



REPUBLIC OF NAMIBIA



NAMIBIAN BROADCASTING CORPORATION



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

NAMIBIAN BROADCASTING CORPORATION

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Namibia Broadcasting Corporation for the financial year ended 31 March 2020, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister Information, Communication and Technology in terms of Section 25(1) of the Namibia Broadcasting Act, 1991 (Act No. 9 of 1991) to be laid upon the Table of the National Assembly.

WINDHOEK, October 2022

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS
OF THE NAMIBIAN BROADCASTING CORPORATION
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

1. ADVERSE AUDIT OPINION

I have audited the financial statements of the Namibian Broadcasting Corporation for the financial year ended 31 March 2020. These financial statements comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the financial statements for the year then ended, and a summary of significant accounting policies.

In my opinion, because of the significance of the matters described in the Basis for Adverse Audit Opinion paragraph of the audit report, the accompanying financial statements do not give a true and fair view of the financial position of the Namibian Broadcasting Corporation as at 31 March 2020, and financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Namibian Broadcasting Corporation Act, 1991 (Act No. 9 of 1991).

2. BASIS FOR ADVERSE AUDIT OPINION

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

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

2.1 COMPARATIVE FIGURES AND OPENING BALANCES

The prior year audit report had an adverse audit opinion. Consequently, the auditors could not obtain sufficient appropriate audit evidence to satisfy themselves that the opening retained earnings and comparative figures in the current year statement of financial position, statement of financial performance, statement of changes in net equity and cash flow statement are fairly presented. Furthermore, the auditors were unable to determine whether any adjustments might have been found necessary in respect of recorded and/or unrecorded opening balances for the relevant financial statements areas in the statement of financial position, statement of financial performance, statement of changes in net equity and cash flow statement.

2.2 FINANCIAL REPORTING DISCLOSURE DEFICIENCIES

The Corporation omitted to make the following disclosures in the financial statements which are required in terms of the International Financial Reporting Standards:

- There is no disclosure of related parties balances and related parties transactions in the Annual Financial Statements in accordance with the requirements of IAS 24 – Related Parties;
- There is no disclosure of the loss rates per debtors aging buckets and the expected credit loss per bucket in accordance with requirements of IFRS 7 para 35N;
- There is no disclosure of the valuation methodology applied, key assumptions and change in assumptions from prior year valuation performed on Provision for Post - Retirement Medical Aid (PRMA).
- There is no disclosure of the contingencies liability as per IAS 37 amounting to N\$ 409 369 in relation with the pending litigations confirmed by the lawyers;
- There is no provision provided for in the annual financial statements amounting to N\$ 9 297 887 in relation with the pending litigations confirmed by the lawyers;
- There is no disclosure of subsequent events;
- The director's report does not contain the disclosure of the adoption of IFRS 9 (Financial instruments), IFRS 15 (Revenue recognition) and IFRS 16 (leases);
- The director's report does not contain the Government Equity Contributions note, Property, Plant and Equipment (including Investment Property) note and Taxation note;
- The Corporation omitted the following disclosure notes for material Financial statements Areas:
 - Revenue;
 - Cost of sales; and
 - Other operation income.
- The Corporation omitted the following accounting policies:
 - Impairment testing of non-financial assets;
 - Revenue streams of Rental income, Barter contracts and trade exchange, License fee revenue and advertising revenue;
 - Fair value measurement;
 - Covid-19 pandemic;
 - Leases accounting policy note does not include NBC as a lessor, short-term leases and leases of low-value assets and there is no comparative information in terms of IAS 17; and
 - Financial instruments accounting policy note does not include initial recognition, classification and subsequent measurement of each category and there is no comparative information in terms of IAS 39.
- The Corporation did not disclose the following areas of critical accounting judgements and key sources of estimate uncertainty on the accounting policy note 1.21:
 - Impairment testing of non-financial assets;
 - Valuation of Provision for Post - Retirement Medical Aid (PRMA) liability;
 - Transmitter lease classification NBC as lessor; and
 - Determining the lease term of contracts with renewal and termination options - NBC as lessor.

It is recommended that the financial statements must be prepared using a disclosure checklist to ensure completeness of all accounting policies and disclosures.

2.3 IFRS 16 ASSESSMENT ON SATELLITE RENTALS

The Corporation has a lease agreement for transponder rentals used for operations. The Corporation incurred lease expenses for transponder lease amounting to N\$ 12 624 342 which have been accounted for as cost of sales. The Corporation was unable to give the auditors the original contract to verify whether the lease should have been accounted for in terms of the requirements of IFRS 16- Leases. Consequently, the auditors could therefore also not satisfy themselves with the accuracy and disclosure of cost of sales and the completeness, valuation and disclosure of the right of use assets and completeness, valuation and disclosure of the lease liabilities.

It is recommended that management ensure that all supporting documents are provided for audit purpose and to disclose its leases in terms of the requirements of IFRS 16 - Leases.

2.4 TRADE AND OTHER PAYABLES

The auditors were unable to obtain audit evidence for the completeness, existence, accuracy and valuation of trade and other payables as the Corporation could not provide sufficient and appropriate evidence for Pay As You Earn (PAYE) Capital amounting to N\$ 41 727 597 of the N\$ 145 699 389 which is disclosed in note 16 of the financial statements (2019: N\$ 44 534 326 of the N\$ 110 592 310 which is disclosed in note 16 of the financial statements) and PAYE Penalties and interest liability of N\$ 96 825 453 (2019: N\$ 67 519 547) which is also disclosed in note 16 of the financial statements. There were no alternative procedures the auditors could perform to verify the PAYE Capital Arrears, Penalties and Interest included in trade and other payables. Consequently, the auditors could not satisfy themselves with the existence, completeness, accuracy and valuation of the trade and other payables and related financial statement areas in the financial statements of the Corporation.

It is recommended that Corporation should keep listings that agree to the general ledger:

- The PAYE listings must be itemized by PAYE return with information on PAYE period, PAYE Due Date, PAYE Amount, PAYE Penalties and PAYE Interest - the last two determined in terms of Income Tax Act; and
- Partial payments should be on a separate IPE schedule by Date of payment, Amount Paid, PAYE Period and PAYE Debt (PAYE Amount, PAYE Penalties and PAYE Interest).

2.5 IAS 36 IMPAIRMENT OF ASSETS

In terms of IAS 36 - Impairment of Assets, an impairment test is required to be carried out for non-financial assets when there is objective evidence of impairment indicator(s) at reporting date. The Corporation has a history of operating losses which have accumulated to N\$ 1 608 389 425 (2019: N\$ 1 437 194 818), but the Corporation did not perform impairment assessment of the assets in terms of IAS 36. The above mentioned matters provide objective evidence of indicators of impairment of non-financial assets. Consequently, the auditors were unable to obtain sufficient appropriate audit evidence about the recoverable amount of the Corporation's property, plant and equipment as at 31 March 2020.

It is recommended that the Corporation must ensure an impairment assessment is performed annually when there are indicators of impairment as required by International Financial Reporting Standards.

2.6 SHAREHOLDER FUNDING

The government funding of N\$ 212 088 156 (2019: N\$ 266 652 165) is accounted in the statement of profit and loss account instead of statement of changes in equity as per the requirements of IAS 20.2 (c) read with IAS 1.106 (d) (iii). The contributions is made by government whilst acting in their capacity as shareholders of the entity. Consequently, the auditors could not obtain sufficient appropriate audit evidence with regards to the presentation and disclosure of shareholder funding and related financial statement areas in the financial statements.

It is recommended that the Corporation must account for the Government of the Republic of Namibia Subsidy funding in the Statement of Changes in Equity as per the requirements of IAS 20.2 (c) read with IAS 1.106 (d) (iii).

