committee Member)
Legislation governing the Village Council	The Constitution of the Republic of Namibia Local Authorities Act State Finance Act

ANNEXURE A

**VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020**

	Note	2020 N\$
ASSETS		
CURRENT ASSETS		10 862 878
Inventory	6	1 936 159
Account Receivables	7	1 658 927
Cash and Cash Equivalents	8	3 225 882
VAT Receivables	9	4 041 910
NON CURRENT ASSETS		627 091 327
Property, plant and equipment	2	619 890 233
Intangible Assets		146 512
Long Term Receivables		1 665 091
Investment		5 389 491
TOTAL ASSETS		637 954 205
FUNDS AND LIABILITIES		
FUNDS AND RESERVES		635 894 313
Fund and Accounts		358 558
Accumulated Surplus		635 535 755
NON-CURRENT LIABILITIES		-
CURRENT LIABILITIES		2 059 892
Accounts Payable		2 020
Accrued Expenses		509 701
Provisions	10	315 708
Unearned Revenue	11	301 061
Other Creditors		30 536
Retention Fees	13	900 866
TOTAL FUNDS AND LIABILITIES		637 954 205

ANNEXURE B

VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 N\$
REVENUE: EXCHANGE TRANSACTIONS		7 304 842
Service charges	14	4 641 923
Surcharges Income	15	216 641
Other Revenue	17	2 446 278
REVENUE: NON-EXCHANGE TRANSACTIONS		14 959 715
Government & Other departments Transfers	18	12 584 715
Donations	19	2 375 000
TOTAL REVENUE		22 264 557
EXPENSES		14 506 404
Employee Costs	20	3 039 103
Depreciation	2	2 274 505
Repairs and Maintenance	24	671 819
General Expenses	25	4 503 347
Increase in provision for doubtful debts	7	3 910 223
Provisions		107 407
NET OPERATING SURPLUS		7 758 153
Interest On Investments	16	1 220 899
NET OPERATING (DEFICIT)/SURPLUS AFTER INTEREST		8 979 052

VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN OWNER'S EQUITY AS AT 30 JUNE 2020

	Notes	Funds and Accounts	Accumulated Surplus/deficity	Total Net Assets/Equity
		N\$	N\$	N\$
Balance as at 30 June 2018		358 258	3 605 914	3 964 172
Surplus/(Deficit) for the period		-	15 015 798	15 015 798
Total	22	358 258	18 621 712	18 979 970
IPSAS Adjustments:				-
Adjustment to Land	21.1	-	543 830 753	543 830 753
Adjustment to Building	21.2	-	3 569 476	3 569 476
Adjustment to Infrastructure	21.3	-	42 805 961	42 805 961
Adjustment to intangible assets		-	146 512	146 512
Adjustment to Investments		-	5 389 491	5 389 491
Adjustment to WIP		-	12 192 798	12 192 798
Net IPSAS Adjustments		-	607 934 991	607 934 991
Balance as at 01 July 2019		358 258	626 556 703	626 914 961
Surplus/(Deficit) for the period		-	8 979 052	8 979 052
Movements		300	-	300
Balance as at 30 June 2020		358 558	635 535 755	635 894 313

**VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOW AS AT 30 JUNE 2020**

	Note	2020
		N\$
Cash flows from operating activities		
Cash received from customers	23	^{b10} 268 817
Less: Cash paid to employees		3 039 102
Less: Cash paid to suppliers		5 175 166
Net Cash flow generated from operating activities		2 054 549
Cash flows from investing activities		
Acquisition of PPE		(12 320 678)
Net cash generated from investing activities		(12 320 678)
Cash flows from financing activities		
Government Transfer		12 584 715
Net cash generated from Financing activities		12 584 715
Net increase/(decrease) in cash and cash equivalents		2 318 586
Cash and cash equivalents at beginning of the period		797 739
Cash and cash equivalents at end of the period		^a3 116 325

a) Cash and Cash Equivalent figures not agreeing as stated in the financial position

b) Cash received from customers is not agreeing as stated in the notes to the financial statement with a difference amounting to N\$ 3 582 687

**VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30 JUNE 2020**

	Note	Original Budget	Budget adjustme nts	Final adjusted budget	Actual outcome	Unauthorized expenditure	Variance	Var %
		N\$	N\$	N\$	N\$	N\$	N\$	N\$
Statement of surplus or deficit								
Revenue: Exchange transactions		2 827 422	-	2 827 422	8 525 741	-	5 698 319	887
Service charges		1 855 725	-	1 855 725	4 641 923	-	2 786 198	150
Surcharges Income		130 000	-	130 000	216 641	-	86 641	67
Interest received		418 968	-	418 968	1 220 899	-	801 931	191
Other Revenue		422 729	-	422 729	2 446 278	-	2 023 549	479
Revenue: Non-exchange transactions		3 412 500	-	3 412 500	14 959 715	-	11 547 215	338
Government & Other departments Transfers		3 412 500	-	3 412 500	12 584 715	-	9 172 215	269
Donations		-	-	-	2 375 000	-	2 375 000	100
Total Revenue		6 239 922	-	6 239 922	23 485 456	-	17 245 534	276
Expenses								
Employee Costs		2 884 877	-	2 884 877	2 848 047	-	(36 830)	(1)
Depreciation		-	-	-	2 274 505	-	2 274 505	100
Repairs and Maintenance		1 650 000	-	1 650 000	671 819	-	(978 181)	(59)
General Expenses		4 160 215	-	4 160 215	4 503 347	-	343 132	8
Increase in provision for doubtful debts		-	-	-	3 910 223	-	3 910 223	100
Provisions		-	-	-	107 407	-	107 407	100
Councillors' Remunerations		191 056	-	191 056	191 056	-	-	-
Total Expenses		8 886 148	-	8 886 148	14 506 404	-	5 620 256	63
Surplus/(deficit) for the year		(2 646 226)	-	(2 646 226)	8 979 052	-	11 625 278	(439)

ANNEXURE E

**VILLAGE COUNCIL OF OKONGO
FIRST TRANTONAL FINANCIAL STATEMENTS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30 JUNE 2020 (continue)**

	Note	Original Budget	Budget adjustments	Final adjusted budget	Actual outcome	Unauthorized expenditure	Variance	Var %
		N\$	N\$	N\$	N\$	N\$	N\$	N\$
Capital Budget								
Transfers recognised-Capital		5 529 121	-	5 529 121	5 529 121	-	-	-
Capital Expenditure and Funds Sources								
Total Capital Expenditures		5 529 121	-	5 529 121	5 529 121	-	-	-
Sources of Capital Funds								
Transfers Recognised-Capital		5 529 121	-	5 529 121	5 529 121	-	-	-
Total Sources of Capital Funds		5 529 121	-	5 529 121	5 529 121	-	-	-

**VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30 JUNE 2020 (continue)**

Government Transfers Schedule		Invoice date	Payment Date	Reference	Capital Transfer	Operational Transfers	Total Grants	Development
					N\$	N\$	N\$	
1	13.08.2019	20.08.2019	3 903	-	-	875 000	875 000	Subsidy
2	06.09.2019	19.09.2019	9 222	664 633	-	-	664 633	Services
3	15.10.2019	22.10.2019	4 979	707 045	-	-	707 045	Services
4	11.11.2019	21.11.2019	405	546 450	-	-	546 450	Services
5	22.11.2019	12.12.2019	4 157	2 194 300	-	-	2 194 300	Services
6	09.01.2020	14.01.2020	8 865	237 107	-	-	237 107	Services
7	18.02.2020	27.02.2020	6 710	-	2 625 000	-	2 625 000	Subsidy
8	14.02.2020	03.03.2020	7 175	1 179 587	-	-	1 179 587	Services
					5 529 122	3 500 000	9 029 122	

**VILLAGE COUNCIL OF OKONGO
FIRST TRANTIONAL FINANCIAL STATEMENTS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30 JUNE 2020 (continue)**

