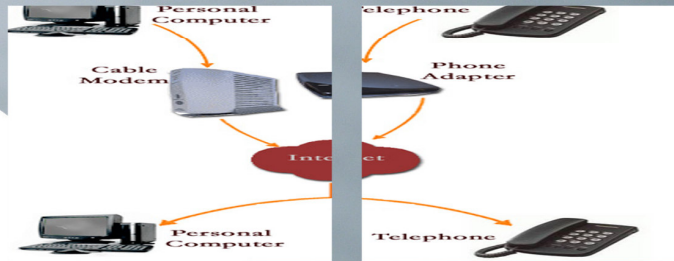




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

NAMIBIAN COMMUNICATIONS COMMISSION

FOR THE FINANCIAL YEARS ENDED 31 MARCH 2009 AND 2010

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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 Namibian Communication Commission for the financial years ended 31 March 2009 and 2010, 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, June 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
NAMIBIAN COMMUNICATIONS COMMISSION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2009 AND 2010**

1. INTRODUCTION

The accounts of the Namibian Communications Commission (NCC) for the years ended 31 March 2009 and 2010 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Namibia Communications Commission Act, 1992 (Act 4 of 1992).

The firm Mostert Landgrebe Chartered Accountants has been appointed by the Auditor-General under the provisions of Section 26(2) of the State Finance Act, 1991, to audit the accounts of the NCC on his behalf and under his supervision.

Figures in the report are rounded off to the nearest Namibian Dollar.

2. ESTABLISHMENT

The Namibian Communications Commission was established in terms of Section 2 of the Act.

3. FINANCIAL STATEMENTS

Statements of the accounts of the Namibian Communication Commission are prepared in compliance with GAAP. The original version of the financial statements published in this report is filed in the Office of the Auditor-General and comprises:

Annexure A: Balance sheets

Annexure B: Income statements

Annexure C: Cash flow statements

Annexure D: Notes to the financial statements

4. SCOPE OF THE AUDIT

Management's responsibility for the financial statements

The Accounting Officer of the Board is responsible for the preparation and fair presentation of these financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report the opinion of the Auditor-General to the National Assembly. The said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether

due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. AUDIT OBSERVATIONS AND COMMENTS

5.1 INTERNAL CONTROL AND ACCOUNTING RECORDS (2009 & 2010)

There was no system of internal control or proper accounting records on which the auditors could rely upon for audit purposes.

5.2 FINALISATION OF FINANCIAL STATEMENTS (2009 & 2010)

The NCC failed to comply with Section 23(1) of the Namibian Communications Commission Act, which requires that the audited financial statements be submitted to the Minister within seven months of year-end.

5.3 FIXED ASSETS (2009 & 2010)

The NCC does not have a fixed assets register.

No depreciation has been charged on assets.

No verification of fixed assets or any additions could be performed.

5.4 INCOME AND EXPENDITURE (2009 & 2010)

No records or supporting documentation was available for audit purposes.

5.5 INVESTMENTS (2009 & 2010)

Investments per general ledger and financial statements is 2010: N\$ 3 715 581 and 2009: N\$ 15 403 442 more than the investment statements received from the bank. No explanation could be supplied for these differences.

5.6 TRADE RECEIVABLES (2009 & 2010)

Included in trade and other receivables is an credit amount of 2010: N\$ 1 573 646 and 2009: N\$ 1 518 726, stated as "cashbook clearing account". No explanation for these balances could be supplied.

The list of trade receivables reflect an amount of 2010: N\$ 2 611 838 and 2009: N\$ 2 569 278 more than the control account and the financial statements. The differences could not be explained.

No provisions for bad debts have been made.

5.7 BANK RECONCILIATION (2009 & 2010)

The financial statements reflect a favourable balance of N\$ 1 718 487 for the 2010 financial year and an unfavourable bank balance of N\$ 5 779 934 for the 2009 financial year as the cash-book reflect a favourable balance of N\$ 6 405 548 for 2010 and N\$ 625 945 for 2009. The difference of 2010: N\$ 6 405 548 and 2009: N\$ 6 405 879 could not be explained.

6. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the NCC during the audit is appreciated.

7. DISCLAIMED AUDIT OPINION

The accounts of the Namibia Communications Commission for the financial years end 31 March 2009 and 2010, summarised in Annexures A to D, were audited by me in terms of Section 25(1)(b) of the State Finance Act, 1991.