2.7 VALUATION OF THE PRMA LIABILITY

The Corporation has a Post-Retirement Medical Aid (PRMA) liability which is valued at N\$ 434 million. The value of this liability as at 31 March 2020 was determined by actuaries in July 2019 which is eight months before the year end, thus the material events that took place between July 2019 and March 2020 were not taken into account. The auditors are therefore not able to determine whether the material events that took place between July 2019 and March 2020 would have resulted in material changes to the value of the liability disclosed in the annual financial statements. Consequently, the auditors are unable to satisfy themselves with the valuation of the PRMA liability and the related financial statement areas.

It is recommended that the Corporation should ensure a Desktop valuation of PRMA Liability is performed annually and that the valuation reports must cover both short term and long term PRMA Liability.

2.8 CLEAN UP ACCOUNT

As reported in the prior year audit report the auditors were unable to confirm how the clean-up account amounting to N\$ 64 465 650 was cleared due to the unavailability of the supporting documentation. It is recommended that the Corporation should provide the reconciliation and the supporting documentation on the clearing of the clean-up account for audit purpose.

2.9 CONTINUATION OF BROADCASTING OPERATIONS AND COMMERCIAL SOLVENCY

The financial statements indicates that the Corporation has net current liabilities of N\$ 377 160 503 (2019: N\$ 252 947 233) and that the continuation of broadcasting operations of the Corporation and the settlement of obligations of the Corporation in the normal course of business is primarily dependent on the following key factors:

- The business will generate sufficient cash flows to cover as much as of the operating expenditure; and
- The Government will be financially supportive of the Corporation in continuing its mandate as the national broadcaster.

These events or conditions, along with other matters as set forth in note 1, indicate that the Corporation is primarily dependent on receiving sufficient future Government funding for the continuation of broadcasting operations and the settlement of its obligations in the normal course of business.

3. OTHER INFORMATION

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Namibian Broadcasting Corporation Act, 1991 (Act No. 9 of 1991), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible of overseeing the entity's financial reporting process.

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit, I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for the 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 used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in 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.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.
- 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 audit 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 the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

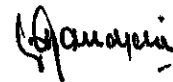
6. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The financial statements were submitted later than required by the Accounting Officer to the Auditor-General on 24 November 2021 not in compliance with Section 26 of the State-Owned Enterprises Governance Act, 2006 (replaced by Public Enterprise Governance Act 2019, (Act no 1 of 2019).

7. ACKNOWLEDGEMENT

The co-operation and assistance by the management and staff of the Namibian Broadcasting Corporation during the audit is appreciated.

WINDHOEK, October 2022



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

NAMIBIAN BROADCASTING CORPORATION
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

	Note	2020 N\$	2019 N\$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	584 600 642	611 451 739
Right-of-use assets	5	39 710 864	-
Intangible assets	6	974 800	1 664 132
Investment properties	7	47 120 338	53 426 500
Joint Venture investment	8	2 200 920	2 200 920
		8 170 100	20 716 625
CURRENT ASSETS			
Inventories	9	1 165	-
Trade and other receivables	10	7 270 377	14 846 962
Cash and cash equivalents	11	898 558	5 869 663
		682 777 664	689 459 916
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves		1 099 870 855	1 099 870 855
Reserves	12 & 13	349 366 510	349 366 510
Accumulated losses		(1 608 389 703)	(1 437 194 818)
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liabilities	5	22 249 122	-
Provisions	15	423 095 000	386 182 000
		396 585 880	291 235 369
CURRENT LIABILITIES			
Trade and other payables	16	302 460 121	228 368 687
Lease liabilities	5	8 450 193	-
Contract liabilities		7 053 865	-
Deferred income	17	11 392 955	-
Provisions	15	55 536 472	55 603 088
Finance lease		-	2 831 978
Bank overdraft	11	11 692 274	4 431 616
		682 777 664	291 235 369
TOTAL EQUITY AND LIABILITIES			

ANNEXURE B

NAMIBIAN BROADCASTING CORPORATION
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH

	Note	2020 N\$	2019 N\$
Revenue		112 075 058	106 036 367
Cost of sales		(33 614 609)	(33 714 482)
Gross profit		78 460 449	72 321 885
Other operating income		214 053 522	268 227 719
Other operating expenses	18	(442 044 203)	(436 171 917)
Operating loss		(149 530 232)	(95 622 313)
Finance income		223 772	374 829
Finance costs	19	(3 569 132)	(1 838 526)
PRMA actuarial gain		-	(12 342 000)
Fair value adjustments		(5 157 163)	(1 380 677)
Loss for the year		(158 032 755)	(110 808 687)
Other comprehensive income		-	-
Total comprehensive loss		(158 032 755)	(110 808 687)

ANNEXURE C

NAMIBIAN BROADCASTING CORPORATION
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH

	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
	Capital Reserve	Statutory Reserve Fund	Revaluation Reserve	Other Reserve Fund	Total Reserves	Accumulated Loss	Total Equity		
Balance at 1 April 2018	1 099 870 855	3 369 269	331 893 535	18 350 623	353 613 427	(1 326 386 131)	127 098 151		
Loss for the year	-	-	-	-	-	(110 808 687)	(110 808 687)		
Other comprehensive income	-	-	-	-	-	-	-		
Total comprehensive loss for the year	-	-	-	-	-	(110 808 687)	(110 808 687)		
Transfer to liabilities	-	-	-	(6 556)	(6 556)	-	(6 556)		
Correction of prior period error	-	-	(4 240 361)	-	(4 240 361)	-	(4 240 361)		
Total contributions by and distributions to owners of NBC	-	-	(4 240 361)	(6 556)	(4 246 917)	-	(4 246 917)		
Opening balance as previously reported adjustment	1 099 870 855	3 369 269	327 653 174	18 344 067	349 366 510	(1 437 194 819)	12 042 546		
Adjustment due to first time adoption of IFRS 15	-	-	-	-	-	(13 162 129)	(13 162 129)		
Balance at 01 April 2019 as restated	1 099 870 855	3 369 269	327 653 174	18 344 067	349 366 510	(1 450 356 948)	(1 119 253)		
Loss for the year	-	-	-	-	-	(158 032 755)	(158 032 755)		
Other comprehensive income	-	-	-	-	-	-	-		
Total comprehensive loss for the year	-	-	-	-	-	(158 032 755)	(158 032 755)		
Balance at 31 March 2020	1 099 870 855	3 369 269	327 653 174	18 344 067	349 366 510	(1 608 389 703)	(159 152 338)		
Note		12	13	14					

ANNEXURE D

NAMIBIAN BROADCASTING CORPORATION
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH

	2020	2019
Note	N\$	N\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(158 032 755)	(110 808 687)
Adjustments for:		
Depreciation charges for property, plant and equipment	32 696 588	47 275 055
Amortisation charges for intangible assets	738 134	425 043
Depreciation charges for right-of-use assets	8 352 113	-
Fair value adjustment on investment properties	5 157 163	1 380 677
Inventory write down	-	(118 285)
Finance lease - interest	2 236 554	404 248
Unrealised foreign exchange gain	28 675	258 385
Movement in provision for doubtful debts	3 028 590	568 811
Movement in leave pay provision	1 257 628	(2 329 662)
Movement in audit fee provision	154 846	(18 522)
Movement in bonus provision	(947 413)	2 994 786
Movement in provision for royalties	(91 677)	(36 495)
Movement in severance pay provision	144 000	(37 000)
Movement in Post-Retirement Medical Aid provision	36 329 000	49 847 000
Changes in working capital:		
Inventories	(1 165)	5 364
Trade and other receivables	3 058 757	2 486 221
Trade and other payables	59 015 467	18 123 937
Contract liabilities	7 053 865	-
Deferred income	11 392 955	-
Net cash flow to operating activities	11 571 325	10 420 876
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	4 (4 949 050)	1 774 824
Sale of property, plant and equipment	4 252 559	-
Purchase of right-of-use assets	5 (10 625 000)	-
Additions to investment properties	7 -	(3 823 177)
Investment in Joint Ventures	*8 -	(250 000)
Purchase of other intangible assets	6 (48 802)	-
Net cash flow to investing activities	(15 370 293)	(2 298 353)

*Does not correspond to the note 8 on page 47.