	Note	Original Budget	Budget adjustments	Final adjusted budget	Actual outcome	Unthorized expenditure	Variance
		N\$	N\$	N\$	N\$	N\$	N\$
Unspent Amounts							
Councillor's Entertainment		25 000	-	25 000	-	-	25 000
Administration charges		5 500	-	5 500	-	-	5 500
Aerial Mapping Farm994		1 500 000	-	1 500 000	-	-	1 500 000
Buffer		10 000	-	10 000	-	-	10 000
Cartridge & Toner		60 000	-	60 000	-	-	60 000
Cleaning Materials		85 000	-	85 000	-	-	85 000
De-bushing of street roads 15km		25 000	-	25 000	-	-	25 000
Fencing		10 000	-	10 000	-	-	10 000
First Aid Kit		3 000	-	3 000	-	-	3 000
GP Financial System		152 000	-	152 000	-	-	152 000
HIV/AIDS awareness campaign		20 000	-	20 000	-	-	20 000
Insurance		45 000	-	45 000	-	-	45 000
Municipal Association Contribution		30 000	-	30 000	-	-	30 000
Printing & Stores		70 000	-	70 000	-	-	70 000
Refuse removal		240 000	-	240 000	-	-	240 000
Sign Board		25 000	-	25 000	-	-	25 000
Small tools & Equipment		57 500	-	57 500	-	-	57 500
Tow bar, Bull bar & rails		45 000	-	45 000	-	-	45 000
Tracking System		30 000	-	30 000	-	-	30 000
Water Test		30 000	-	30 000	-	-	30 000
Cleaning		8 837	-	8 837	-	-	8 837
Buildings		200 000	-	200 000	-	-	200 000
Cleaning of campaign		37 468	-	37 468	-	-	37 468
Security services at water plant		45 500	-	45 500	-	-	45 500
Treatment Plant		50 000	-	50 000	-	-	50 000
Total Unspent Budgeted Amounts		2 809 805	-	2 809 805	-	-	2 809 805

**VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED FOR
THE YEAR ENDED 30 JUNE 2020**

Comments on variances between the budget and actual amounts

Revenue from exchange transactions

Service charges

The favourable variance is as a result of an increase in the number of new consumer connections as new residential business improvements were undertaken.

Surcharge income

The favourable variance is attributable to new residential and business improvements within Okongo urban areas owing to the establishment of new extensions.

Interest received

The major contributor to the favourable variance on interest received constituting 87% is attributable to interest on outstanding consumer debtors which was collected during the year. The Village Council under-budgeted this line item (vote) resulting in a huge variance.

Other revenue

The favourable variance is as a result of other income streams that have been classified under other revenue. Major contributors to this income category are, Permission to occupy income (contributing 51% of total other revenue) and informal settlement fees (contributing 20% of total other revenue). The Village Council is taking necessary steps to ensure income categories are determinable for the purpose of its financial reporting.

Revenue from non-exchange transactions

Government transfers

The favourable variance has been due to the uncertainty associated with the amount of transfers receivable from government in a specific year as some of the transfers are only received when the government makes a decision (based on its allocation system) to remit.

Donations

The donation was not expected at the time of budget planning and therefore was not included in the budget.

**VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED FOR
THE YEAR ENDED 30 JUNE 2020 (continue)**

Comments on variances between the budget and actual amounts (continue)

Expenses

Accrual basis line items

Depreciation, allowance for doubtful debts, and provisions were not budgeted for. The Village Council anticipates moving to accrual basis budget within the transitional period. These three-line items are major movers under the expenses category which further impacted the balances at sub-total level.

Unspent votes

Unspent amounts comprise of legislative oversights which the Village Council did not convert into services and deliver to the community during the course of the financial year. Most of the amounts consist of expense items and are not capital in nature. Management judges that the Village Council has to adopt a robust budgeting system that will enable accuracy in all of its budgets beginning with the transitional period of IPSAS adoption. Non-execution of expenditure items by the Village Council did not result in diminished service delivery. All unspent votes shall be reviewed in future budgets to improve accuracy and performance.

**VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020 (continue)**

1. ACCOUNTING POLICIES

1.1 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, Okongo 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. The Village Council is not able to make an explicit and unreserved statement of compliance with accrual basis IPSAS in preparing its First Transitional IPSAS Financial Statements for the reporting period ended 30 June 2019.

