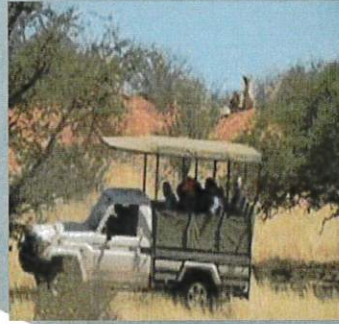
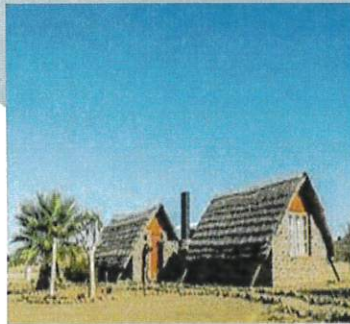




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

VILLAGE COUNCIL OF KOËS

FOR THE FINANCIAL YEARS ENDED 30 JUNE 2019, 2020 AND 2021

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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 Koes for the financial years ended 30 June 2019, 2020 and 2021, 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, October 2022

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
KOËS VILLAGE COUNCIL
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019, 2020 AND 2021**

1. DISCLAIMER AUDIT OPINION

I have audited the financial statements of the Village Council of Koes for the financial years ended 30 June 2019, 2020 and 2021. These financial statement comprise the statement of financial position, statement of surplus or deficit, statement of change in net asset/equity, statement of cash flows and notes of the financial statements for the years then ended, and a summary of significant accounting policies.

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.

2. BASIS FOR DISCLAIMER AUDIT OPINION

I conducted the 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 the audit 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 the 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 the audit opinion. A disclaimer audit opinion is being expressed due to the following:

2.1 Property, plant and equipment

The auditors have noted a difference of N\$ 1 339 913 931 (2019), N\$ 1 342 079 768 (2020), N\$ 1 342 296 910 (2021) between the closing netbook value of property, plant and equipment disclosed in the annual financial statements amounting to N\$ 1 351 243 518 (2019), N\$ 1 354 102 349 (2020), N\$ 1 354 319 491 (2021) and the closing netbook value of property, plant and equipment recorded in the general ledger amounting to N\$ 11 329 587 (2019), N\$ 12 022 581 (2020), N\$ 12 022 581 (2021) respectively. It is recommended that the Council must ensure that year end adjustments are performed and balances are accurately incorporated in the Finstel system.

2.2 Inventory

The auditors noted a difference of N\$ 9 524 355 (2019), N\$ 9 510 875 (2020), N\$ 9 492 935 (2021) between the Inventory disclosed in the annual financial statements amounting N\$ 10 233 780 (2019), N\$ 9 944 335 (2020), N\$ 9 625 675 (2021) and that of the general ledger amounting to N\$ 709 425 (2019), N\$ 433 460 (2020), N\$ 132 740 (2021) respectively. It is recommended that the Council must ensure that year end adjustments are performed and balances are accurately incorporated in the Finstel system.

2.3 Non-submission of Suppliers detailed and age analysis

The auditors were not provided with the supplier's detailed ledger and suppliers aged analysis as a result the auditors were unable to confirm the existence, completeness and accuracy of payables amounting to N\$ 5 398 200 (2019), N\$ 7 161 308 (2020) and N\$ 6 636 452 (2021) disclosed in the financial statements. It is recommended that the Council should ensure that documents are always availed to the auditors for auditing purposes.

2.4 Non-submission of Government and other department transfers

Supporting documents for government and other department transfers amounting to N\$ 4 421 255 (2019), N\$ 5 882 657 (2020), N\$ 4 609 430 (2021) was not provided for audit purposes. It is recommended that the Council should ensure that documents are always availed to the auditors for auditing purposes.

2.5 Non-submission of Completion certificates for capitalized projects

Completion certificates for capitalized projects amounting to N\$ 1 363 986 (2019), N\$ 4 389 428 (2020), N\$ 2 150 441 (2021) were not provided for audit purposes. It is recommended that the Council should ensure that documents are always availed to the auditors for auditing purposes.

2.6 Non-submission of Customers detailed and age analysis

Accounts receivables amounting to N\$ 4 239 902 (2019), N\$ 3 611 979 (2020), N\$ 3 390 700 (2021) could not be verified as the Council did not provide the customer detailed ledger and customer age analysis. It is recommended that the Council should ensure that documents are always availed to the auditors for auditing purposes.

2.7 Non-submission for property, plant and equipment

Property, plant and equipment vouchers amounting to N\$ 4 784 721 (2019), N\$ 2 997 126 (2020), N\$ 2 240 124 (2021) were not provided for audit purposes. It is recommended that the Council should ensure that documents are always availed to the auditors for auditing purposes.

2.8 Statement of changes in equity deficits

The auditors draw attention to the Statement of Surplus or Deficit as at 30 June, which indicated that as of that date the Council generated deficits amounting to N\$ 3 083 704 (2019), N\$ 1 388 274 (2020) and N\$ 2 196 905 (2021), which might cast doubt on the Council's ability to settle its obligation in the normal course of business. It is recommended that the Council should have a strategic plan of turning around the operations from deficit to surplus.

2.9 Capitalization and depreciation of incomplete project

It was observed that the Council capitalized the Construction of Ablution facilities instead of classifying it as work in progress with a total value of N\$ 2 002 877 during the 2018/2019 financial year, which was only completed on 21 January 2022.

It was further noted that the Project was depreciated with an amount of N\$ 133 525, during the year.

It is recommended that the Council should ensure that assets are accurately disclosed in the Annual Financial Statements.

2.10 Non-submission of General expenditure and travelling allowances

Supporting documents amounting to N\$ 511 144 (2019), N\$ 1 699 273 (2020), N\$ 1 297 919 (2021) for both general expenditure and travelling allowances were not provided for audit purposes. It is recommended that the Council should ensure that documents are always availed to the auditors for auditing purposes.

2.11 Approved journals for adjustments

The Council did not submit the approved journal adjustments and the supporting evidence to the opening accumulated surplus/deficit for 2018/2019 as disclosed under Note 32 to the financial statements amounting to N\$ 1 307 784. It is recommended that the Council should ensure that documents are always availed to the auditors for auditing purposes.

2.12 Non-submission of Electricity sales

Supporting documents for electricity sales amounting to N\$ 1 188 979 (2019), N\$ 1 135 109 (2020), N\$ 1 616 498 (2021) was not provided for audit purposes. It is recommended that the Council should ensure that documents are always availed to the auditors for auditing purposes.

2.13 Valuation of inventory

It was noted with grave concern that the Councils inventory is not recorded and captured with the cost price, hence no value could be confirmed against the inventory listing provided by the Council to ascertain ourselves with the disclosure as at 30 June 2019 financial year end for stores and livestock amounting to N\$ 501 485 and N\$ 221 420. It is recommended that the Council ensure that Inventory is recorded and captured on the system with its cost price.

2.14 Non-submission of Cleansing services

Supporting documents for cleansing services amounting to N\$ 409 713 (2019), N\$ 456 955 (2020), N\$ 485 877 (2021) was not provided for audit purposes. It is recommended that the Council should ensure that documents are always availed to the auditors for auditing purposes.

2.15 Stocktaking

It was noted with grave concern that the Council did not perform an inventory stock count as at 30 June for inventory valued at N\$ 433 420 in the 2020 financial statements (Livestock and Stores) and for inventory valued at N\$ 114 800 (Livestock) in the 2021 financial statements. It is recommended that the Council should ensure that stock taking is done at year end.

2.16 Differences between trial balance and financial statements

The auditors noted a difference of N\$ 407 723 (2021) between the supplier's statement amounting to N\$ 7 044 174 and the annual financial statements amounting to N\$ 6 636 451. The Council is recommended to ensure that reconciliations are performed on a regular basis and differences are corrected to avoid possible misstatement in the financial statement.

2.17 Non-submission of Other Income

Supporting documents for other income amounting to N\$ 348 738 (2019), N\$ 385 363 (2020), N\$ 537 004 (2021) was not provided for audit purpose. It is recommended that the Council should ensure that documents are always availed to the auditors for auditing purposes.

2.18 Fruitless Expenditure

The Council incurred external consultation expenditure for the preparation of 2019, 2020 and 2021 financial statements amounting to N\$ 220 800, however the cost benefit of this expenditure did not meet the desired quality output raising concern of competency in this regard.

Furthermore no payable was raised by the Council for the consultation expenditure incurred above during the 2020/2021 financial period.

It is recommended that the Council should ensure that staff members are trained on the preparation of the financial statements as matter of urgency and ensure that all payables are disclosed in the Annual Financial Statements.

2.19 Bank Reconciliations

No bank reconciliations could be provided for all the bank balances as disclosed in the annual financial statement amounting to N\$ 84 688 (2019), N\$ 197 152 (2020) and N\$ 16 799 (2021). It is recommended that the Council should always perform bank reconciliations for all the banks and avail all documents upon the auditors request.

2.20 Non-submission of Rental Income

Supporting documents for rental income amounting to N\$ 143 468 (2020) was not provided for audit purpose. It is recommended that the Council should ensure that documents are always availed to the auditors for auditing purposes.

2.21 Cash and cash equivalent in the cashflow statement

A difference of N\$ 62 487 (2019), N\$ 76 769 (2020), N\$ 62 000 (2021) was noted between the cash and cash equivalent disclosed in the statement of financial position amounting to N\$ 84 688 (2019), N\$ 197 152 (2020), N\$ 166 714 (2021) and that of the cash flow statement amounting to N\$ 22 201 (2019), N\$ 273 921 (2020), N\$ 228 714 (2021) respectively. It is recommended that Council should accurately record figures in the financial statements and ensure that proper verifications and arithmetically correctness of figures is always performed.

2.22 Bank accounts not confirmed

Bank accounts with a total balance of N\$ 7 781 (2019), N\$ 5 000 (2020), N\$ 19 (2021) were not confirmed by the bank , however disclosed in the Councils annual financial statements. It is recommended that the Council should ensure full disclosure of all bank accounts.

2.23 Bank accounts confirmed

A Nampost bank account with a balance of N\$ 1 187 has not been disclosed in the Council's annual financial statements, but was confirmed by the bank for 2019, 2020 and 2021 financial period. It is recommended that the Council should ensure full disclosure of all bank accounts.

2.24 Valuing of Open land and Serviced Ervens

It was noted with grave concern that the Council used another neighbouring Village Council land price to value its Open Land and Serviced Ervens which amounts to N\$ 10 per square meter instead of determining its own valuation price. It is recommended that the Council should disclose accurate information in their financial statements.

2.25 Livestock mortalities

A difference of 5 mortalities (2019) and 156 mortalities (2020) was observed between the mortalities disclosed in the Livestock reconciliation under note 5 and the mortalities disclosed under note 28 of farming losses. It is recommended that the Council should ensure that it performs reconciliations for its livestock mortalities to reflect the accurate figures in the financial statements.

2.26 Fixed asset policy

The auditors observed that the Council does not have a fixed assets policy in place for the years under review. It is recommended that the Council should draft, implement and approve a fixed assets policy.

3. AUDIT OF PERFORMANCE INFORMATION

The auditors observed that the Council does have an approved strategic plan in place. Upon the review of the Council's strategic plan, it was noted that the Council did not implement any of the planned KPI's.

4. OTHER INFORMATION

My opinion on the financial statements does not cover the other information and I do 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 knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with legislation, and for such internal control as management deems 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 an auditor's report that includes the audit 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.

- 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 audit 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.

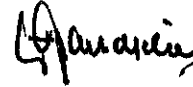
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies use, 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 the audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the audit opinion. My conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during 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 the auditors 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 financial statements for the financial years ended 30 June 2019, 2020 and 2021 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), except that the financial statements for 30 June 2019 and 2020 were only submitted on 17 January 2022 while the financial statements for 30 June 2021 was submitted on 10 February 2022 instead of three months (3 months) after the year end as required by the Act.