ANNEXURE D

NAMIBIAN BROADCASTING CORPORATION
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH (Continued)

	2020	2019
Note	N\$	N\$
CASH FLOWS FROM FINNCING ACTIVITIES		
Finance lease payment	(7 100 217)	(5 780 156)
Finance charges	(1 332 578)	(1 434 278)
Other movement in statement of changes in equity	-	(4 240 361)
Net cash flow to operating activities	(8 432 795)	(11 454 795)
TOTAL CASH MOVEMENT FOR THE YEAR		
	(12 231 763)	(3 332 279)
Cash at the beginning of the year	1 438 047	4 770 319
TOTAL CASH AT END OF THE YEAR	(10 793 716)	1 438 047

11

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements, the Companies Act of Namibia and as required by Namibian Broadcasting Act.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

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

Significant judgements and estimates include:

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Allowance for slow moving, damaged and obsolete inventory

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

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable (not based on observable market data). This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The company recognises transfers between levels of the fair value at the end of the reporting period during which the change has occurred.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the key assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets.

Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Revenue from contracts with customers

Revenue from contracts with customers involving sale of goods When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Determination of variable consideration

Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the company where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit losses, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset, net of deferred tax.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.3 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Buildings	Straight line	50 years
Plant and machinery	Straight line	5-20 years
Motor vehicles	Straight line	5 years
Computer equipment	Straight line	3-5 years
Furniture and fixtures	Straight line	1-10 years

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

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.4 Leases (continued)

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.4 Leases (continued)

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.4 Leases (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.5 Intangible assets (Continued)

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

An amortisation period of 3 years has been selected for the system as this is the period of the contract that the NBC have with the sole African supplier and administrator of this software.

1.6 Investment properties

Investment properties is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment properties will flow to the enterprise, and the cost of the investment properties can be measured reliably.

Investment properties is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment properties, the carrying amount of the replaced part is derecognised.

Fair values are determined based on a regular evaluation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Subsequent to initial measurement investment properties is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.7 Joint ventures

An interest in a joint venture is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, interests in joint ventures are carried in the statement of financial position at cost adjusted for post-acquisition changes in the company's share of net assets of the joint venture, less any impairment losses.

The company's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in a joint venture in excess of the company's interest in that joint venture, including any other unsecured receivables, are recognised only to the extent that the company has incurred a legal or constructive obligation to make payments on behalf of the joint venture.

Any goodwill on acquisition of a joint venture is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the company and a joint venture are eliminated to the extent of the company's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the company.

When the company loses joint control, the company proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories are carried at the weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.8 Inventories (Continued)

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of 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.

Inventories consist of decoders which are required for viewing digital TV.

The decoders are sold below cost price (two price bands to accommodate vulnerable groups to the general public), as agreed by Cabinet, and at agreed dealership values to 3rd party retailers. As the future sales within the price ranges are not known, the inventory has been written down to average selling price for the financial year as net realisable values.

1.9 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

- Financial assets at amortised cost;
- Financial assets at fair value through profit or loss - held for trading;
- Financial liabilities at amortised cost;
- Financial liabilities as leases.

Note 25 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company, except for leases, are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 10).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.9 Financial instruments (continued)

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other receivables denominated in foreign currencies

When Trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses).

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 10.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 19).

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.9 Financial instruments (continued)

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the Trade and other receivables (note 10) and the financial instruments and risk management note (note 25).

Trade and other payables

Classification

Trade and other payables (note 16), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 25 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.9 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

In the Statements of financial positions, bank overdrafts are under current liabilities.

Cash and cash equivalents are stated at carrying amount which is deemed to be amortised cost.

Derecognition

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.10 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the NBC's cash management.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are expensed as an employee benefit expense in profit or loss when the related employee services are rendered by employees.

The NBC operates a defined contribution pension plan, which requires contributions to be made to a separately administered fund (NBC Retirement Fund). The NBC Retirement Fund, in terms of Section of the Income Tax Act, Act 24 of 1981, as amended, the Fund is classified as a provident fund. The Fund is a defined contribution fund and is administered in terms of its rules of the Fund and the Pension Funds Act.

The NBC also provides certain additional post employment healthcare benefits to employees in Namibia. These benefits are unfunded.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.11 Employee benefits (Continued)

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the NBC recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The NBC recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in the statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

1.12 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.12 Provisions and contingencies (Continued)

Provision for royalties

The NBC is required to pay royalties to the Namibian Society of Composer and Authors of Music (NASCAM) annually for the use of music in Namibia at varying percentages of different revenue streams.

Provision for audit fee

As a registered company in Namibia, annual statutory audit is conducted annually subsequent to the submission of annual financial statements to the Office of Auditor General.

Severance pay provision

The actuarial gains and losses from changes in severance pay provision will be recognised in profit or loss.

Post-retirement medical aid (PRMA) provision

The obligation to pay medical aid contributions after retirement is no longer part of the conditions of employment for employees engaged after 1 January 2015. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit for current employees is dependent upon the employee remaining in service until retirement and completing a minimum service period of ten years. The NBC provides post-retirement medical benefits for pensioners and current employees. The unfunded liability for post-retirement medical aid benefits is determined actuarially each year. The actuarial gains and losses from changes in PRMA provision will be recognised in profit or loss if any.

Continuation members, for the purposes of this report, are former employees and the spouses of deceased employees who are currently receiving a monthly PRMA subsidy scheme payment.

The Employer pays a PRMA subsidy of 100% of the medical aid contribution in respect of continuation members who retired and their dependants. The PRMA subsidy continues to the dependants should the main member dies. In the event of a qualifying employee dying, a PRMA subsidy of 66.67% applies in respect of the medical aid contributions payable by the dependants.

1.13 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.13 Impairment of assets (Continued)

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than

1.14 Reserves

Capital reserve

The Capital reserve consists of book value of assets taken over from the South West African Broadcasting Corporation plus the total Government subsidies received for capital projects since the inception of the NBC.

Aid Fund

Historically, this Fund was established in the early 90's and was utilised by the employees through a repayable loan to acquire household items such as TV set, fridges etc. The Fund is currently in disuse because up to last year when NBC introduced a moratorium, employees made use of staff advances to cover such needs.

Housing Fund

This Fund was also established to cater for the housing needs of the employees, however in view of the increase in housing prices over the year, the original idea around this Fund became impractical. NBC rather established a housing scheme through which employees can approach commercial banks for their housing needs and NBC caters for a housing subsidy as support.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.14 Reserves (Continued)

HR recommendations

The funding is readily available with commercial entities, our HR advice is that NBC should rather leave such assistance to such commercial

entities, especially in view of the financial risk involved with such Funds.

1.15 Revenue

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinctive good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

The company will recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. When the following criteria are satisfied the sale of goods are recognised:

- Contracts with a customers are identified;
- The performance obligations in the contract is identified;
- The transaction price is determined;
- The transaction price is allocated to the performance obligations in the contract;
- When the company satisfies a performance obligation.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.15 Revenue (continued)

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

Contract liabilities

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

Refund liabilities

Refund liabilities are recognised where the company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

1.16 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.16 Cost of sales (Continued)

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the company right to recover products from customers where customers exercise their right of return under the company returns policy.

1.17 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, unless the capitalisation criteria are met then they are capitalised.

1.18 Government grants

Government grants are recognised when there is reasonable assurance that:

- the company will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are .