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.

With respect to unavailability of accounting policies in the previous financial reporting framework used by the Village Council, assets and liabilities, revenue and expenses shall be measured using accounting policies consistent with IPSAS to the extent of the availability of information relating to those assets and/or liabilities, revenues and expenses in accordance with IPSAS 33, paragraph 137 (a) which requires that Okongo Village Council discloses progress made towards recognising, measuring, presenting and/or disclosing assets, liabilities, revenue, and/or expenses.

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 20 are rounded off to the nearest dollar.

**VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020 (continue)**

1.2 Changes in accounting policy

Accounting policies applied to all IPSASs that Okongo 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.

1.2.1 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. The Village Council has opted not to present comparative figures in accordance with IPSAS 33, paragraph 77 but shall include in these financial statements non-IPSAS historical summaries 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.

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.

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.

**VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020 (continue)**

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.

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).

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.

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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.

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.

IPSAS 20, Related party disclosures

The objective of this standard is to set the disclosure requirements for transactions between Okongo 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.

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.

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.

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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.

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 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 does not amortise its intangible asset and has an indefinite useful life. The Village Council also judges that it can comply with this standard in full on its initial adoption of accrual basis IPSAS.

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.

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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 2019. 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 in these financial statements.

1.4 IPSASs not adopted by Okongo 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

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1.4 IPSASs not adopted by Okongo Village Council (Continue)

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.

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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.

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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.

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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.

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.

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.

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.

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30 JUNE 2020 (continue)**

1.10 Revenue (continue)

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.

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.

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.

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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.

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).

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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 2019. 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

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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 Property, Plant and Equipment.

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Initial measurement (Continue)

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.

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 recognition of an item of PPE are recognised in the statement of surplus or deficit as other income. The gain or loss arising from the recognition 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:

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Initial measurement (Continue)

TYPE OF ASSET	DEPRECIATION METHOD	(AVERAGE) USEFUL LIFE
Land and Buildings	Straight line	(30 – 50)
Furniture and Fittings	Straight line	(5 – 8)
Computer & Office Equipment	Straight line	(5 - 10)
Plant and Machinery	Straight line	(5 -15)
Motor Vehicles	Straight line	(5 – 8)
Infrastructure	Straight line	(20 – 50)

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.

1.13 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;

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1.13 Site restoration and dismantling costs (continue)

- 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.

1.14 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, and 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.

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.

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1.15 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 settling 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.

1.16 Employee benefits

Employee benefits are all forms of consideration given by Okongo 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.

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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 Okongo, 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. Okongo 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.

**VILLAGE COUNCIL OF OKONGO
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1.17 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

1.18 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.

1.19 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.

1.20 Debt forgiveness

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

1.21 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.

1.22 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.

**VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020 (continue)**

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.

1.23 Fines

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

1.24 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.

1.25 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.

1.26 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 payables.

VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020 (continue)

2. Property, Plant and Equipment

	Construction/ Acquisition Cost	2020 Accumulated Depreciated	Carrying Value
	N\$	N\$	N\$
Land and Buildings	560 035 138	(555 368)	559 479 770
Furniture fixtures & fittings	288 097	(127 639)	160 458
Computer & Office equipment	219 068	(118 990)	100 078
Plant and Machinery	1 005 596	(105 080)	900 516
Motor vehicles	3 231 924	(780 076)	2 451 849
Infrastructure	52 574 069	(4 569 940)	48 004 128
Work in progress	8 793 433	-	8 793 433
Total	626 147 325	(6 257 093)	619 890 232

Okongo Village Council land covers an area of 27 930 000 square metres as at the Village Council proclamation in November 2015. Of this land, 1 786 515 square metres are serviced while 26 062 599 square meters are not serviced. The village council has not sold any of its serviced and/or unserviced land to residents, businesses and/or institutions. However, residents, institutions, and businesses occupy different sizes of erven and occupation for Okongo Proper area dates back to pre-proclamation periods when the village council was still a settlement under the administration of the Ohangwena Regional Council, while other areas (other than Okongo Proper) were allocated to residents, business, and institutions by the village council after proclamation.