I am unable to form an audit opinion due to the following reasons:

Internal control and financial records

There was no system of internal control or proper accounting records on which the auditors could rely upon for audit purposes.

Income and expenses

No records or supporting documentation was available for audit purposes.

Fixed assets

The NCC does not have a fixed assets register.

No depreciation has been charged on assets.

No verification of fixed assets or any additions could be performed.

Investments

Investments per general ledger and financial statements is 2010: N\$ 3 715 581 and 2009: N\$ 15 403 442 more than the investment statements received from the bank. No explanations could be supplied for these differences.

Trade and other receivables

Included in trade and other receivables is a credit amount of 2010: N\$ 1 573 646 and 2009: N\$ 1 518 726, stated as "cashbook clearing account". No explanation for this balance could be provided.

The list of trade receivables reflect an amount of 2010: N\$ 2 611 838 and 2009: N\$ 2 569 278 more than the control account and the financial statements. The differences could not be explained.

No provisions for bad debts have been made.

Bank reconciliation

The financial statements reflect a favourable balance of N\$ 1 718 487 for the 2010 financial year and an unfavourable bank balance of N\$ 5 779 934 for the 2009 financial year as the cash-book reflects a favourable balance of N\$ 6 405 548 for 2010 and N\$ 625 945 for 2009. The difference of 2010: N\$ 6 405 548 and 2009: N\$ 6 405 879 could not be explained.

WINDHOEK, June 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

NAMIBIAN COMMUNICATIONS COMMISSION

BALANCE SHEETS AT 31 MARCH

	Notes	2010	2009	2008
		N\$	N\$	N\$
ASSETS				
Non-current assets		113 382 590	100 492 044	53 021 580
Property, plant and equipment	2	13 479 157	1 090 389	918 797
Investments	3	99 903 433	99 401 655	52 102 783
Current assets		34 063 271	46 193 825	65 822 206
Cash and cash equivalents		1 718 486	-	-
Trade and other receivables		32 344 785	46 193 825	65 822 206
TOTAL ASSETS		147 445 861	146 685 869	118 843 786
EQUITY AND LIABILITIES				
Capital and reserves				
Accumulated surplus		147 445 861	140 905 933	116 288 905
Current liabilities				
Cash and cash equivalents		-	5 779 936	2 554 881
TOTAL EQUITY AND LIABILITIES		147 445 861	146 685 869	118 843 786

NAMIBIAN COMMUNICATIONS COMMISSION

**ABRIDGED INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED
31 MARCH**

	Notes	2010	2009	2008
		N\$	N\$	N\$
INCOME				
Licence fees		11 355 343	35 942 539	-
Interest received		3 094 602	497 872	3 130 762
		14 449 945	36 440 411	3 130 762
EXPENSES				
Administration fees		4 395	399 000	67 500
Advertising		194 783	8 495	15 129
Allowances		4 672	24 040	5 367
Accounting fees		21 528	62 184	-
Audit fees		-	-	19 550
Bank charges		25 419	29 467	6 695
Computer expenses		48 730	188 115	-
Conferences and workshops		142 905	107 428	328 410
Consultation fees		2 220 165	8 047 156	892 176
Courier and postage		85 603	-	-
Entertainment		10 504	21 866	8 307
Interest paid		663	38 392	-
Membership fees		416 909	968 762	840 587
Motor vehicle expenses		330	-	-
Office expenses		166 505	22 344	113 075
Radio dealers interface		-	-	8 089
Rent paid		5 667	553	-
Repairs and maintenance		1 236 376	1 075 985	-
Security services		75 758	32 234	50 891
Stationery and printing		55 297	113 164	25 930
Telephone and fax		6 382	-	9 660
Transformation project		2 264 109	27 038	-
Travelling and accommodation		917 917	651 360	353 408
Wages		5 400	5 800	3 200
		7 910 017	11 823 383	2 747 974
NET SURPLUS FOR THE YEAR		6 539 928	24 617 028	382 788
ACCUMULATED SURPLUS				
AT BEGINNING OF THE YEAR		140 905 933	116 288 905	29 527 901
UNEXPLAINED JOURNAL PASSED		-	-	86 378 216
ACCUMULATED SURPLUS				
AT THE END OF THE YEAR		147 445 861	140 905 933	116 288 905