WINDHOEK, October 2022



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

VILLAGE COUNCIL OF KOËS
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

		2021	2020	2019
	Note	N\$	N\$	N\$
Assets				
Current assets				
		14 958 682	15 685 630	16 262 694
Inventories	5	9 625 675	9 944 335	10 233 780
Account Receivables	6	3 390 701	3 611 979	4 239 901
Cash and cash equivalents	7	166 714	*197 151	84 688
Other Receivables	8	1 774 869	1 921 806	1 691 234
Prepayments	9	723	10 359	13 090
Non-current assets				
		1 355 938 139	1 355 869 269	1 353 166 019
Property, plant and equipment	2	1 354 319 492	1 354 102 349	1 351 243 518
Intangible assets	3	35 026	42 974	50 922
Long term receivables	4	1 583 621	1 723 946	1 871 579
Total assets				
		1 370 896 821	1 371 554 899	1 369 428 713
Liabilities				
Current Liabilities				
		8 137 590	8 392 612	6 446 856
Accounts payables: Exchange transactions	10	6 636 451	7 161 309	5 398 200
Accounts payables: Non-exchange transactions	11	368 897	249 169	197 791
Employee provisions	12	260 443	366 251	325 308
Other creditors	13	772 954	520 925	434 463
External loans	14	98 845	94 958	91 094
Total liabilities				
		8 137 590	8 392 612	6 446 856
Net assets				
		1 362 759 231	1 363 162 287	1 362 981 857
Net assets/Equity				
		1 362 759 231	1 363 162 287	1 362 981 857
Funds and accounts	30	5 767 191	5 767 191	5 767 191
Accumulated surplus		1 356 992 040	1 357 395 096	1 357 214 666

*See point 2.21 of the audit finding

ANNEXURE B

VILLAGE COUNCIL OF KOËS
STATEMENT OF SURPLUS OR DEFICIT FOR THE YEAR ENDED 30 JUNE

	Note	2021 N\$	2020 N\$	2019 N\$
Revenue				
Revenue from exchange transactions		5 692 637	5 188 660	5 955 542
Service charges	15	3 998 731	3 886 461	4 640 238
Rental income	16	153 310	143 469	189 484
Livestock sales		37 750	31 502	141 220
Other income	17	537 004	385 364	348 738
Interest	18	965 842	741 864	635 862
Revenue from non-exchange transactions		7 026 694	6 912 384	5 971 094
Property rates assessment	19	2 394 558	1 027 554	1 572 545
Government & other departments transfers	20	4 632 136	5 882 657	4 398 549
Fee, fines, and penalties		-	2 173	-
Expenses		14 916 236	13 489 318	15 010 340
General and administrative expenses	21	1 168 430	1 595 086	1 618 479
Employee costs	22	3 531 307	3 617 788	3 226 957
Councillors' remuneration	23	191 056	191 056	191 056
Regional council levy	11	119 728	51 378	78 630
Repairs and maintenance	24	1 938 522	896 857	610 010
Depreciation	2	2 022 982	1 907 813	1 701 587
Amortisation - waste water discharge permit	3	7 949	7 948	7 948
Bulk purchase electricity	25	1 944 008	1 750 721	1 930 838
Allowance for doubtful debts movement	6	3 218 511	2 802 222	4 239 591
Bonus contribution	12	*71 953	82 227	82 631
Extra Ordinary Item	26	-	2 400	728 516
Loan written-off		-	-	6 514
Farming losses	27	-	212 160	146 780
Town planning amendments	28	201 448	-	-
Interest payable	29	485 591	371 663	440 801
Covid19 emergency		12 727	-	-
Donations		2 024	-	-
Deficit for the period		(2 196 905)	(1 388 274)	(3 083 704)

*Amount for 2021 does not correspond to the amount in the notes of the financial statements.

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

	Funds and accounts	Accumulated Surplus/deficit	Total net Assets/equity
Note	N\$	N\$	N\$
Opening balance as at 01 July 2018	5 767 191	(6 819 060)	(1 051 869)
Adjustments to opening accumulated surplus or deficit	31 -	23 713 811	23 713 811
Total	5 767 191	16 894 752	22 661 943
Adjustments			
Recognition of land	-	1 333 351 930	1 333 351 930
Recognition of serviced land	-	9 510 875	9 510 875
Recognition of land occupied by council buildings	-	481 944	481 944
Intangible assets	-	58 870	58 870
Total	5 767 191	1 360 298 370	1 366 065 561
Deficit for the year	-	(3 083 704)	(3 083 704)
Balance as at 01 July 2019	5 767 191	1 357 214 666	1 362 981 857
Adjustments to opening accumulated surplus or deficit	31 -	1 568 322	1 568 322
Total	5 767 191	1 358 782 988	1 364 550 179
Surplus or (deficit) for the year	-	(1 387 892)	(1 387 892)
Balance as at 01 July 2020	5 767 191	1 357 395 096	1 363 162 287
Adjustments			
Other movements	-	1 793 849	1 793 849
Total	5 767 191	1 359 188 945	1 364 956 136
Deficit for the year	-	(2 196 905)	(2 196 905)
Net position as at 30 June 2021	5 767 191	1 356 992 040	1 362 759 231

VILLAGE COUNCIL OF KOËS
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE

		2021	2020	2019
	Note	N\$	N\$	N\$
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts		11 313 641	11 177 284	9 064 020
Sale of goods and services		6 811 505	5 633 384	4 875 874
Government grants and subsidies		4 502 136	5 539 919	4 184 238
Interest received		-	3 981	3 907
Payments		(9 041 955)	(6 558 237)	(6 813 999)
Employee costs and councillor remuneration		(3 722 363)	(3 838 924)	(3 418 014)
Cash out/Extra ordinary Item		-	(2 400)	(728 515)
Finance costs		(965 842)	(329 000)	(50 000)
Cash paid to suppliers		(4 353 750)	(2 387 913)	(2 617 470)
Net cash flow from operating activities	32	2 271 686	4 619 047	2 250 021
CASH FLOW FROM INVESTING ACTIVITIES				
Construction of property, plant and equipment		(2 240 124)	(4 429 814)	(2 237 519)
Net cash flow from investing activities		(2 240 124)	(4 429 814)	(2 237 519)
Net increase/(decrease) in cash and cash equivalents		31 562	189 233	12 501
Cash and cash equivalents at the beginning of the period		197 152	84 688	9 700
Cash and cash equivalents at the end of the period		228 714	273 921	22 201

Cash and cash equivalents consist of balances with banks and short-term investments on call accounts. Cash and cash equivalents included in these financial statements differ from the cash and cash equivalents as per the statement of financial position as per note 7

There were no undrawn cash balances for capital projects as at 30 June 2019; 2020 and 2021

ANNEXURE E

**VILLAGE COUNCIL OF KOËS
STATEMENT OF COMPARISONS OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE**

NAMIBIAN DOLLARS	2021		Variance	Variance
	Original Budget	Final adjust'd budget		
Statement of surplus or deficit	N\$	N\$	N\$	%
Revenue: exchange transactions				
Service charges	5 793 219	5 793 219	3 998 732	(1 794 487) (31%)
Rental income	329 834	329 834	153 311	(176 523) (54%)
Livestock sales	343 162	343 162	37 746	(305 416) (89%)
Other revenue	737 460	737 460	537 004	(200 456) (27%)
Interest income	767 801	767 801	965 842	198 041 26%
Sub-total	7 971 476	7 971 476	5 692 635	(2 278 841) (29%)
Revenue: non-exchange transactions				
Property rates and taxes	1 650 000	1 650 000	2 394 558	744 558 45%
Government & other departments transfers	11 616 050	11 616 050	4 632 136	(6 983 914) (60%)
Sub-total	13 266 050	13 266 050	7 026 694	(6 239 326) (47%)
Total revenue	21 237 526	21 237 526	12 719 329	(8 518 167) (40%)
Expenses				
General and administrative expenses	1 431 216	1 431 216	1 168 430	262 786 18%
Employee costs	6 031 633	6 031 633	3 531 307	2 500 326 41%
Councillors' remuneration	199 458	199 458	191 056	8 402 4%
Regional council levy	-	-	119 728	(119 728) 100%
Repairs and maintenance	1 147 577	1 147 577	1 938 522	(790 945) -69%

ANNEXURE E

**VILLAGE COUNCIL OF KOËS
STATEMENT OF COMPARISONS OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE (continued)**

	Original Budget		Final adjust'd budget		Actual outcome		Variance		2021	
	N\$		N\$		N\$		N\$		%	
Statement of surplus or deficit										
Expenses (continued)										
Depreciation	-	-	-	-	2 022 982	(2 022 982)				100%
Amortisation - wastewater management permit	-	-	-	-	7 949	(7 949)				100%
Bulk purchase electricity	-	-	-	-	1 944 008	(1 944 008)				100%
Allowance for doubtful debts movement	-	-	-	-	3 218 511	(3 218 511)				100%
Bonus contribution	-	-	-	-	71 953	(71 953)				100%
Covid19 emergence	-	-	-	-	12 727	(12 727)				100%
Town planning amendments	260 000		260 000		201 448	58 552				23%
Donations	80 000		80 000		2 024	77 976				97%
Interest payable	-		-		485 591	(485 591)				100%
Total expenses	9 149 884		9 149 884		14 916 236	(5 766 352)				-63%
Surplus or deficit for the year	12 087 642		12 087 642		(2 196 907)	2 751 815				23%

ANNEXURE E

VILLAGE COUNCIL OF KOË'S

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE (continued)

CAPITAL BUDGET STATEMENT OF COMPARISON				2021
NAMIBIAN DOLLAR	Original Budget	Final adjust'd budget	Actual outcome	Variance
	N\$	N\$	N\$	%
Transfers recognised - capital	2 150 440	2 150 440	2 150 440	- 0%
Sources of capital funds				
Transfers recognised - capital	2 150 440	2 150 440	2 150 440	- 0%
Internally generated funds	1 048 185	1 048 185	89 684	91%
Total: Sources of capital funds	3 198 625	3 198 625	2 240 124	0%
Capital budget statement - unspent amounts schedule				
Sewerage pond				N\$ 688 185
Land surveying				240 000
Total budget				928 185
Laptop LED				17 000
Desktop hard drive				66 000
Plant machinery & equipment				37 000
Total budget				120 000
Unspent on other capital projects				1 048 185

ANNEXURE E

**VILLAGE COUNCIL OF KOËS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE (continued)**

The projects were budgeted for but not undertaken due to funding constraints.

The original budget is the lower of the budget approved by the Village Council. It is an estimate of the appropriations derived from an estimate of the resources for use during the 2020/2021 financial year.

The final adjusted budget is the amounts approved by the Village Council with movements attributable to a revision of estimates. The movements are not attributable to currency exchange rates.