The initial approval of sale of land in terms of Section 30 (1) (t) of the Local Authorities Act, 1992 (Act No. 23 of 1992) as amended was granted by the Ministry of Urban and Rural Development on 26 September 2019 (being the first approval) and 08 July 2020 (being the second approval) a total of two applications made and approved to date. None land sales meant that the Village Council could not charge or collect rates on properties within the Okongo urban area. The initial approval by the Ministry of Urban and Rural Development will trigger collectability of revenue from property rates.

**VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 (continue)**

2. Property, Plant and Equipment Continue)

The Village Council's assets are not held as security by creditors and none of The Village Council's assets are held for sale as at the reporting date

Reconciliation of Property, Plant and Equipment-2020

	Work in Progress	Land & Buildings	Infrastructure	Plant & Machinery	Motor vehicles	Computers & Office equipment	Furniture, fixtures & fittings	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Opening balance 01/07/2019	12 148 312	560 035 138	36 375 924	722 942	314 206	116 515	131 022	609 884 059
Additions	44 486	22 243	9 520 419	248 244	2 375 000	26 039	84 247	12 320 678
Transfers	12 192 798	560 057 381	45 896 343	971 186	2 689 206	142 554	215 269	622 204 737
	(3 399 365)	-	3 399 365	-	-	-	-	-
Depreciation	8 793 433	560 057 381	49 295 708	971 186	2 689 206	142 554	215 269	622 204 737
Closing balance (30/06/2020)	-	(577 610)	(1 291 580)	(70 670)	(237 357)	(42 477)	(54 811)	(2 274 505)
	8 793 433	559 479 771	48 004 128	900 516	2 451 849	100 077	160 458	619 930 232

**VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2020 (continue)**

3. Intangible Assets

There has not been any accumulated amortisation on the Village Council's intangible asset due to the policy which prescribes non-amortisation of intangibles and as a result, no movements were recorded during the financial year were recorded. The Village Council does not amortise its intangible assets over their useful life.

In relation to impairment assessment of its intangible asset;

There has not been a decline in performance of the intangible asset in relation to increasing volume of transactions; and,

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

In line with IPSAS adoption, the Village Council intends to develop an enhanced annual assessment model of its intangible assets within the transitional period and thereafter.

4. Long Term Receivables

Long term receivables comprise of Build Together loans outstanding as at the reporting date. Build Together loans attract an annual interest rate between 4% and 7% depending on the amount of the loan falling between N\$3 000 and N\$80 000 and agreed between the recipient and Okongo Village Council. The Village Council is working on long term receivables to establish the rate of default and improve measurement and disclosure in line with the IPSAS 28, 29 and 30.

5. Investments

The investment in Nored is an equity instrument in accordance with IPSAS 28, and the substance of the contractual agreement provides for a transfer of electrical infrastructure within Okongo urban to Nored at cost in exchange for shares (equity) in Nored. The equity instrument first satisfied recognition criteria at the date of signing the contractual agreement as specified in the contract. The Village Council intends to disclose the value of its equity within the transitional period to ensure appropriate disclosures.

VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2020 (continue)

6. Inventory

Zoning	Number of plots	Size	Price per	Value
			square meter	
			N\$	N\$
General Residential	2	1 632	20	31 857
Industrial	2	750	20	14 640
Residential	92	48 076	20	938 444
Business	26	30 428	20	593 955
Inventory in warehouse	-	-	-	357 264
Total	122	80 886	-	1 936 159

Serviced erven for which approval to sell was granted by the Ministry of Urban and Rural Development in terms of 30 (1) (t) of the Local Authorities Act, 1992 (Act No. 23 of 1992) as amended totalled 80 886 square meters.

Permission to sell was granted by the Ministry of Urban and Rural Development on 26 September 2019 (first approval) and 08 July 2020 (second approval) a total of two applications made and approved to date.