NAMIBIAN COMMUNICATIONS COMMISSION

CASH FLOW STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH

	Note	2010 N\$	2009 N\$	2008 N\$
CASH FLOW FROM OPERATING ACTIVITIES				
Cash receipts from customers		11 355 343	35 942 539	-
Cash paid to suppliers		5 939 686	7 843 390	17 808 036
Cash generated by operations	4	17 295 029	43 785 929	17 808 036
Interest paid		(663)	(38 392)	-
Interest received		3 094 602	497 872	3 130 762
Net cash flow from operating activities		20 388 968	44 245 409	20 938 798
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to plant and equipment		(12 388 768)	(171 592)	(585 132)
Increase in investments		(501 778)	(47 298 872)	(24 563 261)
		(12 890 546)	(47 470 464)	(25 148 393)
NET CHANGE IN CASH AND CASH EQUIVALENTS		7 498 422	(3 225 055)	(4 209 595)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		(5 779 936)	(2 554 881)	1 654 714
CASH AND CASH EQUIVALENTS - END OF YEAR		1 718 486	(5 779 936)	(2 554 881)

NAMIBIAN COMMUNICATIONS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED
30 JUNE

1. ACCOUNTING POLICIES**Introduction**

The principal accounting policies used by the Commission, which are consistent with those used in the previous year, are set out below.

1.1 Basis of Presentation

The financial statements are prepared on the historical cost basis.

1.2 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation. Depreciation is recorded by a charge to operating profits on a straight-line basis at rates stated below, which is considered appropriate to write off the cost of assets over their useful life.

Office equipment 20% Per annum

1.3 Financial instruments

Financial instruments carried in the balance sheet include bank balances and cash, trade and other receivables, trade and other payables and borrowings. These instruments are generally carried at their estimated fair value.

1.4 Income recognition

Income is recorded when received. No provision for outstanding amounts is made.

2. PLANT AND EQUIPMENT

2010 YEAR	Cost	Accumulated depreciation	Carrying value
	N\$	N\$	N\$
Motor vehicles	356 726	(19 787)	336 939
Computer equipment	510 766	(31 357)	479 409
Office equipment	339 231	(7 852)	331 379
Frequency equipment	12 331 430	-	12 331 430
	13 538 153	(58 996)	13 479 157

2009 YEAR	Cost	Accumulated depreciation	Carrying value
	N\$	N\$	N\$
Motor vehicles	356 726	(19 787)	336 939
Computer equipment	506 041	(31 357)	474 684
Office equipment	71 919	(7 852)	64 067
Frequency equipment	214 699	-	214 699
	1 149 385	(58 996)	1 090 389

NAMIBIAN COMMUNICATIONS COMMISSION

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

2. PLANT AND EQUIPMENT (Continued)

2008 YEAR	Cost	Accumulated depreciation	Carrying value
	N\$	N\$	N\$
Motor vehicles	355 129	(19 787)	335 342
Computer equipment	347 789	(31 357)	316 432
Office equipment	60 176	(7 852)	52 324
Frequency equipment	214 699	-	214 699
	977 793	(58 996)	918 797

The carrying value of plant and equipment can be reconciled as follows:

	Carrying value - beginning of year	Additions	Depreciation	Carrying value - end of year
	N\$	N\$	N\$	N\$
Motor vehicles	335 342	1 597	-	336 939
Computer equipment	316 432	158 252	-	474 684
Office equipment	52 324	11 743	-	64 067
Frequency equipment	214 699	-	-	214 699
	918 797	171 592	-	1 090 389

	2010	2009	2008
	N\$	N\$	N\$

3. INVESTMENTS

Standard Bank Namibia Limited - Cash Plus Fund	99 903 433	99 401 655	52 102 783
	99 903 433	99 401 655	52 102 783

NAMIBIAN COMMUNICATIONS COMMISSION

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

	2010	2009	2008
	N\$	N\$	N\$
4.CASH GENERATED BY OPERATIONS			
Net surplus for the year	6 539 928	24 617 028	382 788
Adjustments for:			
- Interest paid	663	38 392	-
- Interest received	(3 094 602)	(497 872)	(3 130 762)
- Journal passed on retained income	-	-	86 378 216
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL	3 445 989	24 157 548	83 630 242
CHANGES IN WORKING CAPITAL			
Trade and other receivables	13 849 040	19 628 381	(65 822 206)
	13 849 040	19 628 381	(65 822 206)
CASH GENERATED BY OPERATIONS	17 295 029	43 785 929	17 808 036