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional

depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

1.19 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the company receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the company initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, company determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a nonmonetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Namibia Dollars by applying to the foreign currency amount the exchange rate between the Namibia Dollar and the foreign currency at the date of the cash flow.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

2. CHANGES IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 15 Revenue from Contracts with Customers

Summary of Adjustments:

Channel Distribution Fee and TV Licensing

The adjustment relating to Channel Distribution and TV Licensing relates to a change in accounting policy required by IFRS 15.31 read with IFRS 15.35 that requires revenue to be recognised as the performance obligations are met over a period of time as the simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Impact of changes in accounting policy:	Revenue recognised under IAS 18 for the year ended 31 March 2019	Revenue recognised under IFRS 15 for the year ended 31 March 2019	Cumulative impact of IFRS 15 Implementation recognised in opening Retained Earnings
	N\$	N\$	N\$
	30 520 236	13 162 129	17 358 107
Channel distribution fee	11 331 540	5 665 770	5 665 770
TV licensing	19 188 696	7 496 359	11 692 337

Application of IFRS 9 Financial Instruments

The adoption of IFRS 9 had the following impact on the NBC:

- Change from the IAS 39 incurred loss model to the Expected Credit Loss (ECL) model to calculate impairment of financial instruments.
- Change in classification of the measurement categories for financial instruments.

Changes in accounting policies from the adoption of IFRS 9 have been applied retrospectively however, NBC has elected not to restate comparative information. Differences between the carrying amounts as at 31 March 2019 and 01 April 2019 resulting from the initial application of IFRS 9 are recognised in retained earnings. Accordingly, information relating to 31 March 2019 does not reflect the requirements of IFRS 9 but rather those of IAS 39.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

2. CHANGES IN ACCOUNTING POLICY (Continued)

On 1 April 2019, the NBC's management has assessed which business models apply to the financial assets held by the NBC and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Classification and measurement of financial assets

Current assets	IAS 39	IFRS 9
Trade and other receivables	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost
	N\$	N\$
Carrying amount	3 713 693	15 817 489
Trade and other receivables	2 815 135	9 947 826
Cash and cash equivalents	898 558	5 869 663

Carrying amount	IAS39	IFRS9
Trade and other payables	Amortised cost	Amortised cost
	N\$	N\$
Carrying amount	60 354 287	47 833 204
Trade and other payables		

Impairment

Before the adoption of IFRS 9 the group calculated the allowance for credit losses using the incurred loss model. Under the incurred loss model, the NBC assessed whether there was any objective evidence of impairment at the end of each reporting period. If such evidence existed the allowance for credit losses in respect of financial assets at amortised cost were calculated as the difference between the asset's carrying amount and its recoverable amount, being its present value of the estimated future cash flows discounted at the original (Effective Interest Rate) EIR.

Under IFRS 9 the corporation calculates the allowance for credit losses based on ECLs for financial assets measured at amortised cost and debt investments at Fair Value through Other Comprehensive Income (FVOCI). ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the NBC expects to receive). ECLs are discounted at the original EIR of the financial asset.

The NBC applies the simplified approach to determine the ECL for trade receivables. This results in calculating lifetime ECLs for trade receivables. ECLs for trade receivables is mainly calculated using a provision matrix. For mobile trade receivables ECLs are determined using a simplified parameter-based approach.

NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

2. CHANGES IN ACCOUNTING POLICY (Continued)

	Previously as reported	IFRS 9 adjustment	As reported
	N\$	N\$	N\$
Expected credit loss agreement	1 440 228	1 588 362	3 028 590
Statement of financial statement	11 289 860	(8 474 725)	2 815 135
Trade and other receivables	14 281 833	(5 446 135)	8 835 698
Expected credit loss allowance	(2 991 973)	(3 028 590)	(6 020 563)

Application of IFRS 16- Leases

In these financial statements, the NBC has applied IFRS 16 for the first time. The NBC has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The NBC has not restated comparative information for 2019 applying the transitional provisions in Appendix C to IFRS 16 and has recognised a cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings. The nature of the changes in accounting policies can be summarised, as follows:

Impact of changes in accounting policy:

01 April 2019
N\$

Statement of financial position

Lease Liability 31 March 2019 as previously disclosed	2 831 978
Lease Asset 31 March 2019 as previously disclosed	2 304 110
Lease Liability as remeasured under IFRS 16	21 989 746
Right of Use Asset as remeasured under IFRS 16	21 989 746

Statement of comprehensive income

Short-term lease expenses recognised under practical expedient IFRS 16.6	371 306
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NAMIBIAN BROADCASTING CORPORATION
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

3. NEW STANDARDS AND INTERPRETATIONS

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Covid-19-Related Rent Concessions-Amendments to IFRS 16	01 June 2020	Unlikely there will be a material impact
• Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7	01 January 2020	Unlikely there will be a material impact
• Presentation of Financial Statements: Disclosure initiative	01 January 2020	Unlikely there will be a material impact
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01 January 2020	Unlikely there will be a material impact
• Definition of a business - Amendments to IFRS 3	01 January 2020	Unlikely there will be a material impact

3.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non- Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	Unlikely there will be a material impact
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 41	01 January 2022	Unlikely there will be a material impact

ANNEXURE E

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

4. PROPERTY, PLANT & EQUIPMENT

	2020		2019			
	Cost or revaluation N\$	Accumulated depreciation N\$	Carrying value N\$	Cost or Revaluation N\$	Accumulated depreciation N\$	Carrying value N\$
Buildings	351 480 251	(25 799 825)	325 680 426	350 022 944	(20 382 821)	329 640 123
Plant and machinery	669 440 950	(428 191 905)	241 249 045	669 113 212	(404 652 203)	264 461 009
Motor vehicles	19 625 510	(19 152 691)	472 819	20 888 306	(17 802 327)	3 085 979
Plant & machinery WIP	8 326 603	-	8 323 603	4 361 095	-	4 361 095
Computer & office equipment	30 126 787	(24 681 603)	5 445 184	29 829 819	(23 302 321)	6 527 498
Buildings WIP	3 426 565	-	3 426 565	3 376 035	-	3 376 035
Total	1 082 426 666	(497 826 024)	584 600 642	1 077 591 411	(466 139 672)	611 451 739

NAMBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

4 PROPERTY, PLANT & EQUIPMENT

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposal	Reclassification	Depreciation	Total
	N\$	N\$	N\$	N\$	N\$	N\$
Buildings	329 640 123	308 307	-	1 149 000	(5 417 004)	325 680 426
Plant and machinery	264 461 009	327 737	-	-	(23 539 701)	241 249 045
Motor vehicles	3 085 979	-	(252 559)	-	(2 360 601)	472 819
Plant & machinery WIP	4 361 095	3 965 508	-	-	-	8 326 603
Computer & office equipment	6 527 498	296 968	-	-	(1 379 282)	5 445 184
Buildings WIP	3 376 035	50 530	-	-	-	3 426 565
Total	611 451 739	4 949 050	(252 559)	1 149 000	(32 696 588)	584 600 642

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Correction of prior period error	Disposal	Depreciation	Total
	N\$	N\$	N\$	N\$	N\$	N\$
Buildings	337 004 153	8 176 559	(10 608 000)	481 686	(5 414 275)	329 640 123
Plant and machinery	299 767 214	308 587	-	-	(35 614 792)	264 461 009
Motor vehicles	6 752 617	-	-	-	(3 666 638)	3 085 979
Plant & machinery WIP	4 361 095	-	-	-	-	4 361 095
Computer & office equipment	8 790 561	316 286	-	-	(2 579 349)	6 527 498
Buildings WIP	3 344 291	31 744	-	-	-	3 376 035
Total	660 019 931	8 833 176	(10 608 000)	481 686	(47 275 054)	611 451 739

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH

4 PROPERTY, PLANT & EQUIPMENT (continued)

Details of properties

Fair value of the properties was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property. As at the date of revaluation on 1 June 2018, the properties' fair values are based on valuations performed by an accredited independent valuer; Ubuso Property Services CC. Next revaluation is estimated to take place on 1 July 2021 or another appropriate date.

