

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

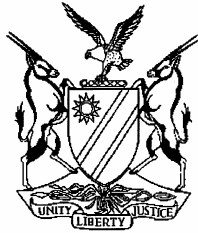
# **FILM AND VIDEO DEVELOPMENT FUND OF THE NAMIBIA FILM COMMISSION**

**FOR THE FINANCIAL YEARS ENDED 31 MARCH 2006, 2007  
& 2008**

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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 Film and Video Development Fund of the Namibia Film Commission for the financial years ended 31 March 2006, 2007 and 2008, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, October 2009**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNTS OF THE NAMIBIA FILM COMMISSION  
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2006, 2007 AND 2008**

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**1. INTRODUCTION**

The Film and Video Development Fund was established in terms of section 14(1) of Namibia Film Commission Act, 2000 (Act 6 of 2000), to administer funds appropriated by Parliament for the purpose of the Fund. The secretary of the Commission is the accounting officer in terms of the Act.

The accounts of Namibia Film Commission for the years ended on 31 March of each of 2006, 2007 and 2008 are being reported on.

The firm PKF (Namibia) has been appointed in terms of section 26(2) of the State Finance Act, 1991, to audit the accounts of the Namibian Film Commission on behalf of the Auditor-General and under his supervision.

**2. FINANCIAL STATEMENTS**

In terms of section 17(2)(a) of the Act, the secretary shall:

"(a) keep such account books as are necessary to represent fairly the state of affairs and business of the Fund and to explain the transactions and financial position of the business of the Fund."

The financial statements are attached to this report.

**3. SCOPE OF THE AUDIT**

3.1 The accounting officer of the Fund is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

The audit as carried out by the said firm, was conducted in accordance with International Standards on Auditing. Those standards require that the firm plans and performs the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The entity's policy is to prepare the financial statements on the basis of accounting as set out in note 1 to the financial statements.

3.2 The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- in all material respects, the expenditure and income have been applied to purposes intended; and
- the financial transactions conform to the authorities which govern them.

## **4. AUDIT OBSERVATIONS AND COMMENTS**

### **4.1 Internal control**

The system of internal control at the Namibian Film Commission was not sufficient for the auditors to rely upon for audit purposes.

The auditors found that there was no proper structure for the retention or filing of documentation. A number of the documents tested could initially not be found but were searched for and produced after the quantity and the magnitude of the amounts involved have been brought to the attention of management. Documents still not found or which were incomplete are valued at N\$ 1 625 928. (See paragraph 4.8). Efforts by management to trace the documentation delayed the audit process.

### **4.2 Minutes of meetings**

Minutes of Commission's meetings held on the following dates could not be provided:

- 27 May 2005
- 6 July 2005
- 19 July 2005
- 20 July 2005
- 1 November 2005
- 14 June 2006
- 26 June 2006
- 23 November 2006
- 14 March 2007
- 29 February 2008

This issue has a qualitative impact more than a quantitative impact on the financial statements. The above indicates non-compliance with the Act which clearly states that the Commission shall cause written records to be kept of the proceedings of its meetings.

### **4.3 Property, plant and equipment**

At the start of the audit the Commission did not have a fixed asset register. The auditors compiled a fixed asset register from prior year information and updated it annually according to the general ledger.

The auditors were not able to confirm the existence and valuation of fixed assets since physical verification procedures could not be performed.

### **4.4 Investments**

The auditors obtained bank statements of the investments and processed interest received.

### **4.5 Cash and bank**

Due to insufficient filing some bank reconciliations could not be provided to the auditors during the audit. The auditors compiled such for audit purposes.

The auditors were unable to verify the transactions and balances of petty cash at year-end due to the lack of a system of internal control. This refers to insufficient filing of supporting documentation and no proper reconciliation of payments.

#### 4.6 Film and Video Development Fund

The auditors compiled a cumulative record of production income and expenditure and administration income and expenditure to present a clear view of how funds were utilised.

#### 4.7 Income

Other income amounting to N\$ 132 835 in 2006, N\$ 228 570 in 2007 and N\$ 806 in 2008 could not be explained nor could any supporting documentation be obtained. The auditors were therefore unable to conclude on the completeness, classification and understandability of such income.

#### 4.8 Expenditure

No supporting documentation with regards to valid invoices or documentation and authorisation could be provided for specific selections made from expense accounts amounting to N\$ 452 268 in 2006, N\$ 105 170 in 2007 and N\$ 102 167 in 2008. The auditors were therefore unable to conclude on the occurrence, accuracy, classification and understandability of expenditure.

#### 4.9 Salaries and wages

The Commission's records did not permit the auditors to satisfy themselves as to the accuracy, classification and occurrence of manpower remuneration amounting to N\$ 26 891 466 in 2006, N\$ 9 781 095 in 2007 and N\$ 367 388 in 2008.

The auditors were unable to ensure that:

- payments were in fact to employees of the contractors. Not all supporting documentation for payments via cheque, cash or bank transfers could be obtained.
- manpower remuneration costs were properly allocated and calculated due to the excel spreadsheets used which could not be reconciled to the general ledger.
- payroll taxes were handled correctly due to none deducted and paid over to the Receiver of Revenue as, per management, employees of the contractors were responsible for their own taxes.