ANNEXURE E

**VILLAGE COUNCIL OF KOË'S
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE (continued)**

	2021		Actual/out as a % of final budget %
	Original Budget	Final adjusted budget	
	N\$	N\$	N\$
UNSPENT AMOUNTS			
NAMIBIA DOLLAR			
Revenue			
Advertising boards	1 000	1 000	1 000
Building plan fees	29 688	29 688	29 688
Business fitness certificate	15 000	15 000	15 000
Business registration	1 050	1 050	1 050
Clearance certificate	522	522	522
Dog tax	1 200	1 200	1 200
Donations from institutions	40 000	40 000	40 000
Financial statements	50 000	50 000	50 000
Illegal connections	2 174	2 174	2 174
Interest on investments	10 000	10 000	10 000
Rent of vehicles	7 977	7 977	7 977
Tent - parking area centre	60 000	60 000	60 000
Safe & cabinet	80 000	80 000	80 000
Sale of assets	1 500 000	1 500 000	1 500 000
Sale of erven	57 963	57 963	57 963
Shacuka minibus	4 935	4 935	4 935
Streets: reimbursement	958 621	958 621	958 621
Town planning amendments	260 000	260 000	260 000
Transfer cost	31 918	31 918	31 918

ANNEXURE E

**VILLAGE COUNCIL OF KOËS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE (continued)**

	Original Budget		Final adjusted budget		Variances		2021
	N\$		N\$		N\$		Actual/out as a % of final budget %
UNSPENT AMOUNTS							
NAMIBIA DOLLAR							
Revenue (continued)							
Uir motor - maintenance	150 000	150 000	150 000	150 000	150 000	150 000	100%
Valuation roll subsidy	220 216	220 216	220 216	220 216	220 216	220 216	100%
VAT Returns	1 222 584	1 222 584	1 222 584	1 222 584	1 222 584	1 222 584	100%
Vocational education	50 000	50 000	50 000	50 000	50 000	50 000	100%
Total budgeted revenue not earned	4 754 848	4 754 848	4 754 848	4 754 848	4 754 848	4 754 848	
General expenses							
Medical aid contribution	92 939	92 939	92 939	92 939	92 939	92 939	100%
Vehicle subsidy	178 632	178 632	178 632	178 632	178 632	178 632	100%
SSC councillors	1 719	1 719	1 719	1 719	1 719	1 719	100%
Official entertainment	30 000	30 000	30 000	30 000	30 000	30 000	100%
Consulting fees	57 403	57 403	57 403	57 403	57 403	57 403	100%
Membership fees association	57 067	57 067	57 067	57 067	57 067	57 067	100%
Street lighting	5 000	5 000	5 000	5 000	5 000	5 000	100%
Insect and rodent control	10 000	10 000	10 000	10 000	10 000	10 000	100%
Bulk water purchases	370 000	370 000	370 000	370 000	370 000	370 000	100%
Interest on late payment	10 246	10 246	10 246	10 246	10 246	10 246	100%
Workmen's compensation	58 900	58 900	58 900	58 900	58 900	58 900	100%
Departmental cleansing	33 000	33 000	33 000	33 000	33 000	33 000	100%

ANNEXURE E

**VILLAGE COUNCIL OF KOËS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE (continued)**

	UNSPENT AMOUNTS			2021 Actual/out as a % of final budget %
	Original Budget N\$	Final adjusted budget N\$	Variances N\$	
NAMIBIA DOLLAR				
General expenses (continued)				
Departmental electricity	13 500	13 500	13 500	100%
Cleansing charges	10 000	10 000	10 000	100%
Sundries :aircons repair	25 000	25 000	25 000	100%
Trees & shrubs	10 000	10 000	10 000	100%
Civil protection	150 000	150 000	150 000	100%
Audit fees	104 961	104 961	104 961	100%
Medicines for KVC livestock	36 059	36 059	36 059	100%
Buildings	2 500	2 500	2 500	100%
Townlands other than fencing	50 000	50 000	50 000	100%
Dumping site	3 000	3 000	3 000	100%
Reticulation	50 000	50 000	50 000	100%
Cleaning of town	15 750	15 750	15 750	100%
Road & traffic signs	20 000	20 000	20 000	100%
Water plan chemicals	138 958	138 958	138 958	100%
Uri motors-maintenance	150 000	150 000	150 000	100%
Safe & cabinets admin	70 000	70 000	70 000	100%
GRN grant CEO salary	440 000	440 000	440 000	100%
Financial statements	50 000	50 000	50 000	100%

ANNEXURE E

**VILLAGE COUNCIL OF KOËS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE (continued)**

UNSPENT AMOUNTS	Original Budget		Final adjusted budget		Variances	2021 Actual/out as a % of final budget
	N\$	N\$	N\$	N\$		
NAMIBIA DOLLAR						
General expenses - (continued)						
Cllrs social security comm	1 719	1 719	1 719	1 719		100%
Staff training	50 000	50 000	50 000	50 000		100%
MURD led meetings payments	77 450	77 450	77 450	77 450		100%
Vehicles tyres & others	46 000	46 000	46 000	46 000		100%
Garden project	35 463	35 463	35 463	35 463		100%
Maintenance of windmills	9 550	9 550	9 550	9 550		100%
RFA retention for 2018/19	52 847	52 847	52 847	52 847		100%
Redemption external	1 500 000	1 500 000	1 500 000	1 500 000		100%
Total unspent amounts	4 017 663	4 017 663	4 017 663	4 017 663		100%

**VILLAGE COUNCIL OF KOËS
STATEMENT OF COMPARISONS OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE**

NAMIBIA DOLLAR	Final adjust'd		2020	
	Original Budget	budget	Actual outcome	Variance
Statement of surplus or deficit	N\$	N\$	N\$	%
Revenue: exchange transactions				
Service charges	4 697 129	4 697 129	3 886 462	(17%)
Rental income	321 157	321 157	143 468	(55%)
Livestock sales	-	-	31 502	100%
Other revenue	252 944	252 944	385 363	52%
Interest income	610 000	610 000	741 864	22%
Sub-total	5 881 230	5 881 230	5 188 659	12%
Revenue: non-exchange transactions				
Property rates and taxes	1 574 003	1 574 003	1 027 554	(35%)
Government & other departments transfers	2 919 007	2 919 007	5 882 657	102%
Fee, fines, and penalties	-	-	2 174	100%
Sub-total	4 493 010	4 493 010	6 912 384	54%
Total revenue	10 374 240	10 374 240	12 101 043	-17%
Expenses				
General and administrative expenses	1 272 042	1 272 042	1 511 590	-19%
Employee costs	5 011 656	5 011 656	3 647 868	27%
Councillors' remuneration	199 458	199 458	191 056	4%
Regional council levy	-	-	51 378	-100%
			(51 378)	
			(239 548)	
			1 363 788	
			8 402	
			(51 378)	

ANNEXURE E

**VILLAGE COUNCIL OF KOËS
STATEMENT OF COMPARISONS OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE (continued)**

NAMIBIA DOLLAR	2020		2020		Variance	Variance
	Original Budget	Final adjust'd budget	Actual outcome	Variance		
Statement of surplus or deficit	N\$	N\$	N\$	N\$	N\$	%
Expenses (continued)						
Repairs and maintenance	1 316 267	1 316 267	950 271	365 996	28%	
Depreciation	-	-	1 703 089	(1 703 089)	-100%	
Amortisation - wastewater management permit	-	-	7 948	(7 948)	-100%	
Bulk purchase electricity	100 000	100 000	1 750 721	(1 650 721)	-1651%	
Allowance for doubtful debts movement	-	-	2 802 222	(2 802 222)	-100%	
Bonus contribution	-	-	82 227	(82 227)	-100%	
Extra Ordinary Item	-	-	2 400	(2 400)	-100%	
Farming losses	-	-	212 160	(212 160)	-100%	
Finance cost	-	-	371 280	(371 280)	-100%	
Sub-total	7 899 423	7 899 423	13 284 211	(5 384 788)	-68%	
Surplus or deficit for the year	2 474 817	2 474 817	(1 183 168)	3 657 985	148%	

**VILLAGE COUNCIL OF KOË'S
STATEMENT OF COMPARISONS OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS 2020

CAPITAL BUDGET STATEMENT OF COMPARISON

	Original budget	Final adjust'd	Actual outcome	Variations	Variance
	N\$	N\$	N\$	N\$	%
NAMIBIA DOLLAR					
Transfers recognised - capital	1 946 459	1 946 459	1 946 459	-	0%
Capital expenditure and funds sources					
Total capital expenditure	4 429 814	4 429 814	4 429 814	-	0%
Sources of capital funds					
Transfers recognised - capital	1 946 459	1 946 459	1 946 459	-	0%
Regional council contribution	2 442 969	2 442 969	2 442 969	-	0%
Internally generated funds	40 386	40 386	40 386	-	0%
Total: Sources of capital funds	4 429 814	4 429 814	4 429 814	-	0%

The original budget is the lower of the budget approved by the Village Council. It is an estimate of the appropriations derived from an estimate of the resources for use during the 2018/2019 financial year.

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ANNEXURE E

**VILLAGE COUNCIL OF KOËS
STATEMENT OF COMPARISONS OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE (continued)**

	2020			Actual/out as a % of final budget
	Original Budget	Final adjusted budget	Variance	
	N\$	N\$	N\$	
UNSPENT AMOUNTS				
NAMIBIA DOLLAR				
Revenue				
Departmental - sewerage	50 000	50 000	50 000	100%
Sales of erwen	2 300	2 300	2 300	100%
Cleansing - departmental	2 746	2 746	2 746	100%
Late payment fees	10 000	10 000	10 000	100%
Rental of mattresses	300	300	300	100%
VAT Returns	1 093 000	1 093 000	1 093 000	100%
Business registration	1 050	1 050	1 050	100%
Rent - parking area centre	40 000	40 000	40 000	100%
Rent - SME stalls	150 000	150 000	150 000	100%
Total unearned revenue	1 349 396	1 349 396	1 349 396	
General expenses				
Workmen's compensation	60 218	60 218	60 218	100%
Insect and rodent control	10 000	10 000	10 000	100%
Departmental cleansing	5 000	5 000	5 000	100%
Departmental water	6 000	6 000	6 000	100%
Departmental electricity	3 500	3 500	3 500	100%
Plan, machine and equipment	141 376	141 376	141 376	100%
Fences	34 622	34 622	34 622	100%

ANNEXURE E

VILLAGE COUNCIL OF KOËS

STATEMENT OF COMPARISONS OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE (continued)

UNSPENT AMOUNTS

	Original Budget	Final adjusted budget	Variance	2020
	N\$	N\$	N\$	Actual/out as a % of final budget
NAMIBIA DOLLAR				
General expenses (continued)				
Townlands other than fencing	4 077	4 077	4 077	100%
Dumping site	3 000	3 000	3 000	100%
Road and traffic signs	20 000	20 000	20 000	100%
Streetlights-contribution to capital spending	5 000	5 000	5 000	100%
Protective clothing	28 800	28 800	28 800	100%
Medical aid contribution	1 659 219	1 659 219	1 659 219	100%
Total unspent amounts	1 980 812	1 980 812	1 980 812	

**VILLAGE COUNCIL OF KOËS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE**

2019

NAMIBIA DOLLAR	Original Budget		Final adjust'd budget		Actual outcome		Variance	
Statement of surplus or deficit	N\$	N\$	N\$	N\$	N\$	N\$	N\$	%
Revenue: exchange transactions								
Service charges	24 239 358	24 239 358	24 239 358	4 640 238	(19 599 121)			(81%)
Rental income	263 508	263 508	263 508	189 484	(74 024)			(28%)
Livestock sales	-	-	-	141 220	141 220			100%
Other revenue	172 641	172 641	172 641	348 738	176 097			102%
Interest income	375 597	375 597	375 597	635 862	260 265			69%
Sub-total	25 051 104	25 051 104	25 051 104	5 955 542	(19 095 562)			-76%
Revenue: non-exchange transactions								
Property rates and taxes	1 495 707	1 495 707	1 495 707	1 572 545	76 838			5%
Government & other departments transfers	3 602 623	3 602 623	3 602 623	4 398 549	795 926			22%
Sub-total	5 098 330	5 098 330	5 098 330	5 971 094	872 764			17%
Total revenue	30 149 434	30 149 434	30 149 434	11 926 636	(19 968 326)			-66%
Expenses								
Employee costs	3 392 653	3 392 653	3 392 653	3 226 959	165 694			5%
Councillors' remuneration	156 070	156 070	156 070	191 056	(34 986)			-22%
Depreciation	-	-	-	1 701 587	(1 701 587)			100%
Armortisation - waste water discharge permit	-	-	-	7 948	(7 948)			200%
Regional Council 5% Levy	-	-	-	78 630	(78 630)			-100%
Repairs and maintenance	1 364 026	1 364 026	1 364 026	610 011	754 015			55%

ANNEXURE E

VILLAGE COUNCIL OF KOËS

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE (continued)

NAMIBIA DOLLAR	Original Budget		Final adjust'd budget		Actual outcome	Variance	Variance
	N\$	N\$	N\$	N\$			
Statement of surplus or deficit							
Expenses (continued)							
Electricity	271 638	271 638	271 638	1 930 837	(1 659 199)	-611%	
General expenses	1 058 851	1 058 851	1 058 851	1 618 480	(559 629)	-53%	
Allowance for doubtful debts movement	-	-	-	4 239 591	(4 239 591)	-100%	
Bonus contribution	-	-	-	82 631	(82 631)	-100%	
Extra Ordinary Item	-	-	-	728 515	(728 515)	-100%	
Loan default	-	-	-	6 514	(6 514)	-100%	
Farming losses	-	-	-	146 780	(146 780)	-100%	
Finance cost	-	-	-	440 801	(440 801)	-100%	
Total expenses	6 243 238	6 243 238	6 243 238	15 010 340	(8 767 102)	-140%	
Surplus or deficit for the year	23 906 196	23 906 196	23 906 196	(3 083 704)	(11 201 224)	-47%	

ANNEXURE E

**VILLAGE COUNCIL OF KOËS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE (continued)**

NAMIBIA DOLLAR	Original Budget		Final adjust'd budget		Actual outcome		Variance	
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	%
Transfers recognised - capital	2 818 235	2 818 235	2 818 235	2 818 235	2 818 235	-	-	0%
Capital expenditure and funds sources								
Total capital expenditure	2 818 235	2 818 235	2 818 235	2 818 235	2 818 235	-	-	0%
Sources of capital funds								
Transfers recognised - capital	2 818 235	2 818 235	2 818 235	2 818 235	2 818 235	-	-	0%
Internally generated funds	25 113	25 113	25 113	25 113	25 113	-	-	0%
Total: Sources of capital funds	2 843 348	2 843 348	2 843 348	2 843 348	2 843 348	-	-	0%

The original budget is the lower of the budget approved by the Village Council. It is an estimate of the appropriations derived from an estimate of the resources for use during the 2018/2019 financial year.