Okongo Village Council may have more than 80 886 square metres of serviced plots with new extensions having been earmarked for servicing. In line with IPSAS 33, the Village Council expects to measure all its assets and liabilities within the transitional period ending 30 June 2022.

As at the reporting date, the Village Council did not have a gazetted price of serviced or un-serviced land per square metre. The price of N\$19.52 was determined by using statistical data for other related Village Councils with gazetted prices for land. The Village Council intends to have a gazetted price for land by the end of the coming financial year ending 30 June 2021.

Okongo Village Council recognises inventory held in its warehouse at cost less impairment losses. IPSAS 33, First time adoption of accrual basis IPSAS allows the Village Council to measure its inventories within a 3-year transition period. Due to the nature of some of its inventory falling within the property (land) category taking more than one financial year to prepare for sale, the Village Council intends to measure its inventory in line with IPSAS 33, though the nature of some other inventory held under current assets are realisable, consumable, and/or saleable or usable within the Village Council's normal annual operating cycle.

VILLAGE COUNCIL OF OKONGO
 FIRST TRANSITIONAL FINANCIAL STATEMENTS
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
 2020 (continue)

7. Accounts Receivables

	2020	2019
	N\$	N\$
Accounts receivables age analysis	6 870 477	4 703 329
Accounts receivables 120 days+	(5 211 550)	(1 301 327)
Accounts receivables	1 658 927	3 402 002
Prior period error		
Accounts receivables as per prior year age analysis	-	4 703 329
Reported as per prior year FS	-	(4 694 235)
Understatement of accounts receivables	-	9 094

Increase in allowance for doubtful debts is measured as 120 days+ current year less 120 day+ prior year

In restating the prior year accounts receivables, management considered adjustments made to the prior year receivables balance to result in inconsistencies that may not reflect accurately the accounts receivables balance under the IPSAS model.

8. Cash and Cash Equivalentents

Institution	2020
	N\$
Bank Account-Operation/Current Account	212 673
Bank Account-Call Account	1 617 146
Bank Account-Investment Capital Account	19 865
Bank-BTP current account	70 737
Bank-BTP call account	82 479
BANK-Gold business account	234 148
BANK-Super save account	94 170
BANK-STD investment	800 494
BANK-Super save account	94 170
Total	3 225 882

VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
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2020 (continue)

8. Cash and Cash Equivalents (continue)

Okongo Village Council adopted IPSAS on 01 July 2019, and cash held with financial institutions (including call accounts) satisfy the definition of cash and cash equivalents. In consideration of Covid-19, there have been no restrictions on redemption on both call and savings accounts.

9. Vat Receivables

	<u>2020</u>
	N\$
VAT - Operational	4 038 457
VAT - Omaludi	3 452
Total	<u>4 041 910</u>

The value added tax (VAT) as per note is as a result of an excess of input VAT over output VAT. The Village Council collects VAT and remits it to the Receiver of Revenue and relies on the policies of the Receiver of Revenue in administering collection and remitting.

10. Provisions

	<u>2020</u>
	N\$
Leave provision	258 513
Bonus provision	57 195
Total	<u>315 708</u>

Management raised 2 classes of provisions as set out above and judges that it is the best estimate of the expenditure required to settle the present obligation as at the reporting date. The provisions above relate to the Village Council employees in service as at the reporting date. Movements in the provisions are attributable to accumulation or reduction in leave days (for leave provision) and timing of birthday days for staff (for bonus provision)

**VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2020 (continue)**

11. Unearned Revenue

	<u>2020</u>
	N\$
Accounts receivables exclusive of advance payments	6 870 477
Accounts receivables inclusive of advance payments	(6 569 415)
Total	<u>301 061</u>

Unearned revenue comprises advance payment on customer accounts as at the reporting date. The Village Council had not offered an exchange of equal value in return as at 30 June 2020. The amount of N\$301 061 is an amount reflecting the excess of the billed amount on customer accounts as at the end of the financial year.

12. Other Creditors

Other creditors comprise of unallocated bank deposits which the village Council could not trace to a specific customer account or could not process a refund due to unavailability of depositor identity details. Based on past practices, most of the unallocated bank deposits get cleared in the following financial year thereby reducing accounts receivables. The Village Council has not refunded any portion of deposits to claiming depositors on account of depositor error to wrong account.