### 5. Financial statements

Financial statements and notes for the years 2006 to 2008 are attached as annexure A, B and C.

#### 5.1 The balance sheets are summarised as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
	N\$	N\$	N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	27 199	94 851	158 644
Investment	129 337	117 956	109 520
	<u>156 536</u>	<u>212 807</u>	<u>268 164</u>

<b>Current assets</b>			
Cash and cash equivalents	3 004 637	8 292 395	5 721 799
Deposit	1 000	-	-
	<u>3 005 637</u>	<u>8 292 395</u>	<u>5 721 799</u>
 Total assets	 <u><u>3 162 173</u></u>	 <u><u>8 505 202</u></u>	 <u><u>5 989 963</u></u>
<b>EQUITY</b>			
Film and Video Development Fund	<u><u>3 162 173</u></u>	<u><u>8 505 202</u></u>	<u><u>5 989 963</u></u>

**5.2** The Fund reflects the following accumulated expenses as costs of production of films and videos:

	N\$	N\$	N\$
Production expenses	80 088 783	76 847 286	63 431 278

## **6. QUALIFIED AUDIT OPINION**

The financial statements of the Film and Video Development Fund of the Namibia Film Commission for the years ended 31 March 2006, 31 March 2007 and 31 March 2008 were audited by me in terms of Section 17(3) of the Namibia Film Commission Act, 2000 read with Section 25(1)(b) of the State Finance Act, 1991.

### **Qualification matters**

#### *Accounting records*

The administration of the entity did not maintain and adequately safeguard the accounting records for the years under review.

#### *Expenses*

Certain supporting documentation for expenditure could not be traced due to an inadequate filing procedure.

#### *Fixed assets*

The auditors were unable to conclude on the existence and valuation of fixed assets reflected in the balance sheet since physical verification procedures could not be performed.

Except for the matters raised above, in my opinion the accompanying annual financial statements for the years ended 31 March 2006, 31 March 2007 and 31 March 2008 have been prepared, in all material aspects, in accordance with the basis of accounting described in note 1 and fairly present the financial position of the Fund at those dates and the results of its operations and cash flows for the years then ended.

**WINDHOEK, October 2009**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**NAMIBIA FILM COMMISSION**

**ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

**NAMIBIA FILM COMMISSION  
ANNUAL FINANCIAL STATEMENTS  
31 MARCH 2006**

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**STATEMENT OF THE COMMISSIONERS' RESPONSIBILITIES**

The Commission is required by the Act to maintain adequate accounting records and is responsible for the contents and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements are prepared on the basis of accounting policies described in note 1. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Commission is of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The annual financial statements set out on pages 7 – 15 which have been prepared on the going concern basis, are herewith confirmed.

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**Secretary**  
**E. Kanguatjivi**



**NAMIBIA FILM COMMISSION  
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**BALANCE SHEET**

	<b>Notes</b>	<u><b>2006</b></u> N\$	<u><b>2005</b></u> N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	2	158 644	236 071
Investments	3	<u>109 520</u>	<u>8 304 461</u>
		<u>268 164</u>	<u>8 540 532</u>
<b>Current assets</b>			
Cash and cash equivalents		5 721 799	217 122
Loan receivable		-	30 000
Trade and other receivables		<u>-</u>	<u>53 562</u>
		<u>5 721 799</u>	<u>300 684</u>
<b>Total assets</b>		<u><u><b>5 989 963</b></u></u>	<u><u><b>8 841 216</b></u></u>
<b>EQUITY AND LIABILITIES</b>			
Film and Video Development Fund	6	<u><u><b>5 989 963</b></u></u>	<u><u><b>8 841 216</b></u></u>

**NAMIBIA FILM COMMISSION  
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<b>DETAILED INCOME STATEMENT</b>	<b>2006</b>	<b>2005</b>
	N\$	N\$
<b>Income specific for film production</b>		
Grants received	50 000 000	6 221 061
Interest received	58 760	20 003
Discount received	-	418 021
	<u>50 058 760</u>	<u>6 659 085</u>
<b>Less: Total production expenses (page 9)</b>	<u>55 299 261</u>	<u>8 132 017</u>
	(5 240 501)	(1 472 932)
<b>Add: Income specific for administration</b>	3 132 835	2 500
Grants received	3 000 000	-
Other income	129 835	-
Commission received	3 000	2 500
	<u>(2 107 666)</u>	<u>(1 470 432)</u>
<b>Less: Administration and overhead expenses (page 10)</b>	<u>743 587</u>	<u>377 270</u>
Excess of expenses over income for the year	(2 851 253)	(1 847 702)
<b>Balance at the beginning of the year</b>	8 841 216	10 688 918
<b>Balance at the end of the year</b>	<u><u>5 989 963</u></u>	<u><u>8 841 216</u></u>