The land and buildings during 2019 comprise of:

Owned

- Windhoek TVHQ Erf 6922 (Size 41586m²)
- Windhoek radio building and houses Erf 6866 (47085m²)
- Otjiwarongo Studios Erf 33 (Size 2149m²)
- Oshakati Transmitter Building Erf R/992
- Keetmanshoop Studios Erf 243 (Size 1209m²)
- Katima Mulilo office block Erf 501 (Size 6990m²)
- Kamanjab (New Site)
- Hoffnung Transmitter Portion 4 Farm Hoffnung Div K (299997m²)
- Kamanjab Transmitter Site Sec 20 of farm no 190
- Gobabis Transmitter Site Sec 52 Erf 114 (160000m²)
- Keetmanshoop UR Transmitter Site
- Signalberg Transmitter Site Farm Gauss 46 B
- Security Guard House
- Oshakati Office Building Erf 939

Investment properties

- Katima Mulilo office block Erf 390 (Size 600m²)
- Windhoek Maytime Flats Erf 1114 (Size 2710m²)
- Katima Dwelling Erf 503 (Size 600m²)
- Windhoek Radio Houses Erf 6866
- Oshakati Flats Erf 1033
- Oshakati Erf 991
- Oshakati Guesthouse Erf 1032
- Katima Mulilo Erf 390 (600m²)

**NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH**

4 PROPERTY, PLANT & EQUIPMENT (continued)

Permission To Occupy (PTO)/ Leasehold

- Eenhana (Container)
- Tsandi and Okahao (Container)
- Tsumkwe Office Block Erf 52 (Size 5497m)
- Rundu Incl Guesthouse
- Aminus Transmitter Site
- Andara Transmitter Site
- Arendsnes Transmitter Site
- Bethanie Transmitter Site
- Ekuli Transmitter Site
- Epukiro Transmitter Site
- Gam Transmitter Site
- Gross Hertzog Transmitter Site
- Katima Mulilo Transmitter Site
- Klein Waterberg Transmitter Site
- Klein Windhoek Transmitter Site
- Mariental Transmitter Site
- Nkurenkuru Transmitter Site
- Okongo Transmitter Site
- Opuwo Transmitter Site
- Rietfontein Transmitter Site
- Rossing Transmitter Site
- Shamvura Transmitter Site
- Stampriet Transmitter Site
- Uis Transmitter Site

Permission To Occupy (PTO) refers to buildings which are being utilised by the NBC which have been revalued. Land is not included in the valuation as it is not owned by the NBC.

Adjustment to Property, Plant and Equipment (PPE)

During the statutory audit of 2018 financial years accounting records, the auditors noted that the revaluation of the properties was not done correctly. After consultation with the auditors and other stakeholders, the Auditor-General will only allow adjustments to be made in the 2019 financial year. Correction of prior period error is N\$ 10 608 000. Of this amount, N\$ 10 300 000, is related to the removal of erf 987, Oshakati, from the fixed asset register. It was noted that this erf was erroneously captured. Related revaluation was also corrected.

The NBC has no property, plant and equipment pledged as security or restricted in any way.

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH

4 PROPERTY, PLANT & EQUIPMENT (continued)

Had the Corporation's land and buildings been measured on a historical cost basis, their carrying amount would have been as follows:

	2020	2019
	N\$	N\$
Land & Buildings	136 459 167	145 031 139

The net book value of leased motor vehicle is N\$ Nil (2019: N\$ 2 304 110). Finance leases of motor vehicles are entered into with PC Centre, where lease payments are payable in advance on a monthly basis. The lease with PC Centre ended on 12 October 2019 with no option to renew.

The NBC entered into vehicle lease agreements with Avis Fleet Namibia in June 2019 for the lease of vehicles for a period of 5 years. The lease payments are payable monthly in arrears.

5. LEASES (COMPANY AS LESSEE)

The company adopted IFRS 16 for the first time in the current financial period. Comparative figures have been accounted for in accordance with IAS 17 and accordingly, any assets recognised under finance leases in accordance with IAS 17 for the comparative have been recognised as part of property, plant and equipment. The information presented in this note for right-of-use assets therefore only includes the current period.

Right-of-use assets

Reconciliation of right-of-use assets - 2020

	Vehicles	Buildings	Farm Space	4K HD Fly Away Kit	Total
	N\$	N\$	N\$	N\$	N\$
As at 01 April 2019	3 071 341	1 315 861	17 602 544	-	21 989 746
Additions	13 573 231	-	-	12 500 000	26 073 231
Depreciation expense	(1 950 796)	(292 414)	(4 233 903)	(1 875 000)	(8 352 113)
As at 31 March 2020	14 693 776	1 023 447	13 368 641	10 625 000	39 710 864

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH

5. LEASES (continued)

	2020	2019
	N\$	N\$
Lease liabilities		
Set out below are the carrying amounts of lease liabilities and the movements during the period:		
Balance as at 1 April	21 989 746	-
Additions	13 573 231	-
Accretion of interest	2 236 554	-
Payments	(7 100 216)	-
As at 31 March	30 699 315	-
Non-current liabilities	22 249 122	-
Current liabilities	8 450 193	-
	30 699 315	-

The maturity analysis of lease liabilities is disclosed in note 26.

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	8 352 113	-
Expenses on short term leases (included in cost of sales)	2 236 554	-
Variable lease payments (included in cost of sales)	371 306	-
Expense relating to zero-value lease (included in cost of sales)	7 100 217	-
	18 060 190	-

The incremental borrowing rate used is 9.25%.

The IBR rate has been provided as prime minus 1. The prime rate being defined as the publicly quoted basic rate of interest (percent, per annum, compounded monthly in arrears and calculated on a 365-day year) from time to time published by FNB as being its prime overdraft rate.

ANNEXURE E

NAMIBIAN BROADCASTING CORPORATION
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

6. INTANGIBLE ASSETS

	2020		2019			
	Cost/valuation N\$	Accumulated amortization N\$	Carrying value N\$	Cost/valuation N\$	Accumulated amortization N\$	Carrying value N\$
Computer software	2 478 886	(1 504 086)	974 800	2 430 084	(765 952)	1 664 132

Reconciliation of intangible assets - 2020

	Opening balance N\$	Additions N\$	Amortization N\$	Total N\$
Computer software	1 664 132	48 802	(738 134)	974 800

Reconciliation of intangible assets - 2019

	Opening balance N\$	Additions N\$	Amortization N\$	Total N\$
Computer software	1 815 581	-	(151 449)	1 664 132

Acquisitions during the year

The current intangible assets recognised will be amortised over the periods 2019 to 2021 financial years.

**NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH**

7. INVESTMENT PROPERTIES

	2020		2019			
	Cost/valuation N\$	Accumulated depreciation N\$	Carrying value N\$	Cost/valuation N\$	Accumulated depreciation N\$	Carrying value N\$
Investment property	47 120 338	-	47 120 338	53 426 500	-	53 426 500

Reconciliation of investment properties - 2020

	Opening balance N\$	Reclassification N\$	Additions N\$	Fair value adjustments N\$	Total N\$
Investment property	53 426 500	(1 148 999)	-	(5 157 163)	47 120 338

Reconciliation of investment properties - 2019

	Opening balance N\$	Reclassification N\$	Additions N\$	Fair value adjustments N\$	Total N\$
Investment property	50 984 000	-	3 823 177	(1 380 677)	53 426 500

The fair value of investment property is based on valuations by independent valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

- Maytime flats Erf 1114, measuring 2 710m², situated Windhoek, Namibia.
- Katima Mulilo dwellings, Erf 503, measuring 600m², situated Katima Mulilo, Namibia.
- Houses at NBC Radio, Erf 6866, measuring 1790m², situated Windhoek, Namibia.
- Rundu guesthouse, Erf 1160, measuring 70m², situated Rundu, Namibia.

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH

8. INVESTMENT IN JOINT VENTURE: ODTV

Joint ventures

The following table lists all of the joint ventures in the company:

Name of company	% ownership interest	% ownership interest	Carrying amount	Carrying amount
	2020	2019	2020	2019
			N\$	N\$
ODTV	50%	50%	2 200 920	2 200 920

The NBC entered into a JV agreement with ODTV on 18 November 2016 to jointly provide broadcasting services, whereas the parties into to enter into a Joint Venture together, in accordance with the existing Memorandum of Understanding signed on 11 February 2015. This is envisaged to create inter alia a Hybrid Pay Television Platform as well as additional related Television and Radio services in and out of the country of Namibia based on the parties' current respective capability, expertise and contribution. During the year, NBC has increased its investment in joint venture.