13. Retention fees

Capital Project	<u>2020</u>
	N\$
Construction of Council Office	460 802
Construction of Services Extension.1	330 899
Electricity Okongo	88 435
Women's project	20 730
Total	<u>900 866</u>

Retention fees held by the Village Council relates to capital projects undertaken by various contractors and fall due within 12 months beginning at the date of project completion. Retention fee is withheld whether the project is finished or still work in progress.

**VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
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2020 (continue)**

14. Service Charges

	<u>2020</u>
	N\$
Bulk water sales	2 728 724
Refuse removal	1 385 870
Sewerage	335 761
Other service charges	191 568
Total	<u>4 641 923</u>

Other service charges are attributable to refuse collection, water disconnections and reconnections. All service charges comprise revenue from exchange transactions.

15. Surcharge Income

Surcharge income is attributable to a fee earned by the Village Council on electricity sales in Okongo Urban. This revenue line is a commission on electricity sales every month.

16. Interest Received

	<u>2020</u>
	N\$
Interest from investments	113 754
Interest on overdue accounts	1 062 752
Bank interest received	44 092
Interest received	300
Total	<u>1 220 899</u>

Interest received comprise interest from bank accounts and interest charged on outstanding consumer accounts (accounts receivables)

VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
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2020 (continue)

17. Other Revenue

	2020
	N\$
Permission to occupy	1 234 612
Abattoirs	13 005
Tender fees	50
Building plans approval	11 133
Burial fees	1 585
Advertising - billboards	131 283
Informal settlement fees	487 593
Accommodation fees	18 831
Income from building sand	4 060
Donations / sponsorship	7 000
Business registrations	119 128
Search of boundary	310
Other income	417 688
Total	2 446 278

17. Other Revenue (Continue)

Major contribution to other revenue is from the permission to occupy arrangement where the Village Council collects a fee on property occupied by businesses or resident(s) without title to of ownership of the property.

18. Government and other department transfers

Transfers from government and other government departments occurred during the financial year. Amounts received consist of capital and operational transfers (with the exception of Road Fund Authority transfers specifically earmarked for road maintenance). The funds received from government and other government transfers were utilised on projects as planned. The Village Council satisfied conditions relating to the stipulations on transfers.

**VILLAGE COUNCIL OF OKONGO
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2020 (continue)**

19. Donations

Donations comprise of a fire truck from the Ministry of Urban and Rural Development. There were no other donations received during the financial year.

20. Employee Costs

	<u>2020</u>
	N\$
Salaries and wages	1 500 219
Medical aid	378 209
Housing allowance	304 613
Pension fund	288 685
Leave gratuity	273 147
Car allowance	89 316
Overtime	29 129
Social security	9 998
Employee compensation fund	13 813
Transport allowance	104 156
Cell-phone allowance	5 058
Airtime allowance	26 860
Standby allowance	15 900
Total	<u>3 039 103</u>

Remuneration set out above is for personnel with the responsibilities of strategically directing Okongo Village Council in accordance with IPSAS 20 Related parties, paragraph 21. All remuneration was paid in accordance with gazetted scales for local authorities.

There were no changes to staff composition due resignations or recruitment during the financial year.

VILLAGE COUNCIL OF OKONGO
 FIRST TRANSITIONAL FINANCIAL STATEMENTS
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
 2020 (continue)

21. Reconciliation of Net Assets/ Equity

21.1 Land

	<u>2020</u>
	N\$
Recognised in prior years	-
Recognised as at 01 July 2019	543 830 753
Total IPSAS adjustments	<u>543 830 753</u>

The Village Council did not recognise land in financial statements for prior years. The Village Council has recognised land under Okongo as at proclamation totalling 27 930 000 square metres on its statement of financial position (refer note 2)