The final adjusted budget is the amounts approved by the Village Council with movements attributable to a revision of estimates. The movements are not attributable to currency exchange rates.

ANNEXURE E

**VILLAGE COUNCIL OF KOËS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE (continued)**

	2019		Actual/out as a % of fn budget
	Original Budget	Final adjusted budget	
NAMIBIA DOLLARS	N\$	N\$	%
General expenses			
Purchasing of Quantum	500 000	500 000	100%
Dumpsite	86 809	86 809	100%
Reticulation	12 750	12 750	100%
Reticulation work	400	400	100%
Refreshments	39 500	39 500	100%
Fuel control	1 867	1 867	100%
Insect and rodent control	1 347	1 347	100%
Sale of livestock	85 302	85 302	100%
Advertising boards	148	148	100%
Iveco bus	14 102	14 102	100%
Cleansing: departmental	2 560	2 560	100%
GRN subsidy operations	500 000	500 000	100%
Water metres replacement	1 120	1 120	100%
Total unspent amounts	1 245 905	1 245 905	100%

**VILLAGE COUNCIL OF KOËS
BUDGET COMMENTS ON VARIANCES FOR THE YEAR ENDED 30 JUNE**

2021

Service charges

The 31% below budget variance on service charges is as a result of lower services demand than anticipated during the financial year. Additionally, the cumulative impact of Covid19 on service delivery is becoming evident.

Rent income

The 54% is due to lower visitors turnout during the financial year than initially anticipated.

Livestock sales

The 89% variance on the livestock sales is due to lower sales than originally budgeted.

Other revenue

20% of the existing variance was due to the decrease in leave provision while income from hikers was higher than anticipated by 37%.

Interest

The 26% increase is largely due to the allocation of Build Together interest to the interest category which has not been a practice in the previous accounting basis.

Property rates and taxes

The 45% variance arose due to higher collection than that anticipated during the financial year.

Government and other department transfers

The 60% variance is due to a wrong budget forecast. The Village Council does not control access to service potential and only waits for allocations from the Line Ministry.

General and administrative expenses

The variance of 18% is due to lower expenditure being incurred during the financial year.

Employee costs

There were unfilled vacant posts which the Village Council anticipated would be filled during the financial year.

VILLAGE COUNCIL OF KOËS
BUDGET COMMENTS ON VARIANCES FOR THE YEAR ENDED 30 JUNE (continued)

2021

Regional levy

The vote was not budgeted.

Repairs and maintenance

The 69% variance is largely attributable to road maintenance and reticulation which were higher than budgeted.

Depreciation

The Village Council did not budget for depreciation.

Amortisation – wastewater discharge permit

The Village Council did not budget for amortisation.

Bulk electricity

Bulk electricity was not budget.

Allowance for doubtful debts

The Village Council did not budget for the allowance for doubtful debts. With the adoption of accrual basis IPSAS, the Village Council plans to budget non-cash items.

Bonus contribution

The Village Council did not to make a provision for employee bonus in the budget.

Covid19 emergency

The expenditure was due to emergency measures necessitated by Covid19.

Town planning amendments

The expenditure s was higher than initially anticipated resulting in a 23% higher than budgeted variance.

Donations

Less was donated due to financial constraints.

VILLAGE COUNCIL OF KOËS

BUDGET COMMENTS ON VARIANCES FOR THE YEAR ENDED 30 JUNE (continued)

2021

Interest payable

The Village Council did not budget for interest expense.

Unspent votes

The Village Council is working on ensuring that its staff acquire competent skills in the preparation of budgets to ensure variances and unspent votes are minimised. Most of the unspent votes were due to wrong budget forecasts.

**VILLAGE COUNCIL OF KOËS
BUDGET COMMENTS ON VARIANCES FOR THE YEAR ENDED 30 JUNE**

2020

Service charges

The 17% below budget variance on service charges is as a result of lower services demand than anticipated during the financial year.

Rent income

The 55% below performance variance is largely to revenue from accommodation centre which was budgeted at N\$ 150 000 for the year and only N\$ 12 032 was earned. There was a lower visitor turnout due to Covid19.

Livestock sales

The 100% variance on the livestock sales is due to livestock sales not being included in the budget for the year.

Other revenue

Major causes of the 52% variance was due to income from grazing fees which was underbudgeted as well the Build Together insurance recovery which was not budgeted for.

Interest

The 22% increase is largely due to the allocation of Build Together interest to the interest category which has not been a practice in the past accounting basis.

Property rates and taxes

The 35% variance arose due to lower collection than that anticipated during the financial year.

Government and other department transfers

The 102% variance is due to a wrong budget forecast. The Village Council does not control access to service potential a right which lies with the Line Ministry.

General and administrative expenses

The variance of 19% is due to wrong budget forecast on general and administrative expenses. In addition, the Village Council is working on a determinable allocation of expenses between general and administrative and other classes of expenses.

Employee costs

There were unfilled vacant posts which the Village Council anticipated would be filled during the financial year.

VILLAGE COUNCIL OF KOËS
BUDGET COMMENTS ON VARIANCES FOR THE YEAR ENDED 30 JUNE (continued)

2020

Regional levy

The vote was not budgeted.

Repairs and maintenance

The 28% variance is due the allocation of expenses between this vote and general expenses which the Village Council has not precisely determined. The Village Council is working on a determinable allocation of expenses between repairs and maintenance, and other classes of expenses.

Depreciation

The Village Council did not budget for depreciation.

Amortisation – wastewater discharge permit

The Village Council did not budget for amortisation.

Allowance for doubtful debts

The Village Council did not budget for the allowance for doubtful debts. With the adoption of accrual basis IPSAS, the Village Council plans to budget non-cash items.

Electricity bulk purchase

The vote was underbudgeted.

Bonus contribution

The Village Council did not to make a provision for employee bonus in the budget.

Extra-ordinary item

The events surrounding misappropriations were not expected and therefore were not included in the budget.

Farming losses

The Village Council did not budget for farming losses which were unforeseen events at the time of preparing the budget.

Finance cost

The Village Council did not budget for finance costs.

VILLAGE COUNCIL OF KOËS**BUDGET COMMENTS ON VARIANCES FOR THE YEAR ENDED 30 JUNE (continued)**

2020**Unspent votes**

The Village Council is working on ensuring that its staff acquire competent skills in the preparation of budgets to ensure variances and unspent votes are minimised. Most of the unspent votes were due to wrong budget forecasts.

2019**Service charges**

The 81% below budget variance on service charges is as a result of an error on water sales budget.

Rent income

The 28% variance is largely attributable to house rental income which was expected to double resulting in the vote being overbudgeted.

Livestock sales

The 100% variance on the livestock sales is due to livestock sales not being included in the budget for the year.

Other revenue

This was as a result of the majority of the votes being under budgeted.

Interest

The 69% increase is largely due to the allocation of Build Together interest to the interest category and the underbudgeted interest on arrear rates.

Government and other department transfers

The 22% variance is due to the garden project transfers not budgeted but received during the financial year.

Councillors' remuneration

The vote was underbudgeted.

Depreciation

The Village Council did not budget for depreciation. This has been the practice in the previous accounting basis, and with IPSAS as the current financial reporting framework, depreciation shall be budgeted for.

**VILLAGE COUNCIL OF KOËS
BUDGET COMMENTS ON VARIANCES FOR THE YEAR ENDED 30 JUNE**

Amortisation – waste water discharge permit

The Village Council did not budget for amortisation. This has been the practice in the previous accounting basis, and with IPSAS as the current financial reporting framework, amortisation shall be budgeted for.

2019

Regional levy

The vote was not budgeted.

Repairs and maintenance

The 55% variance is due the allocation of expenses between this vote and general expenses which the Village Council has not precisely determined. The Village Council is working on a determinable allocation of expenses between repairs and maintenance, and other classes of expenses.

Electricity bulk purchase

The vote was underbudgeted.

General and administrative expenses

The Village Council is working on a determinable allocation of expenses between general and administrative and other classes of expenses.

Allowance for doubtful debts

The Village Council did not budget for the allowance for doubtful debts. With the adoption of accrual basis IPSAS, the Village Council plans to budget non-cash items.

Bonus contribution

The Village Council did not to make a provision for employee bonus in the budget.

Extra-ordinary item

The events surrounding misappropriations were not expected and therefore were not included in the budget.

Loan default

The Village Council did not foresee the event and therefore did not include it in the budget.

VILLAGE COUNCIL OF KOËS

BUDGET COMMENTS ON VARIANCES FOR THE YEAR ENDED 30 JUNE (continued)

Farming losses

The Village Council did not budget for farming losses which were unforeseen events at the time of preparing the budget.

2019

Finance cost

The Village Council did not budget for finance costs.

Unspent votes

The Village Council is working on ensuring that its staff acquire competent skills in the preparation of budgets to ensure variances and unspent votes are minimised. Most of the unspent votes were due to wrong budget forecasts.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES 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, Koes 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. As a result, Koes 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 2021 where the relevant items are measured and/or recognised in the financial statements in accordance with applicable or relevant IPSAS.

With respect to unavailability of accounting policies in the previous financial reporting framework applied up to 30 June 2018 Koes Village Council's assets and liabilities shall be measured using accounting policies consistent with IPSAS to the extent of the availability of information relating to specific items and/or events.

Presentation currency and rounding

The financial statements are presented in Namibia dollar which is the Village Council's presentation and functional currency, and all values, including Councillors' remuneration disclosures in note 22 are rounded off to the nearest Namibia dollar.

1.1 Changes in accounting policy

Accounting policies applied to all IPSASs that Koes Village Council has adopted are consistent in all instances with how financial information was being reported in prior financial periods and beyond beginning with the financial year ended 30 June 2019. 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 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.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

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 transitional financial statements, Koes Village Council shall present comparative figures. Comparative figures shall be figures in the prior year financial statements (30 June 2019) which were prepared in accordance with the IPSAS framework.

Koes Village Council disclosures

Disclosures follow the prescribed IPSAS 1, presentation of financial statements. 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.

Koes 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 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 Council determine after the reporting date that there is no realistic alternative but to do so).

Koes 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.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

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.

Koes 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.

IPSAS 20, Related party disclosures

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

Koes 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.

Koes 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.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

Koes 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 disclose 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 27, Agriculture

The objective of this Standard is to prescribe the accounting treatment and disclosures for agricultural activity.