	2020	2019
	N\$	N\$
	1 165	-
Decoders	1 165	5 364
Inventories (write-downs)	-	(5 364)

9. INVENTORIES

The decoders required for viewing digital TV are sold below cost price (two price bands to accommodate vulnerable groups), as agreed by the Cabinet. As the future sales within each of the two price bands are not known, the inventory has been written down to average selling price of the financial year.

10. TRADE AND OTHER RECEIVABLES

Financial instruments:

Trade receivables	8 835 698	12 939 799
Provision for impairment of receivables	(6 020 563)	(2 991 973)
Trade receivables at amortised cost	2 815 135	9 947 826
Staff debtors	1 533 271	487 927
Non-financial instruments: Receiver of Revenue: VAT	2 921 971	4 411 209
Total trade and other receivables	7 270 377	14 846 962

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH

2020	2019
N\$	N\$

10. TRADE AND OTHER RECEIVABLES (continued)

Exposure to credit risk

Trade receivables are non-interest bearing and are generally on terms of 30 days.

No trade receivables have been pledged as collateral for liabilities or contingent liabilities.

As at 31 March 2020, trade receivables with an initial carrying value of N\$ 6 020 563 (2019: N\$ 2 991 973) were impaired and fully provided for.

See below for the movements in the provision for impairment of receivables.

	6 020 563	2 991 973
Opening balance	2 991 973	2 423 162
Bad debt provision movement	3 028 590	568 811

The ageing of receivables are as follows:

	2020	2020	2019
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default
	N\$	N\$	N\$
Neither past due nor impaired	(1 205 141)	-	6 322 874
Less than 30 days	2 754 319	139 612	1 177 020
31 - 90 days	133 145	205 322	664 455
over 90 days	7 153 375	5 675 629	4 775 450
Total	8 835 698	6 020 563	12 939 799

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 MARCH

	2020	2019
	N\$	N\$
11. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:	(10 793 716)	1 438 047
Cash on hand	32 576	30 589
Bank balances	865 982	5 839 074
Bank overdraft	(11 692 274)	(4 431 616)
	(10 793 716)	1 438 047
Current assets	898 558	5 869 663
Current liabilities	(11 692 274)	(4 431 616)
<p>The cash at banks earn interest at floating rates based on the daily bank deposit rates.</p> <p>The entity has not pledged any of its cash and cash equivalents to fulfil collateral requirements:</p> <p>Overdraft facility was a very short term facility which was granted on the 25th of March 2020 and cleared/settled on the 14th of April 2020.</p>		
12. STATUTORY RESERVE FUND	3 369 269	3 369 269
Depreciation fund	2 952 085	2 952 085
Redemption Fund	417 184	417 184
13. REVALUATION RESERVE	327 653 174	327 653 174
Opening balance	327 653 174	331 893 535
Movement during the year	-	(4 240 361)
14. OTHER RESERVE FUND	18 344 067	18 344 067
General reserve fund	25 945 625	25 945 625
Profit and loss reserve fund	(9 591 240)	(9 591 240)
Housing fund	1 419 554	1 419 554
Aid fund	552 264	552 264
Motor insurance investment	10 827	10 827
Internal insurance fund	7 039	7 039
15. PROVISIONS		
Non-Current Liabilities	423 095 000	386 182 000
Provision for post - retirement medical aid	418 961 000	382 618 000
Severance pay provision	4 134 000	3 564 000

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH

	2020	2019
	N\$	N\$
15. PROVISIONS (Continued)		
Liabilities	55 536 472	55 603 088
Provision for post - retirement medical aid	15 389 000	15 403 000
Severance pay provision	123 000	549 000
Provision for royalties	1 702 303	1 793 980
Provision for audit fees	356 394	201 548
Provision for bonus	2 047 373	2 994 786
Employee leave provision	35 918 402	34 660 774

Reconciliation of provisions - 2020

	Opening balance	Additions	Utilised during the year	Total
	N\$	N\$	N\$	N\$
Employee leave provision	34 660 774	1 779 905	(522 277)	35 918 402
Severance pay provision	4 113 000	144 000	-	4 257 000
Provision for post - retirement medical aid	398 021 000	36 329 000	-	434 350 000
Provision for royalties	1 793 980	-	(91 677)	1 702 303
Provision for audit fees	201 548	154 846	-	356 394
Provision for bonus	2 994 786	(947 413)	-	2 047 373
	441 785 088	37 460 338	(613 954)	478 631 472

Reconciliation of provisions - 2019

	Opening balance	Additions	Utilised during the year	Total
	N\$	N\$	N\$	N\$
Employee leave provision	36 990 436	-	(2 329 662)	34 660 774
Severance pay provision	4 150 000	-	(37 000)	4 113 000
Provision for post - retirement medical aid	348 174 000	49 847 000	-	398 021 000
Provision for royalties	1 830 474	-	(36 494)	1 793 980
Provision for audit fees	220 068	-	(18 520)	201 548
Provision for bonus	-	2 994 786	-	2 994 786
	391 364 978	52 841 786	(2 421 676)	441 785 088

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH

	2020	2019
	N\$	N\$
15. PROVISIONS (Continued)		
Employee leave provision		
The provision is based on all accumulated leave up to 90 days. No leave in excess of 90 days has been recognized, as NBC limits the pay-out of leave to 90 days when an employee departs. For employees joined from 1 July 2016, the limit is changed from 90 days to 45 days.		
Severance pay provision		
Amounts recognised in the statement of financial position:		
Net liability at beginning of year	4 113 000	4 150 000
Actuarial loss/(gain):		
From changes in financial assumptions	(549 000)	(973 000)
Net expense recognised in income statement	693 000	936 000
Net liability at end of year	4 257 000	4 113 000
Amounts recognised in profit or loss:	144 000	(37 000)
Current service costs	363 000	412 000
Past service costs	-	174 000
Interest costs	330 000	372 000
Benefit payments	-	(22 000)
Actuarial loss	(549 000)	(973 000)
The principal actuarial assumptions applied are:		
Discount rate	8.20	8.20
Salary inflation rate	5.50	5.50
Sensitivity analysis:		
On discount and salary inflation rate	508 048	506 000
1% increase in trend rate - decrease in the aggregate of the service and interest costs	35 343	35 000
1% increase in trend rate - decrease in the obligation	211 147	204 000
1% decrease in trend rate - increase in the aggregate of the service and interest costs	40 194	40 000
1% decrease in trend rate - increase in the obligation	221 364	227 000

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH

	2020	2019
	N\$	N\$
15 PROVISIONS (Continued)		
Provision for post - retirement medical aid		
Amounts recognised in the statement of financial position:	434 350 000	398 021 000
Net liability at beginning of year	398 021 000	348 174 000
Actuarial loss/(gain):		
Net expense recognised in income statement	-	-
Employer contributions	36 329 000	49 847 000
Amounts recognised in profit or loss:	36 329 000	49 847 000
Current services costs	11 336 000	12 594 000
Interest costs	40 396 000	37 267 000
Benefits payments	(15 403 000)	(12 356 000)
Recognised in OCI – actuarial (gain)/loss	-	12 342 000

The PRMA valuation was performed by I3 Actuaries and Consultants, in accordance to the stands of Actuarial Practice 201, issued by the Actuarial Society of South Africa.

No valuation was performed in FY 2020, the latest valuation performed was on 31 March 2021, for both the FY 20 and FY 21 years.

16. TRADE AND OTHER PAYABLES

	302 460 121	228 368 687
Financial instruments:		
Trade payables	38 940 972	32 139 389
Other payables	795 451	909 909
Non-financial instruments:		
Pension pay-outs for deceased staff	-	458 716
Payroll related payables	20 617 863	14 375 190
PAYE-Capital	142 892 658	110 592 310
Penalties and interest on outstanding PAYE	96 825 453	67 519 547
Import VAT - Capital	55 080	57 086
Penalties and interest on import VAT	2 332 644	2 316 540

The NBC has entered into a payment plan to settle the taxes (VAT, import VAT and PAYE) owed to the receiver of revenue.