21.2 Buildings

	<u>2020</u>
	N\$
Tailoring building	371 953
Maternity Building	2 645 970
Market stalls and toilets- Omaludi	189 197
Toilets - Reception area	48 680
Toilets - defence	22 243
Showers - Defence	44 486
Septic tanks - Reception area	30 900
Office building plot	177 632
Tailoring building plot	9 135
Maternity Building plot	29 280
Total Adjustments	<u>3 569 476</u>

**VILLAGE COUNCIL OF OKONGO
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2020 (continue)**

21. Reconciliation of Net Assets/ Equity (Continue)

21.3 Capital Infrastructure

	<u>2020</u>
	N\$
Previously recognised	9 768 108
Adjustments	42 805 961
Recognised as at 01 July 2019	<u>52 574 069</u>

22. Reconciliation to Accumulated Surplus or deficit

	<u>2020</u>
	N\$
Accumulated surplus or deficit as at 30 June 2019	49 118 579
Adjustments:	
Allowance for receivables	9 094
Accumulated depreciation understatement	(5 055 483)
Un-supported Accumulated surplus	(10 854 624)
Year on year movements - 2018	(11 487 868)
Year on year movements - 2017	(3 585 303)
Other adjustments	477 317
Accumulated surplus as at 01 July 2019	<u>18 621 712</u>

Notes to reconciliation to accumulated surplus or deficit

Accumulated depreciation understatement

The correction to accumulated depreciation in N\$5 055 483 in the above schedule of adjustments is largely attributable to assets that were not recognised on the statement of financial position from date when the assets were put in a location where they were capable of operating in the manner intended by management up to the date of IPSAS adoption (01 July 2019)

VILLAGE COUNCIL OF OKONGO
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2020 (continue)

Un-supported accumulated surplus

The Village Council received transfers from government amounting to N\$17 457 723 in the financial year ended 30 June 2017 and released the total amount to the statement of surplus or deficit for that financial year and only N\$ 6 603 099 was utilised on assets under construction.

22. Reconciliation to Accumulated Surplus or deficit (Continue)

Year on year movements

Total accumulated surplus as at 30 June 2018 stood at N\$22 083 847 and as at 01 July 2018 increased to N\$33 571 715 without any supporting general ledger adjustments or any related accounting events.

Year on year movements – 2017

Total accumulated surplus as at 30 June 2017 stood at N\$22 083 847 and as at 01 July 2017 increased to N\$25 669 150 without any supporting general ledger adjustments or any related accounting events.

23. Cash received from customers

	<u>2020</u>
	N\$
Opening accounts receivables	4 703 329
Add sales revenue	8 521 681
Add unearned revenue	301 061
Add Unknown deposits	30 536
Less closing accounts receivables	(6 870 477)
Cash received from customers	<u><u>6 686 130</u></u>

**VILLAGE COUNCIL OF OKONGO
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2020 (continue)**

24. Repairs and Maintenance

	<u>2020</u>
	N\$
Maintenance - computer equipment	2 469
Maintenance - dumpsite	4 400
Maintenance - reticulation	242 293
Maintenance - office furniture, fixtures, & fittings	251 234
Maintenance - vehicles	52 194
Maintenance - machinery and equipment	36 424
Maintenance - roads	38 863
Maintenance - street lights	12 736
Maintenance - cemetery	6 072
Maintenance - sewage	25 133
	<u>671 819</u>

VILLAGE COUNCIL OF OKONGO
FIRST TRANSITIONAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2020 (continue)

25. General Expenses

	<u>2020</u>
	N\$
Interest on Overdue Account	22
Protective clothing	776
Vehicle licences	5 134
Membership fees	9 900
Road access	10 000
Training	11 785
Postage and courier	21 277
Advertising	29 766
Vehicle insurance	35 598
Entertainment	44 712
Financial Statements	49 625
KM claims	79 214
Security services	80 870
Printing and stationery	100 447
Telephone	114 289
Fuel	116 434
Service bonus	159 376
Software licence and support	166 905
Travel and subsistence	168 356
Contract and agreements	350 732
Omaludi festival expenses	716 042
Electricity consumption	919 697
Compensation	926 804
Other expenses - Omaludi festival	11 475
Bank charges	93 216
Material and stores	280 895
Total	<u><u>4 503 347</u></u>