Koes Village Council disclosures

The Village Council shall measure the biological assets on initial recognition and at each reporting date at its fair value less costs to sell, except for the case where the fair value cannot be measured reliably.

The Village Council shall include the gain or loss on the statement of surplus or deficit on initial recognition of a biological asset at fair value less costs to sell as required by this standard.

IPSAS 28, 29, and 30 Financial instruments: Presentation, Recognition, Measurement, 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 pool balance is treated as cash and cash equivalents.

Koes Village Council disclosures

The Village Council shall 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.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

Koes 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.

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 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.

1.4 IPSASs not adopted by Koes 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 2021. 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

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

1.4 IPSASs not adopted by Koes Village Council (continued)

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 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.

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 shall account for a provision(s) to the extent that there is a present obligation for which the outflow of economic benefits is probable and can be reliably measured.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES 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 in default 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 (PPE)

Management determines the useful lives of all items of PPE and the related depreciation charges. Management shall assess the useful lives of items of PPE 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.

All items of PPE that are working but fully depreciated shall be taken to the statement of financial position. A review of useful life of fully depreciated items of PPE still working as at a specific reporting date shall be performed. Such a review shall mean accumulated surplus or deficit is adjusted accordingly.

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.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

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 modified accrual basis and covers the financial period beginning 01 July 2018 and ending 30 June 2019 and covers the financial period beginning 01 July 2019 and ending 30 June 2020 as well as financial period beginning 01 July 2020 and ending 30 June 2021.

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 a modified accrual 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 is a material development which is expected to affect Koes Village Council and the other constituent part of Kharas Region.

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.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

1.10.1 Revenue from exchange transactions (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.

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.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

Sale of goods (continued)

As for land sales, the Village Council requires that 3 criteria be met for revenue to be recognised:

- The purchaser must obtain Council approval (based on Council selection criteria) to qualify to purchase a plot(s) of land;
- The purchaser must obtain ministerial approval for the purchase of an identified portion of land;
- A full payment of the purchase price must be made by the purchaser to the Village Council; and,
- The purchaser has been issued with a deed of title.

Where the above criteria are not met, proceeds received by the Village Council from potential purchasers are accounted for as a liability.

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 management 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.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

1.10.2 Revenue from non-exchange transactions (continued)

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 short term investments which qualify for cash and cash equivalents and are redeemable at call.

All cash and cash equivalents are presented under current assets.

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 2018.

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 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.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

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

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.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

Initial measurement (continued)

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 NAD \$ 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 derecognition of an item of PPE are recognised in the statement of surplus or deficit as other income. The gain or loss arising from 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.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

Initial measurement (continued)

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	(10 – 50)
Furniture and Fittings	Straight line	(3 – 10)
Computer & Office Equipment	Straight line	(3 - 10)
Plant and Machinery	Straight line	(3 -15)
Motor Vehicles	Straight line	(4 – 15)
Infrastructure	Straight line	(10 – 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.

1.12.1 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.

1.12.1 Site restoration and dismantling costs (continued)

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;

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

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

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.

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.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

1.14 Provisions and contingencies (continued)

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 Koes 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.

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 Koes, 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.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

Post-employment benefits

These are employee benefits that fall due after the completion of employment. They include pension and job-related early retirement. Koes 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.

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.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

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.

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.

VILLAGE COUNCIL OF KOËS
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE
(continued)

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 payables.

ANNEXURE H

**VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

2. Property, plant and equipment

	2021		2020		Carrying amount N\$	
	Cost N\$	Accumulat'd Depreciation N\$	Carrying amount N\$	Cost N\$		Accumulat'd Depreciation N\$
Land and buildings	1 336 456 992	(992 770)	1 335 464 222	1 336 456 992	(855 764)	1 335 601 228
Computer and office equipment	313 624	(184 794)	128 829	236 505	(156 376)	80 129
Furniture, fixtures & fittings	43 584	(32 183)	11 402	43 584	(27 824)	15 760
Plant and machinery	2 023 242	(1 475 636)	547 605	2 010 676	(1 280 672)	730 003
Infrastructure	25 283 524	(7 526 975)	17 756 549	23 133 084	(6 003 439)	17 129 645
Motor vehicles	1 425 327	(1 014 443)	410 884	1 425 327	(879 744)	545 584
Total property, plant & equip	1 365 546 293	(11 226 802)	1 354 319 492	1 363 306 169	(9 203 820)	1 354 102 349
2019						
Land and buildings						
Computer and office equipment						
Furniture, fixtures & fittings						
Plant and machinery						
Infrastructure						
Motor vehicles						
Total						

ANNEXURE H

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

2. Property, plant and equipment (continued)

2021	Cost (N\$)
Schedule of additions	
Computers & office equipment	77 118
Plant & machinery	12 565
Infrastructure	2 150 440
Total additions during the financial year	2 240 124

Major additions to property, plant and equipment amounting to N\$ 2 150 440 comprise of electrical reticulation infrastructure which was undertaken in Soek-en Kry.

2020	Cost (N\$)
Schedule of additions	
Electrical reticulation	1 946 459
construction of Ablution facilities at Koes C	2 442 969
Water tank stands	1 300
Green house	20 590
Vending machine	18 496
Total additions for the financial year	4 429 814

Ablution facilities were undertaken by the Regional Council and handed over to Koes Village Council as infrastructure donations. Ablution facilities were part of the project that commenced in the prior year.

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

2. Property, plant and equipment (continued)

2019

Schedule of additions

Type of additions	Furn, fixt & fittings		Plant, & Machinery		Infrastructure		Total additions	
	N\$		N\$		N\$		N\$	
4 x med spine serenade	10 435	-	-	-	-	-	10 435	
2 x DSTV Kits	-	4 243	-	-	-	-	4 243	
2 x Sinotec 32 Inch TVs	-	5 217	-	-	-	-	5 217	
Defy DIT180	-	5 217	-	-	-	-	5 217	
construction of Ablution facilities at Koes A	-	-	-	-	2 002 877	-	2 002 877	
construction of Ablution facilities at Koes B	-	-	-	-	2 316 006	-	2 316 006	
Sewerage reticulation	-	-	-	-	762 258	-	762 258	
Roads	-	-	-	-	601 728	-	601 728	
Fencing - garden project	-	-	-	-	23 212	-	23 212	
Garden project	-	-	-	-	48 225	-	48 225	
Total additions	10 435	14 677	10 435	14 677	5 754 306	5 754 306	5 779 418	

Ablution facilities were undertaken by the Regional Council and handed over to Koes Village Council as infrastructure donations.

VILLAGE COUNCIL OF KOËS
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)

2. Property, plant and equipment - (continued)

Property, plant and equipment reconciliation -- 2021

	Land and buildings	Comps & office equip	Furn, fixt & fittings	Plant, & Machinery	Motor vehicles	Infra structure	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$
opening balance 01/07/2020	1 335 601 228	80 129	15 760	730 004	545 584	17 129 645	1 354 102 349
Additions	-	77 118	-	12 565	-	2 150 440	2 240 124
Sub-totals	-	77 118	-	12 565	-	2 150 440	2 240 124
Totals	1 335 601 228	157 247	15 760	742 569	545 584	19 280 085	1 356 342 474
Depreciation	(137 006)	(28 418)	(4 358)	(194 964)	(134 699)	(1 523 536)	(2 022 982)
Sub-totals	(137 006)	(28 418)	(4 358)	(194 964)	(134 699)	(1 523 536)	(2 022 982)
Closing Balance 30/06/2021	1 335 464 222	128 829	11 402	547 605	410 884	17 756 549	1 354 319 492

There were no movements on the land and buildings class except as necessitated by depreciation. The Council did not service or dispose of land. The Village Council's assets are not held as security by creditors.

None of The Village Council's assets were held for sale as at the reporting date.

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

2. Property, plant and equipment - (continued)

Property, plant and equipment reconciliation – 2020

	N\$	Comps & office equip N\$	Furn, fixt & fittings N\$	Plant, & Machinery N\$	Motor vehicles N\$	Infra- structure N\$	Total N\$
opening balance 01/07/2019	1 335 738 234	105 800	20 119	906 472	680 283	14 129 441	1 351 580 348
Additions	-	-	-	18 496	-	4 411 318	4 429 814
Sub-totals	-	-	-	18 496	-	4 411 318	4 429 814
Totals	1 335 738 234	105 800	20 119	924 967	680 283	18 540 759	1 356 010 162
Depreciation	(137 006)	(25 671)	(4 358)	(194 964)	(134 699)	(1 411 115)	(1 907 813)
Sub-totals	(137 006)	(25 671)	(4 358)	(194 964)	(134 699)	(1 411 115)	(1 907 813)
Closing Balance 30/06/2020	1 335 601 228	80 129	15 760	730 003	545 584	17 129 645	1 354 102 349

The Village Council has taken advantage of the transitional provisions in IPSAS 33 and in the process adoption and implementation, it is possible that some assets may not have been recognised and/or measured in these financial statements.

There were no movements on the land and buildings class except as necessitated by depreciation. The Council did not service or dispose of land.

The Village Council's assets are not held as security by creditors.

None of The Village Council's assets were held for sale as at the reporting date.

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

2. Property, plant and equipment - (continued)

Property, plant and equipment reconciliation – 2019

	Land and buildings N\$	Comps & office equip N\$	Furn, fixt & fittings N\$	Plant, & Mach N\$	Motor vehicles N\$	Infrastructu- re N\$	Total N\$
opening balance 01/07/2018	2 041 366	131 471	13 260	826 462	814 982	9 504 272	13 331 812
Additions	-	-	10 435	14 678	-	5 754 306	5 779 419
Sub-totals	-	-	10 435	14 678	-	5 754 306	5 779 419
Totals	2 041 366	131 471	23 695	841 140	814 982	15 258 577	19 111 231
Movements	1 333 833 874	-	-	-	-	-	1 333 833 874
Sub-totals	1 333 833 874	-	-	-	-	-	1 333 833 874
Totals	1 335 875 240	131 471	23 695	841 140	814 982	15 258 577	1 352 945 105
Depreciation	(137 006)	(25 671)	(3 576)	(207 163)	(134 699)	(1 193 471)	(1 701 587)
Sub-totals	(137 006)	(25 671)	(3 576)	(207 163)	(134 699)	(1 193 471)	(1 701 587)
Closing Balance 30/06/2019	1 335 738 234	105 800	20 119	633 976	680 283	14 065 106	1 351 243 518

The Village Council has taken advantage of the transitional provisions in IPSAS 33 and in the process adoption and implementation, it is possible that some assets may not have been recognised and/or measured in these financial statements. The Village Council's assets are not held as security by creditors. None of The Village Council's assets were held for sale as at the reporting date.

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

3. Intangible assets

	2021		2020		
	Cost N\$	Accumulat'd Amortisation N\$	Carrying amount N\$	Accumulat'd Amortisation N\$	Carrying amount N\$
Total intangibles	58 870	(23 844)	35 026	(15 896)	42 974
Wastewater discharge permit	39 740	(23 844)	15 896	(15 896)	23 844
Finstel system	19 130	-	19 130	-	19 130

There has not been any accumulated amortisation on the Village Council's Finstel accounting system due to Koes Village Council policy which prescribes non-amortisation of the accounting system and as a result, no movements (due to amortisation) during the financial year were recorded.

The wastewater management permit has a 5-year useful life and straight-line amortisation is over the useful life of the permit.

In relation to impairment assessment of intangible assets; There is a possible decline in the performance of the accounting system where such a decline is attributable to the introduction of a new financial reporting framework.

Koes Village Council is assessing the need to impair the intangibles and all intangibles are assessed for impairment annually.