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH

17. DEFERRED INCOME

As at 31 March 2020, the NBC has refund liabilities of N\$ 11 392 955 (2019: N\$ nil).

Heading	Carriage Fees	TV Licensing	Total
	N\$	N\$	N\$
Opening Balance	5 665 770	7 496 359	13 162 129
Released to I/S	(10 590 268)	(10 615 182)	(21 205 450)
New refund liabilities arising during the year	10 833 896	8 602 380	19 436 276
	5 909 398	5 483 557	11 392 955
		2020	2019
		N\$	N\$

18. OPERATING LOSS

Operating loss for the year is stated after charging / (crediting) the following, amongst others:

Expenses by nature	442 044 203	436 171 917
Amortisation of intangible assets	738 134	425 043
Auditor's remuneration - internal	480 250	201 548
Bad debts	3 653 100	942 400
Freelancer's /artist fees	10 315 318	10 281 419
Consumables	1 046 114	2 089 780
Depreciation on property, plant and equipment	41 048 700	47 275 055
Depreciation on right-of-use assets	8 352 113	-
Employee costs	250 770 973	263 756 519
Hire Facilities	743 448	1 071 820
Insurance	1 625 996	1 572 133
Loss on VAT	3 028 591	568 811
Printing stationery	1 457 168	1 463 243
Repairs and maintenance	8 649 841	7 067 209
Security	4 412 933	4 113 567
Software licenses	1 384 603	878 200
Subscriptions	1 034 039	950 885
Telephone and email	8 708 018	7 334 193
Travel and S&T	5 566 577	7 496 400
Vehicle lease, maintenance and fuel	2 912 474	4 825 985
Water and electricity	23 182 114	27 606 648
Other expenses	62 933 699	46 251 059

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH

	2020	2019
	N\$	N\$
19. FINANCE COSTS	3 569 132	1 838 526
Interest paid - finance lease	2 236 554	404 248
Bank overdraft	1 332 578	1 434 278
20. STAFF AND RETIREMENT BENEFIT COSTS		
Total number of employees	676	579
Permanent employees	425	448
Contract workers	251	131
Employment cost: existing employees	234 362 826	248 288 637
Salaries and wages	216 889 931	231 678 703
Provision for leave pay	(1 257 627)	(2 329 662)
Employer's contributions to retirement benefits of current permanent employees	18 730 522	18 939 596
Employment cost: retired staff		
Retired staff: medical aid costs	16 408 146	15 467 881
Remuneration to key management personnel		
Remuneration received	5 270 747	5 455 043

The freelancers / artist fees for the year is N\$ 10 315 318 (2019: N\$ 10 281 419).

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2020

21. CONTINGENCIES AND COMMITMENTS

On 9 September 2011, the NBC has entered into a significant contract with suppliers, Huawei International PTE. Ltd and Huawei Telecommunication Technologies Namibia, for digital equipment which is based in USD. As at 31 March 2020, the status of the contract is as follows:

	USD
Contract amount	50 004 018
Less: assets received	(5 026 160)
Contract value left to be incurred after 2012	44 977 858
Less: incurred in 2013	(4 264 311)
Contract value left to be incurred after 2013	40 713 547
Less: incurred in 2014	(6 924 377)
Contract value left to be incurred after 2014	33 789 170
Less: incurred in 2015	(6 691 413)
Contract value left to be incurred after 2015	27 097 757
Less: incurred in 2016	(7 398 499)
Contract value left to be incurred after 2016	19 699 258
Less: incurred in 2017	(1 899 533)
Contract value left to be incurred after 2017	17 799 725
Less: incurred in 2018	(9 550)
Contract value left to be incurred after 2018	17 790 175
Less: incurred in 2019	-
Contract value left to be incurred after 2019	17 790 175
Less: incurred in 2020	-
Remaining contract value	<u>17 790 175</u>

No hedging instruments have been taken out to protect the NBC from foreign exchange risk. The NBC has valuable archive material which has not been recognised on the statement of financial position due to difficulties in assigning a value despite demonstrable evidence that they are being used to generate economic benefits for the NBC.

Contingent liabilities

Contingent Liabilities amounting to N\$ 409 369 was confirmed by Shikongo Law Chambers and relates to employee related matters.

Retirement benefits - Post-retirement medical aid obligation (PRMA)

The NBC has an obligation to continue to fund 100% of the employees' contribution to Medical Aid after retirement for the employees joined before 1 January 2015. The liability has been actuarially valued as at year end. The plan is a post-employment medical benefit plan.

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

Categories of financial assets

	Note	<u>Amortised cost</u> N\$	<u>Total</u> N\$
2020			
Trade and other receivables*	10	4 348 406	4 348 406
Cash and cash equivalents	11	898 558	898 558
		5 246 964	5 246 964
	Note	<u>Amortised cost</u> N\$	<u>Total</u> N\$
2019			
Trade and other receivables*	10	10 435 753	10 435 753
Cash and cash equivalents	11	5 869 663	5 869 663
		16 305 416	16 305 416

* Trade and other receivables disclosed above is calculated after excluding Value added taxation.

Categories of financial liabilities

	Note	<u>Amortised cost</u> N\$	<u>Leases</u> N\$	<u>Total</u> N\$
2020				
Trade and other payables	16	39 736 423	-	39 736 423
Lease liabilities	5	-	30 699 315	30 699 315
Bank overdraft	11	11 692 274	-	11 692 274
		51 428 697	30 699 315	82 128 012
	Note	<u>Amortised cost</u> N\$	<u>Leases</u> N\$	<u>Total</u> N\$
2019				
Trade and other payables	16	33 049 298	-	33 049 298
Lease liabilities		-	2 831 978	2 831 978
Bank overdraft	11	4 431 616	-	4 431 616
		37 480 914	2 831 978	40 312 892

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Capital risk management

The NBC is 100% owned by the government. The NBC does not hold any other form of share capital.

There are no changes expected in the NBC's approach to capital management during the year. The NBC is not subject to any externally imposed capital requirements.

The NBC's objectives when managing capital are to safeguard the NBC's ability to continue as a going concern in order to provide returns for the shareholder, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the NBC consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents disclosed in note 11, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the NBC monitors capital on the basis of the debt: equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The debt equity ratio at 2020 and 2019 respectively were as follows:

	Note	2020	2019
		N\$	N\$
Lease liabilities		30 699 315	-
Finance lease	16	-	2 831 978
Total borrowings		30 699 315	2 831 978
Cash and cash equivalents	11	(898 836)	(5 869 663)
Net borrowings		29 800 479	(3 037 685)
Equity		(159 152 060)	12 042 547
Gearing ratio		(19)%	(25)%

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2020

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Overview

The NBC's principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the NBC's operations and to provide guarantees to support its operations. The NBC's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The NBC is exposed to market risk, credit risk and liquidity risk. The NBC's senior management oversees the management of these risks. It is the NBC's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, AFS financial assets and derivative financial instruments.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The NBC is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

NBC has the following financial assets subject to the Expected Credit Loss (ECL) model:

-Trade and Other Receivables

-Cash and Cash Equivalents

Application of the ECL model had an immaterial impact on all financial assets except for trade receivables.

Provision Matrix - As the simplified approach is being applied, the amount of ECL to be recognised in the financial statements can be calculated using a provision matrix that is based on loss rates and accounts for contagion. These are to be adjusted based on expert judgement overrides as deemed necessary by the business. ECLs are calculated by applying a loss ratio to the aged balance of trade receivables at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historic/proxy write offs to the payment profile of the sales population. In instances where there was no evidence of historical write offs management used a proxy write off. Trade receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay.

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2020

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations. The historic loss ratio is then adjusted for forward-looking information to determine the ECL for the portfolio of trade receivables at the reporting period to the extent that there is a strong correlation between the forward-looking information and the ECL.