	2019		
	Cost N\$	Accumulated Amortisation N\$	Carrying amount N\$
Total intangibles	58 870	(7 948)	50 922
Wastewater discharge permit	39 740	(7 948)	31 792
Finstel system	19 130	-	19 130

ANNEXURE H

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)

Reconciliation of intangible assets	2021		2020		Total
	Opening balance	Amortisation	Opening balance	Amortisation	
	N\$	N\$	N\$	N\$	N\$
Total intangibles	42 974	(7 948)	50 922	(7 948)	42 974
Wastewater discharge permit	23 844	(7 948)	31 792	(7 948)	23 844
Finstel system	19 130	-	19 130	-	19 130

Reconciliation of intangible assets

Reconciliation of intangible assets	2019		Total
	Opening balance	Acquisitions	
	N\$	N\$	N\$
Total intangibles	19 130	39 739	50 922
Wastewater discharge permit	-	39 739	31 792
Finstel system	19 130	-	19 130

VILLAGE COUNCIL OF KOËS

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

4. Long term receivables	2021	2020	2019
	N\$	N\$	N\$
Closing balance of long-term loans	1 583 621	1 723 946	1 871 579
Opening balance - long term receivables	1 723 946	1 871 579	2 019 054
New advances	510	510	510
Debtor levies	72 099	78 808	86 850
Payments received	(212 934)	(226 951)	(234 835)
Total movements for the year	(140 324)	(147 633)	(147 475)

Long term receivables amounting to N\$ 1 583 621 (2020: N\$ 1 723 946) comprise loan advances from prior years to housing scheme (Build Together fund and Housing fund) qualifying beneficiaries specifically for the construction of residential housing units. There were no receipts to the housing schemes from the Line Ministry or any other government department(s) during the financial year.

All Build Together long-term receivables arise in the ordinary course of business. Interest charged on the loans range between 2% and 7% over varying periods of time with the maximum loan period being 20 years.

No adjustment for the current portion of long-term receivables has been made due to the timing and adoption of IPSAS.

5. Inventories

Koes Village Council measures inventory at the lower of cost and net realisable value. As at the end of the financial year ended 30 June, the Village Council held serviced land (plots) earmarked for residential and/or business development and consumable biological inventory held at fair value less costs to sell and are only mature when they attain harvestable specifications.

Total value of inventories	9 625 675	9 944 335	10 233 780
Serviced plots	9 510 875	9 510 875	9 510 875
Livestock	114 800	132 740	221 420
Stores	-	300 720	501 485

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

5. Inventories (continued)

Inventory – serviced erwen

	Size	Price per	Total value		
	Sqm	N\$ / Sqm	2021 (N\$)	2020 (N\$)	2019 (N\$)
Total inventory value	847 313		9 510 875	9 510 875	9 510 875
Residential	603 415	10.00	6 034 150	6 034 150	6 034 150
Business	69 183	25.00	1 729 575	1 729 575	1 729 575
Institutional	174 715	10.00	1 747 150	1 747 150	1 747 150

There were no movements in the number of serviced erwen during the financial year.

Koes Village Council had no additional serviced erwen and neither were there any plots sold.

There were no changes to derecognition criteria requiring full payment, ministerial approval, and deed of transfer) for the facilitation of transfer to purchaser.

Livestock

Livestock inventory value	114 800
Sheep	140
Price per sheep @N\$820	820

Koes Village Council held 140 consumable biological assets with a market value of N\$ 820 per head.

There were no biological assets whose title is restricted and pledged as security.

There were no biological assets held for distribution at no charge.

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

Livestock reconciliation-2020

	Goats	Kids	Sheep	Lamp	Total
Opening balance - 01 July 2019	2	0	183	50	235
Movements					
Graduations	-	-	26	(26)	-
Births	1	3	-	-	4
Total movements	1	3	26	(26)	4
Sub-total	3	3	209	24	239
Disposal	-	-	(33)	-	(33)
Missing	-	-	(99)	-	(99)
Adjusted quantity	-	-	(132)	-	(132)
Closing quantity - 30 June 2020	3	3	77	24	(107)
Fair value per animal	800	700	1 360	980	
Valuation	2 400	2 100	104 720	23 520	132 740

Koes Village Council held 107 consumable biological assets with a distribution of 6 goats and 101 sheep.

There were no biological assets whose title is restricted and pledged as security.

There were no biological assets held for distribution at no charge.

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

5. Inventories (continued)

Livestock reconciliation-2019

Animal type	Number	Mortality	Disposal	Missing	Adjusted quantity	Value per animal (N\$)	Total value (N\$)
Balance as at 30 June 2019	547	(157)	(130)	(25)	235		221 420
Goats	9	(1)	-	(6)	2	1 200	2 400
Kids	3	-	-	(3)	-	1 200	-
Sheep	485	(156)	(130)	(16)	183	940	172 020
Lamp	50	-	-	-	50	940	47 000

Consumable biological assets numbered 235 as at the reporting date.

The Village Council is developing a model for measuring its consumable biological assets in line with IPSAS 27, Agriculture.

There were no biological assets whose title is restricted and pledged as security.

There were no biological assets held for distribution at no charge.

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

6. Accounts receivables

	2021	2020	2019
	N\$	N\$	N\$
Accounts receivables net of allowance	3 390 701	3 611 979	4 239 901
Accounts receivables inclusive of advance payments	22 698 385	19 396 266	17 169 401
Advance payments	(433 088)	(128 202)	(75 637)
Restated accounts receivables	22 265 297	19 268 064	17 093 764
Allowance for doubtful accounts	(18 874 596)	(15 656 085)	(12 853 863)

Age analyses

Total accounts receivables	22 698 384	19 396 265	17 169 401
Transaction	(95 649)	(86 003)	(52 414)
Current	2 482 769	2 076 425	2 316 617
30 days	440 687	519 911	505 327
60 days	362 583	612 665	542 641
90 days	319 936	347 493	636 219
120 days	313 462	269 689	367 149
120 days+	18 874 596	15 656 085	12 853 863

Accounts receivables comprise billing on consumer accounts for the majority of services offered by Koes Village Council. Accounts receivables show the Village Council's maximum exposure to credit risk exclusive of consumer deposits held to date.

Accounts receivables are held at amortised cost with a nominal interest rate being applicable as the financial asset is for a duration of less than 12 months.

Allowance for doubtful accounts-2021**Movement in allowance**

Allowance for doubtful accounts - 2021	3 218 511
Allowance for doubtful accounts - 2020	18 874 596
	(15 656 085)

The allowance for doubtful debts stood at N\$ 18 874 596 for the current financial year while the comparative stood at N\$ 15 656 085. The movement in the allowance for doubtful accounts amounted to N\$ 3 218 511 as reported in the statement of surplus or deficit.

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

6. Accounts receivables – (continued)

Allowance for doubtful accounts – 2020

	N\$
Movement in allowance	2 802 222
Allowance for doubtful debts - 2020	15 656 085
Allowance for doubtful debts - 2019	(12 853 863)

Koes Village Council makes an allowance for doubtful debts that are 120 days past due but not impaired.

Koes Village Council uses an incurred credit loss model to determine the allowance for doubtful accounts.

7. Cash and cash equivalents

	2021 N\$	2020 N\$	2019 N\$
Total cash & cash equivalents	166 714	*197 151	84 688
Cash at bank	166 714	*197 151	84 688
Cash on hand	-	2 400	728 515
Misappropriations	-	(2 400)	(728 515)

Cash at bank

	2021 N\$	2020 N\$	2019 N\$
Cash at bank	166 714	*197 511	84 688
Current account	149 915	107 732	25 493
Build Together receipt account	13 793	9 959	4 700
Built Together Disbursement account	24	90	66
Development account	2 963	2 282	3 949
NDP	-	76	75
Koes development	19	74 654	46 572
NDP Development fund	-	1 096	2 242
NDP	-	1 622	1 590

Cash held with financial institutions (including call accounts) satisfy 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. All cash and cash equivalents are accessible within a period of less than 7 days on notice to financial institutions.

Misappropriations are attributable to cash receipts from customers settling their accounts in cash at Koes Village Council head office.

**See point 2.21 of the audit observations*

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

8. Other receivables

	2021	2020	2019
	N\$	N\$	N\$
Total	1 774 869	1 921 806	1 691 234
Maximum demand grant receivable	138 092	212 737	84 311
Value added tax receivable	1 623 383	1 709 069	1 606 923
Leave receivables	13 394	-	-

Maximum demand grant receivable

The receivable is attributable to an outstanding electricity bill of N\$ 138 092 (2021), N\$ 212 737 (2020) and N\$ 84 311 (2019) which the Ministry of Urban and Rural Development (MURD) had not discharged on behalf of the Village Council to Nampower Corporation.

The receipt of this amount is virtually certain though the Village Council does not control access of the transferor to resources embodying service potential.

Value added tax receivable

Value added tax receivable	1 623 383	1 709 068	1 606 923
Opening balance 01 July	1 709 069	1 606 923	1 137 288
Input value added tax	564 280	653 749	676 970
Output value added tax	(341 411)	(316 794)	(207 334)
Value added tax on stocks	5	552	-
Value added tax refund	(308 560)	(235 362)	-
Value added tax movements	(85 686)	102 146	469 636

The Village Council accounts for value added tax in terms of the Value Added Tax Act (Act No. 10 of 2000), and anticipates no deductions by the Receiver of Revenue in relation to the supplies from which the receivable arose.

9. Prepayments

Motor vehicle licenses	723	10 359	13 090
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All prepayments relate to motor vehicles and plant & machinery licenses with remaining service potential as at the reporting date.

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

10. Accounts payables – exchange transactions

	2021	2020	2019
	N\$	N\$	N\$
Total other accounts payables	6 636 451	7 161 309	5 398 200
Nampower	5 987 103	5 832 083	4 136 992
Namwater arrears	649 348	1 212 091	1 182 232
Sundry creditors	-	117 135	78 976

Nampower

Closing balance	5 987 103	5 832 083	4 136 992
Opening balance	5 832 083	4 136 992	3 193 617
Outstanding -2019			943 375
Interest charges	485 351	371 280	-
Other charges	1 938 996	1 749 373	-
Payments	(2 269 327)	(425 562)	-

Accounts payables amounting to N\$ 5 987 103, (2020: N\$ 5 832 083) ; (2019: N\$ 4 136 992) relate to electricity consumption, and interest charges levied by the Power Utility for outstanding payments.

Namwater

Closing balance	649 348	1 212 091	1 182 232
Opening balance	1 212 090	1 182 232	1 189 732
Other charges	-	109 859	42 500
Credits	(562 742)	(80 000)	(50 000)

Namwater arrears amounting to N\$ 649 348, (2020: N\$1 212 091) ; (2019: N\$ 1 182 232) relate to unpaid bills from prior years when Koes Village Council sourced bulk water supplies from Namwater.

11. Account payables: Non exchange transactions

Total levy payable	368 897	249 169	197 791
Opening balance	249 169	197 791	119 161
Movement for the year	119 728	51 378	78 630

Outstanding non-exchange transactions relate to 5% levies payable to Kharas Regional Council on an annual basis. Koes Village Council has not been discharging its annual obligation to the Regional Council due to financial constraints.

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

12. Employee provisions

	2021	2020	2019
	N\$	N\$	N\$
Total	260 443	366 251	325 308
Bonus provision	82 227	82 227	82 631
Leave provision	178 216	284 024	242 677

Employee provisions comprise benefits recognised during the financial year for services rendered to Koes Village Council.

Leave provision is based on outstanding days accrued, while the bonus provision is an annual employee benefit that unwinds year on year on each and every employee birthday anniversary. There were no salary increases resulting during the financial year, and as a result, the bonus provision remained constant for both the current and prior financial year.

13. Other creditors

Total	772 954	520 925	434 463
Retention fees	79 085	131 932	115 350
Erwen sales	230 598	230 598	230 598
Consumer deposits	12 902	12 902	12 878
Unearned revenue	433 088	128 202	75 637
Un-allocated deposits	17 281	17 291	-

Retention fees

Total retention fees held	79 084	131 932	115 350
Sewerage project - SCE consulting	45 660	45 660	115 350
Roads - Kabila Trading	-	52 848	-
Electrification – Soek-en-Kry	33 424	33 424	-

Erwen sales

Erwen sales amounting to N\$ 230 598 (2020: N\$ 230 598); (2019: N\$ 230 598) have been accumulated for 8 prior financial years to the reporting date. Payments from customers do not meet the revenue recognition criteria requiring Council approval, Ministerial approval, Full payment by purchaser and deed of transfer.

Consumer deposits

Total deposits held to date	12 902	12 902	12 878
Opening balance - consumer deposits	12 902	12 878	12 988
Deposits received	-	24	90
Deposits refunded	-	-	(200)

Consumer deposits are held on consumer water accounts as security for default in payments.

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

13. Other creditors (continued)

Unearned revenue

The total of N\$ 433 088 (2021), N\$ 128 202 (2020) ; N\$ 75 637 (2019) comprise advance payments on customer accounts where the Village Council had not offered an exchange of equal value in return.

14. External loans

	2021	2020	2019
	N\$	N\$	N\$
Total	98 845	94 958	91 094
Capital portion	98 845	31 930	28 895
Interest portion	-	63 028	62 199

The Village Council has not been discharging loan and interest obligations and as a result the long term liabilities have been reclassified to current liabilities. There were no renegotiations of the existing terms of the loan agreements between the borrower and the lender.

External loans – 2020

	Capital	Interest	Total
	N\$	N\$	N\$
Grand total	31 930	63 028	94 958
Arrears	30 380	62 648	93 028
Due	1 550	380	1 930

External loans – 2019

Grand total	28 895	62 199	91 094
Arrears	27 471	61 685	89 156
Due	1 424	514	1 938

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

15. Service charges

	2021	2020	2019
	N\$	N\$	N\$
Total service charges	3 998 731	3 886 461	4 640 238
Cleansing services	485 877	456 955	409 713
Private sewerage pumps	764 227	728 370	613 077
Sewer bucket system	207 970	231 560	75 380
Electricity - private	834 332	468 887	1 188 979
Prepaid electricity	773 797	658 218	-
Electricity conventional	8 369	8 004	-
Bulk water sales	923 950	1 322 823	2 353 089
Prepaid Water	209	11 644	-

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

The gross inflow of revenue received or receivable is from 4 major municipal services with electricity contributing N\$ 1 616 498 (2021) in total inflows, while water revenue inflows amounted to N\$ 924 159 (2021) in total. This has however been a reverse of the prior year position from these revenue sources.

All revenues are measured at fair value of the consideration received or receivable.

16. Rental income

	2021	2020	2019
	N\$	N\$	N\$
Total rental	153 310	143 469	189 484
Rental - SME stalls	1 217	-	-
Site rent	56 160	48 300	60 480
House rentals	71 986	66 957	86 020
Rental - community hall	3 887	2 583	2 760
Rental - community centre	2 500	6 000	6 000
Rental of mattresses	-	-	174
Rental - accommodation centre	4 348	-	-
Rental of vehicles	-	5 983	13 822
Rental of chairs	1 256	1 614	1 488
Rental - overnight rooms	11 956	12 032	18 740
Rental - Townlands	0.48	-	0.32

Major gross inflows during the financial year were from house rentals for both the current financial years and the comparative where revenues stood at N\$ 71 986, N\$ 66 957 and N\$ 86 020 respectively.

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

17. Other Income

	2021	2020	2019
	N\$	N\$	N\$
Total other income	537 004	385 364	348 738
Water disconnection	96	-	96
Public transport	-	4 935	2 835
Sundries	87	13 297	4 165
Duplicating services	57	470	225
Insurance - Build Together	15 370	35 160	24 009
Burial fees adults	3 035	3 221	4 100
Burial fees children	417	417	320
Leave contribution movement	105 808	-	74 257
New connections water	313	5 110	1 746
Re-connection water	252	1 550	7 600
Grazing fees	112 441	111 091	83 965
Wood & sand sales	4 278	4 997	9 880
ECB Levy	4 987	2 326	2 019
NEF Levy	3 764	2 041	3 433
Hikers	271 664	198 140	128 785
Tender Documents	14 435	2 087	-
Clearance certificate	-	522	1 304

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

Koes 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 over years.

The major inflows of other income amounted to N\$ 271 664 (2021) : N\$ 198 140 (2020); N\$ 128 785 (2019) for the hikers line item.

18. Interest

	2021	2020	2019
	N\$	N\$	N\$
Total interest	965 842	741 864	635 862
Interest on arrear rates	870 422	635 372	521 784
Interest on call accounts	-	3 981	3 907
Interest external loans	-	383	-
Interest Build Together	95 420	102 128	110 171

VILLAGE COUNCIL OF KOES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

18. Interest (continued)

During the 2021 financial year, interest revenue arose from 2 financial instruments (accounts receivables and Build Together loans), while call accounts and external loans had nil balances as a result of disinvestment.

Nominal interest on the 2 financial assets is recognised as it accrues during the financial year.

19. Property rates and taxes

	2021	2020	2019
	N\$	N\$	N\$
Property Taxes	2 394 558	1 027 554	1 572 545

Property rates and taxes N\$ 2 394 558 (2021); N\$ 1 027 554; (2020); N\$ 1 572 545 (2019) are assessed on improvements and property (land) owned by residents and businesses in Koes Village Council area in terms of Section 73 of the Local Authorities Act (Act No. 23 of 1992).

20. Government & other departments transfers

Total transfers	4 632 136	5 882 657	4 398 549
Audit grant	130 000	130 000	130 000
Garden project transfers	-	-	670 059
Covid19 transfers	22 706	-	-
Maximum demand	611 464	565 592	607 560
Government transfers	3 059 091	4 226 418	2 212 406
Road Fund transfer	808 875	740 431	691 987
PPD transfers	-	-	86 537
Valuation Roll Subsidy	-	220 216	-

The audit grant relates to a service in kind from the office of the auditor general for the performance of audit service. The grant is conditioned to the capacitation of finance staff in financial reporting, and internal audit services training.

The Village Council received Covid19 support funds amounting to N\$ 22 706 for the purchase of disinfectants and sanitary materials.

As is usually the practice, the Ministry of Urban and Rural Development offered support to Koes Village Council in form of an electricity grant amounting to N\$ 611 464 (2021); N\$ 565 592 (2020); N\$ 607 560 (2019).

Government transfers comprising N\$ 3 059 091 (2021); N\$ 4 226 418 (2020); N\$ 2 212 406 (2019) have a component of funding directly earmarked for capital projects. Refer to note 2 property, plant and equipment for details.

All government and other department transfers to Koes Village Council have been disclosed under this note to financial statements.

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

21. General and administrative expenses

	2021	2020	2019
	N\$	N\$	N\$
Total general and administrative	1 168 430	1 595 086	1 618 479
Subsistence and travel	209 606	239 004	330 553
Telephone and postage	169 502	170 708	160 245
Bank charges	111 063	103 650	87 163
Entertainment - official	-	3 436	1 420
Casual Labour	33 753	30 080	37 513
Consultancy fees	-	67 276	118 052
Printing and stationery	127 755	156 256	96 964
First aid equipment	855	1 378	-
Training	46 480	49 457	87 355
Advertising	35 546	8 155	39 480
Insurance	124 158	137 093	132 473
Motor vehicle licences	41 481	18 996	-
Material and stores	32 725	31 137	79 849
Membership fees - associations	-	47 500	30 000
Leave provision - movement	-	41 347	-
Sena legal & Gean cost	20 853	21 162	-
Garden project	-	2 413	-
Legal fees	24 258	84 310	56 015
Sundries	-	1 437	37 350
Humanitarian Aid	-	-	36 750
MURD & LED meetings	-	-	133 047
DSTV	1 526	1 370	-
/Ae//gams Stationery	81 026	35 992	9 384
Refreshments - meetings	3 700	141	-
Finstel license fees	49 118	93 735	111 467
Funeral assistance	3 450	500	-
Cleaning of town	-	10 500	-
Protective clothing	3 825	-	17 974
Insurance Build Together	14 551	-	-
Valuations	30 000	-	-
Photocopier rental	3 200	-	-
Water plan chemicals	-	23 919	-
Livestock medicine	-	24 039	5 398
Livestock disposal expenses	-	-	10 027
Valuation	-	190 095	-

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

21. General and administrative expenses (continued)

General and administrative 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 an accrual basis measure. Such recording has resulted in expenses being recorded as and when obligations arise and not when cash changes hands.

The Village Council has further disclosed all expenses in these financial statements by nature. Such disclosures are in line with the budget for the financial years ended 30 June which shows items by nature.

22. Employee costs

	2021	2020	2019
	N\$	N\$	N\$
Total employee costs	3 531 307	3 617 788	3 226 957
Salaries and wages	2 183 016	2 098 751	2 042 331
Transport allowance	271 036	276 228	275 523
Housing allowance	487 721	482 577	416 622
Housing subsidy	-	24 926	-
Service bonus	162 394	168 119	152 689
Overtime	587	2 115	6 343
Standby allowance	22 200	23 600	12 060
Pension fund contribution	372 518	342 076	301 179
Social security	15 697	16 260	14 588
Cell phone Allowance	7 390	2 999	-
Leave gratuity	8 748	180 137	5 622

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.

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)

22. Employee costs – (Continued)

Remuneration for management

SURNAME	FIRST NAMES	OCCUPATION	BASIC	BONUS	TRANS-PORT	HOUSING	PENSION	TOTAL
			N\$	N\$	N\$	N\$	N\$	N\$
Janse	Hansina		151 470	12 622	7 200	30 294	24 235	225 821
	Magdalena	Led Officer						
Humphries	Willie	Chief Executive	200 742	16 729	83 474	40 148	43 561	384 654
	Aloysia	Officer						
Esterhuysen	Albertina	Accountant	151 470	12 622	7 200	30 294	24 235	225 821
	Gerhard	Artisan	151 470	12 622	7 200	30 294	24 235	225 821

Remuneration of key management personnel responsible for the strategic direction of Koes Village Council set out above in line with the provisions of IPSAS 20, Related Parties paragraph 21 amounts to a total of N\$ 1 062 117 for the financial years. This reflects total annual earnings based on services rendered where such earnings were paid as budgeted.

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

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

23. Councillor's remuneration

	2021	2020	2019
	N\$	N\$	N\$
Salaries	191 056	191 056	191 056

Councillors' salaries amounting to N\$ 191 056 for the financial year 2021 were paid as budgeted. There were 5 (five) sitting members of the council as at the reporting date with 2(two) new council members assuming office and 2 (two) leaving office in March soon after 2020 elections.

Councillors have access to other non-cash benefits limited to refreshments and entertainment while on council duty, and training and development aimed at enabling them to discharge their tenure competently

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

24. Repairs and maintenance

	2021	2020	2019
	N\$	N\$	N\$
Total repairs and maintenance	1 938 522	896 857	610 010
Buildings	-	1 800	1 565
Vehicles repairs and maintenance	332 585	-	-
Tools & Equipment	133 883	103 747	47 319
Plant, machinery, & equipment	-	-	36 384
Fences	-	-	265 073
Reticulation	302 087	200 765	-
Townlands other repairs and maintenance	-	-	2 718
Cleaning of town	-	-	1 500
Water plan chemicals	-	-	11 945
Office equipment repairs	101 910	2 928	-
Farming equipment repairs	20 591	55 628	-
Windmills repairs and maintenance	-	9 550	-
Sewerage ponds	-	86 229	-
Roads and street lights maintenance	805 724	-	-
Vehicles	10 958	186 474	188 542
Vehicle licences	-	-	25 704
Social housing renovations	-	8 615	6 179
Fuel	230 784	241 121	23 081

Repairs and maintenance costs are directly attributable to the Village Council's infrastructure with major repair costs being traceable to roads, vehicles, plant & machinery, and water & sewer reticulations. The increase in repairs and maintenance in the current year is necessitated by road maintenance. In the prior year, the Village Council allocated the road fund transfer to the development of new roads resulting in capitalisation of capital the expenditure.

Expenses included in repairs and maintenance include purchase of items below their respective capitalisation threshold as well as small tools and equipment.