NBC used three year data to determine the payment profile of the sales. Where NBC has information about actual historical write-offs, actual write-offs have been used to determine a historic loss ratio. Alternatively, management has used the proxy write-off based on management's best estimated. NBC has considered quantitative forward-looking information such as core inflation rate. Qualitative assessments have also been performed, of which the impact was found to be immaterial.

Simplified parameter-based approach - ECL is calculated using a formula incorporating the following parameters: Exposure at Default (EAD), Probability of Default (PD), Loss Given Default (LGD) discounted using the Effective Interest Rate (EIR) (i.e. $PD \times LGD \times EAD = ECL$). Exposures are mainly segmented by customer type i.e. corporate, consumer etc., ageing, and months in contract. This is done to allow for risk differentiation. The probability of a customer defaulting as well as the realised loss with defaulted accounts has been determined using historical data (twelve months and thirty six months respectively). The EIR represents a weighted average rate which is representative of the portfolio of customers and incorporates a risk-free rate plus a risk premium on initial recognition of the trade receivables. A qualitative assessment of the impact of forward-looking information has been performed and found to be immaterial.

Trade receivables are written off when there is no reasonable expectation of recovery. This is assessed individually by each operation and includes for example where the trade receivables have been handed over for collection and remain outstanding or the debtor has entered bankruptcy.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the NBC's finance department in accordance with the NBC's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Liquidity risk

Liquidity risk pertains to the likelihood of the NBC failing to meet its obligations when they fall due. Liquidity risk is managed by NBC's Management.

As at year-end, the NBC reflected net current liabilities of N\$ 377 160 503 (2019: N\$ 258 679 744).

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

The NBC has unused short-term borrowing facilities with local financial institutions amounting to N\$ 11 692 036 (2019: N\$ 4 431 616).

	Less than 1 year
	N\$
2020	
Overdraft	11 692 274
Trade and other payable	39 736 423
	51 428 697
	Less than 1 year
	N\$
2019	
Overdraft	4 431 616
Trade and other payable	33 049 298
	37 480 914

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The entity's exposure to the risk of changes in foreign exchange rates relates primarily to some purchases of goods and services from outside Namibia. The NBC does not hedge against foreign exchange fluctuations.

Interest rate risk

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and entails the changes to the profit or loss should there be any changes to the discount rate used in the computation of the preference share liability. For floating rate liabilities, the analysis is prepared on the assumption that the amount of the liability outstanding at the reporting date was outstanding for the whole of the financial year.

A 100 basis point (1%) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH

24. FAIR VALUE INFORMATION

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 2

Recurring fair value measurements

	2020	2019
	N\$	N\$
Financial asset at fair value	55 289 273	74 143 125
Trade and other receivables	7 270 377	14 846 962
Cash and cash equivalents	898 558	5 869 663
Investment properties	47 120 338	53 426 500
Financial liabilities at fair value	384 494 773	272 132 775
Trade and other payables	302 460 121	228 368 687
Contract liabilities	7 053 865	-
Finance lease	44 281 472	43 764 088
Lease liabilities	30 699 315	-
Total	(329 205 500)	(197 989 650)

No changes have been made to the valuation technique.

**NAMIBIAN BROADCASTING CORPORATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2020**

25. GOING CONCERN

We draw attention to the fact that at 31 March 2020, the company had accumulated losses of N\$ (1 608 389 703) and that the company's total liabilities exceed its assets by N\$ (159 152 338).

The annual financial statements of the NBC are prepared on a going concern basis. The board has performed a formal review of the NBC's results and its ability to continue trading as a going concern in the foreseeable future. The directors confirm that they are satisfied that the NBC could have adequate resources, if Government guarantees adequate subsidy to continue in business for the foreseeable future. It is the view of the directors that on-going government funding support will be provided to the National Broadcaster to fulfil its mandate ensuring that the Government achieves/meets the constitutional right of citizens, to be informed and educated.

26. GOVERNMENT FUNDING

The NBC received budget allocation of N\$ 212 088 156 for the 2020 financial year (N\$ 266 652 165 : 2019 financial year) for operational expenditure.

NAMIBIAN BROADCASTING CORPORATION
DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH

	2020	2019
	N\$	N\$
REVENUE	112 075 058	106 036 367
Advertising	55 213 422	56 115 630
Channel distribution fee	11 575 168	11 331 540
TV licensing	19 217 558	19 188 696
Dubbing	82 878	124 523
Production	8 074 425	2 132 529
Rental	3 431 688	3 504 398
Business development	265 863	427 748
Transmitter rental	14 214 056	13 211 303
COST OF SALES	(33 614 609)	(33 714 482)
Programme material, royalties, satellite & transmitter rentals	(27 004 324)	(26 420 366)
Barter agreements	(1 936 576)	(1 202 476)
Closing stock	1 165	-
Production	(1 109 689)	(1 324 597)
Commission & agency fees	(3 565 185)	(4 767 043)
GROSS PROFIT	78 460 449	72 321 885
OTHER OPERATING INCOME	214 053 522	268 227 719
Other income	1 965 366	1 575 554
Tenders	212 088 156	266 652 165
OTHER OPERATING EXPENSES (refer to next page)	(442 044 203)	(436 171 917)
OPERATING LOSS	(149 530 232)	(95 622 313)
Finance income	223 772	374 829
Finance costs	(3 569 132)	(1 838 526)
PRMA actuarial (gain)/loss	-	(12 342 000)
Fair value adjustments	(5 157 163)	(1 380 677)
Loss for the year	(158 032 755)	(110 808 687)

NAMIBIAN BROADCASTING CORPORATION
DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH (CONTINUED)

	2020	2019
	N\$	N\$
OTHER OPERATING EXPENSES	(442 044 203)	(436 171 917)
Advertising	(69 953)	(30 000)
Amortisation	(738 134)	(425 043)
Bad debts	(3 653 100)	(942 400)
Bank charges	(351 487)	(644 114)
Board Fees	(3 505)	(160 428)
Cleaning	(807 662)	(737 437)
Consulting fees	(369 204)	(911 076)
Consumables	(1 046 114)	(2 089 780)
Depreciation	(41 048 700)	(47 275 055)
Employee costs	(250 770 973)	(263 756 519)
Extraordinary items	-	423 956
Foreign exchange losses	(28 675)	(258 385)
Freelancers / artist fees	(10 315 318)	(10 281 419)
Helicopter services	(90 610)	(71 489)
Hire facilities	(743 448)	(1 071 820)
Insurance	(1 625 996)	(1 572 133)
Internal audit fee	(480 250)	(201 548)
Internal audit services	-	(50 322)
Legal fees	(305 970)	(149 465)
Loss on VAT	(3 028 591)	(568 811)
Management fees	(760 729)	(3 330 271)
Marketing and promotions	(682 329)	(1 259 618)
Office rental expenses	(289 884)	(331 887)
Other expenses	(29 322 011)	-
PRMA interest cost	(40 396 000)	(37 267 000)
PRMA service cost	4 067 000	(238 000)
Postage and courier	(919 255)	(336 568)
Printing and stationery	(1 457 168)	(1 463 243)
Protective clothing	(3 890)	-
Refreshments and entertainment	(227 064)	(194 083)
Repairs and maintenance	(8 649 841)	(7 067 209)
Security	(4 412 933)	(4 113 567)
Software licenses	(1 384 603)	(823 157)
Subscriptions	(1 034 039)	(950 885)
Telephone and email	(8 708 018)	(7 334 193)
Training and development	(724 614)	(823 157)
Travel and S&T	(5 566 577)	(7 496 400)
Vehicle lease, maintenance and fuel	(2 912 474)	(4 825 985)

NAMIBIAN BROADCASTING CORPORATION
DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH (CONTINUED)

	<u>2020</u>	<u>2019</u>
	N\$	N\$
OTHER OPERATING EXPENSES (Continued)		
Water and electricity	(23 182 114)	(27 606 648)
Write down of digital decoders	-	118 285