25. Bulk electricity purchase

	2021	2020	2019
	N\$	N\$	N\$
Total	1 944 008	1 750 721	1 930 838
Bulk electricity purchase	1 294 182	1 149 692	1 286 527
Maximum Demand	611 464	565 592	607 560
Electricity household connection	-	1 348	-
ECB Levy	21 334	19 425	20 550
NEF Levy	17 028	14 664	16 201

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

25. Bulk electricity purchase (continued)

Costs of purchasing electricity and any associated expenses are recognised as and when they are incurred. During the financial year 2021, electricity purchased from Nampower cooperation earmarked for selling to residential and business units amounted to N\$ 1 294 182.

Maximum demand amounting to N\$ 611 464 is an electricity purchase commitment borne by the Ministry of Urban and Rural Development (MURD) on behalf of Koes Village Council. The purchase commitment portion borne by MURD differs from one financial year to another and is based on the level of electricity supplied to Koes Village Council.

The Village Council collects levies from consumers and remit all the levies so collected to respective bodies namely Electricity Control Board with a levy of N\$ 21 334 (2021): N\$ 19 425 (2020) and National Energy Fund with a levy of N\$ 17 028 (2021): N\$ 14 664 (2020).

26. Extra-ordinary item

	2021	2020	2019
	N\$	N\$	N\$
Total extra ordinary items	-	2 400	728 516
Cancelled receipts case	-	2 400	-
Directs not on bank	-	-	345 488
Uirab investigation	-	-	373 528
Ghost staff fraud case	-	-	9 500

The extra-ordinary item relates to cash misappropriations during the financial years.

27. Farming losses

Farming Losses	-	212 160	146 780
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Schedule of farming losses - 2020

	Goats	Kids	Sheep	Lamb	Total
Total losses	-	-	212 160	-	212 160
Mortalities	-	-	156	-	156
Price per animal (N\$)	800	700	1360	980	

Schedule of farming losses - 2019

Animal type	Number of animals	Price per animal (N\$)	Total losses (N\$)
Total losses	152		146 780
Goats	15	1 200	18 000
Sheep	137	940	128 780

Farming losses were as a result of livestock mortalities due to reasons varying from diseases, wild prey, and theft.

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

28. Town planning amendments

	2021	2020	2019
	N\$	N\$	N\$
Town planning amendments	201 448	-	-

Town planning amendments relate to maps for the establishment of Koes extensions which were designed with errors resulting in work on the maps being reperformed at a cost of N\$ 201 448 to Koes Village Council.

29. Interest payable

Total interest payable	485 591	371 663	440 801
Interest external loans	240	383	514
Interest external loans	-	-	4 500
Interest Nampower	485 351	371 280	435 787

Interest payable by Koes Village Council amounted to N\$ 485 591 (2020); N\$ 371 663; (2020); N\$ 440 801 (2019) where the larger amount is being a charge levied on outstanding supplier account. The smaller charge for the financial year relates to the Ministry of Finance loan commitments dating to pre-independence times (before 1990).

30. Funds and accounts

Total funds and accounts	5 767 191	5 767 191	5 767 191
Build Together fund	5 544 799	5 544 799	5 544 799
Housing fund	222 392	222 392	222 392

No transfers were made to the Build Together fund and the Housing fund. All transactions for the funds were taken through the statement of surplus or deficit.

Funds transactions -2020

Interest levied on debtors	102 128
Insurance recovered	35 160
Disbursements	510
Bank charges	(2 207)
Total movements for the year	135 591

The movements in funds and accounts set out above have not been taken directly to funds and accounts. All the transactions have been taken to surplus or deficit.

As at the reporting date, the funds are highly likely to be impaired due to default by beneficiaries. 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.

ANNEXURE H

VILLAGE COUNCIL OF KOËS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

(continued)

31. Adjustments to opening accumulated surplus or deficit

	2020	2019
	N\$	N\$
Adjusted accumulated surplus or deficit	1 358 782 988	23 713 811
Opening accumulated surplus or deficit	1 357 214 666	(6 819 060)
Adjustments:		
Plant & machinery	272 495	308 203
Infrastructure	64 335	6 844 564
Other movements	1 231 492	(1 045 086)
Capital reserve fund	-	307 138
Fixed property fund	-	66 605
Buildings	-	1 391 436
Computer & office equipment	-	69 981
Motor vehicles	-	124 156
Furniture fixtures and fittings	-	10 434
Revenue contributions ex income	-	9 898 929
Correction journal	-	(616 177)
Doubtful debts	-	2 335 917
Road maintenance capitalised	-	(2 786 942)
Depreciation on capitalised expenses	-	754 775
External loan redemption	-	282 689
Build Together	-	5 544 799
Housing fund	-	222 392
Restated accumulated surplus 01 July 2018		16 894 752

2020**Plant and machinery**

The movement of N\$ 272 495 arose from the revision of useful life of plant and machinery items.

Infrastructure

The movement of N\$ 64 335 arose from the revision of useful life of plant and machinery items.

Other movements

Other movements amounting to N\$ 1 231 492 are equity movements at adoption of IPSAS. The Village Council is in the process of identifying all its assets and liabilities in the transitional period.

2019**Capital reserve fund**

The capital reserve fund with an amount of N\$ 307 138 is not supported by resources.

Fixed property fund

The fixed property fund amounting to N\$ 66 605 is not supported by resources.

VILLAGE COUNCIL OF KOË'S
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)

31. Adjustments to opening accumulated surplus or deficit –2019 (Continued)											
		Land and buildings	Comps & office equip	Furn, fixt & fittings	Plant, & Mach	Motor vehicles	Infra structure	Total			
		N\$	N\$	N\$	N\$	N\$	N\$	N\$			N\$
Closing bal reported - 30 June 2018		649 931	61 490	13 261	183 204	1 040 560	8 414 013	10 362 458			
Reclassifications		-	-	-	349 733	(349 733)	-	-			
Balances after reclassifications		649 931	61 490	13 261	532 937	690 826	8 414 013	10 362 458			
Opening balance 01 July 2018		(2 041 366)	(131 471)	(23 695)	(841 140)	(814 982)	(15 258 577)	(19 111 231)			
Adjustments as at 01 July 2018		(1 391 436)	(69 981)	(10 434)	(308 203)	(124 156)	(6 844 564)	(8 748 773)			

Buildings

The amount of N\$ 1 391 436 is a correction of an understatement to buildings asset class at adoption of IPSAS.

Computer and office equipment

The amount of N\$ 69 981 is a correction of an understatement to computer & office equipment asset class at adoption of IPSAS.

Furniture, fixtures & fittings

The amount of N\$ 10 434 is a correction of an understatement to furniture, fixtures and fittings.

Plant & machinery

The amount of N\$ 308 203 is a correction of an understatement to PPE items allocated to the plant and machinery class at adoption of IPSAS.

Motor vehicles

The amount of N\$ 124 156 is a correction of an understatement to the motor vehicles asset class at adoption of IPSAS.

Infrastructure

The amount of N\$ 6 884 564 is a correction of an understatement to the infrastructure asset class at adoption of IPSAS.

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

31. Adjustments to opening accumulated surplus or deficit – 2019 (Continued)

Revenue contribution ex-income

Reclassifying to equity and maintaining revenue kept in terms of the local authorities' act amounting to N\$ 9 898 929 at adoption of IPSAS.

Correction journal

Reversal of unsupported journal amounting to (N\$ 616 177).

Doubtful debts

Clearing the allowance of doubtful debts account amounting to N\$ 2 335 9173.

Road maintenance capitalisation

Derecognition of capitalised revenue expenditure amounting to (N\$ 2 786 942).

Depreciation on capitalised road maintenance

Reversal of depreciation amounting to N\$ 754 755 charged on non-revenue items.

External loan redemption

Reversal of a non-event (unredeemed loans) amounting to N\$ 282 689.

Build Together

Restatement of Build Together fund account amounting to N\$ 5 544 779.

Housing fund

Restatement of housing fund amounting to N\$ 222 392.

Other movements

Unknown movements in equity amounted to N\$ 1 045 086.

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

32. Reconciliation of net cash flows from operating activities to surplus or deficit

	2021	2020	2019
	N\$	N\$	N\$
Net cash flow from operating activities	2 271 686	4 619 047	2 250 021
Surplus / Deficit	(2 196 905)	(1 387 892)	(3 083 704)
Non-cash movements			
Regional council levy	119 728	51 378	78 630
Depreciation	2 022 982	1 907 813	1 701 587
Amortisation - waste water discharge permit	7 949	7 948	7 948
Allowance for doubtful debts movement	3 218 511	2 802 222	4 239 591
Bonus contribution	71 953	82 227	82 633
Increase/decrease in inventory	318 660	200 765	(501 485)
Increase/decrease in accounts receivables	221 279	627 923	(2 012 477)
Increase/decrease in Other receivables	146 937	(230 572)	-
Prepayments	9 636	2 731	-
Farming Losses	-	212 160	-
Increase/decrease in accounts payables	(405 129)	1 814 486	1 656 559
Increase/decrease in other creditors	(252 039)	33 887	128 312
External Loan	-	3 876	-
Other movements	(1 011 876)	(1 509 905)	(47 573)

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

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, Councillors, and close family members of such individuals, and other entities with significant influence on the reporting entity.

Transactions where the financial results may have been affected by the existence of a relationship involving related parties are mandatory disclosures in these financial statements, unless such transactions have been entered into by related parties in their capacities as ordinary individuals.

Related party transactions – loans

There were no loans advanced to top management, Councillors during the financial years.

Related parties – consumer cyclical billing

Management and Councillors

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

No bad debts for Village Council management and Councillors or other employees were written-off, and neither were bad debts in existence in relation to accounts of management and councillors.

Entities with significant influence

As at the reporting date, no entities with significant influence held accounts or any business interest with the Village Council except outstanding obligations to the Regional Council which is mandated to collect a 5% rates and taxes levy as reported in note 11 of these financial statements.

Related parties – interest in Koes Village Council

Management and Councillors had no business or commercial interests in the Village Council for the financial year ended 30 June .

Going concern assessment

In carrying out their responsibility for financial statements of Koes Village Council, management are responsible for assessing the Village Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

VILLAGE COUNCIL OF KOËS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

	2021	2020	2019
Current ratio	2 : 1	1.63 : 1	5.49:1
	N\$	N\$	N\$
Excess of current assets over current liabilities	6 821 091	5 302 596	9 710 708
Total current assets	14 958 682	13 695 209	16 210 129
Total current liabilities	(8 137 591)	(8 392 613)	(6 499 420)

The Village Council's current ratio shows a favourable position with N\$ 2 of current assets going towards N\$ 1 of current liabilities as compared to the prior year where the ratio was at N\$ 1.63 for every \$ 1 of current liabilities. This is an improve position.

Acid test ratio

Acid test ratio	1 : 1	0.45 : 1	0.92:1
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Excess of current liabilities over current assets

	(2 804 584)	(4 641 740)	(523 071)
Total current assets	5 333 007	3 750 873	5 976 349
Total current liabilities	(8 137 591)	(8 392 613)	(6 499 420)

The acid test ratio excludes inventory which may take longer to convert into cash. This results in current liabilities being in excess of current assets indicating the entity's inability to settle liabilities on call. However, as compared to the prior financial year acid test ratio, the entity has improved resulting in every dollar of current assets going towards every dollar of current liabilities.

Koes Village Council has to prioritise discharging its obligations on Nampower which closed off at N\$ 5.9 million in arrears straddling many prior financial years.

Going concern summary

In performing our responsibilities as the management of Koes Village Council, we are responsible for assessing the Village Council's ability to continue as a going concern, disclosing as applicable, matters relating to going concern, and applying the going concern basis of accounting which foresees the Village Council in business for the next 12 months (foreseeable future)

Due to the availability of government support, it is management's assessment that Koes Village Council has the ability to continue as a going concern in the foreseeable future.

Notwithstanding the assessment above, there are not any other factors which render the going concern assumption inappropriate. Further, the Village Council retains the power to levy rates and taxes power derived from the local authorities Act.