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	<b>2006</b>	<b>2005</b>
	N\$	N\$
<b>Production expenses</b>		
Airport taxes and visas	210 278	24 923
Advance to employee accounted for in salaries	30 000	-
Animal and action devices	11 797	-
Armoury	144 950	-
Camera expenses	443 422	625 000
Casting fees	612 658	40 914
Catering fees	980 923	17 362
Cleaning	6 908	-
Consulting fees	-	2 500
Courier and postage	224 885	1 654
Depreciation	145 099	26 409
Film stock	600 000	-
Grants re-directed to Pacon	1 860 822	2 766 798
Insurance	396 248	53 413
Interest paid	127 500	118
Investment fees	-	60 000
Legal fees	16 052	15 640
Lightning expenses	34 046	880 000
Locations	128 770	55 500
Medical expenses	262 430	1 522
Motor vehicle expenses - Fuel and oil	248 842	17 390
Production expenses	1 495 202	970 153
Props rentals	163 927	-
Rent paid - Leases	167 698	136 563
Rentals - Buildings and equipment	4 746 987	27 540
Repairs and maintenance	343 149	1 380
Salaries and wages	26 891 466	894 323
Security	119 077	717 297
Set design and construction material	293 905	129 722
Shipping and import expenses	14 562	16 246
Small equipment	317	1 553
Sound expenses	16 830	3 020
Special effects and stunts	1 365 686	-
Stationery and printing	31 258	80 519
Subscriptions	-	899
Telephone and fax	83 066	16 123
Transport and hire of motor vehicles	1 338 293	3 096
Travel and accommodation	8 768 656	442 065
Unit expenses	2 202 952	10 914
Wardrobe, make-up and hair supplies	730 126	84 900
Water and electricity	40 474	6 559
	<b>55 299 261</b>	<b>8 132 017</b>

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	<b>2006</b>	<b>2005</b>
	N\$	N\$
<b>Administration and overhead expenses</b>		
Accounting fees	-	12 656
Advertising and promotions	254 260	11 658
Audit fees	34 049	6 208
Bank charges	120 260	6 995
Computer expenses	6 629	7 808
Consumables	3 811	-
Donations towards film productions	-	59 208
Legal fees	1 837	-
Marketing	550	150 000
Printing and stationery	3 000	5 000
Repairs and maintenance	4 672	-
Scholarships, bursaries and sponsorships	35 335	46 151
Security	600	-
Telephone and fax	82 402	16 123
Training	64 691	-
Travel and accommodation	131 491	55 463
	<b><u>743 587</u></b>	<b><u>377 270</u></b>

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<b>CASH FLOW STATEMENT</b>		<b>2006</b>	<b>2005</b>
	<b>Note</b>	<b>N\$</b>	<b>N\$</b>
<b>Cash flows from operating activities</b>			
Cash utilised by operations	4	(2 583 852)	(1 894 740)
Interest received		58 760	20 003
Interest paid		(127 500)	(118)
		<u>(2 652 592)</u>	<u>(1 874 855)</u>
<b>Cash flows from investing activities</b>			
Plant and equipment acquired	2	(67 672)	(262 481)
Decrease/(increase) in investments		8 194 941	(8 304 461)
		<u>8 127 269</u>	<u>(8 566 942)</u>
<b>Cash flows from financing activities</b>			
Decrease/(increase) in loan receivable		<u>30 000</u>	<u>(30 000)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		5 504 677	(10 471 797)
Cash and cash equivalents at beginning of the year		<u>217 122</u>	<u>10 688 918</u>
<b>Cash and cash equivalents at end of the year</b>		<u><b>5 721 799</b></u>	<u><b>217 122</b></u>

**NAMIBIA FILM COMMISSION**  
**ANNUAL FINANCIAL STATEMENTS**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**1.1 Basis of preparation**

The financial statements of the Commission have been prepared in accordance with the basis of accounting described in note 1 and in the manner required by the Namibia Film Commission Act, 2000. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the above requires the use of certain critical accounting estimates. It also requires members of the Commission to exercise their judgement in the process of applying the Commission's accounting policies.

**1.2 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the agency and the revenue can be reliably measured. Revenue is mainly composed of Government grants and is recognised on receipt basis.

**1.3 Plant and equipment**

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Commission and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives as follows:

Computer equipment	- 20%
Office equipment	- 20%
Other fixed assets	- 10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

All borrowing costs are expensed.

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**1.4 Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

**1.5 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts are included in current liabilities.

**1.6 Provisions**

Provisions for legal claims are recognised when the Commission has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

**1.7 Interest expense**

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Commission estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

**1.8 Trade and other receivables**

Trade and other receivables are stated at cost.

**1.9 Cost of production**

The cost of production and related expenses are written off and not capitalised.

**NAMIBIA FILM COMMISSION  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. Plant and equipment**

	<b>Computer equipment</b>	<b>Office equipment</b>	<b>Other fixed assets</b>	<b>Total</b>
<b>31 March 2006</b>	N\$	N\$	N\$	N\$
Opening net book value	195 421	33 064	7 586	236 071
Additions	52 384	760	14 528	67 672
Depreciation for the year	(135 510)	(7 351)	(2 238)	(145 099)
Closing net book amount	<u>112 295</u>	<u>26 473</u>	<u>19 876</u>	<u>158 644</u>
Cost	271 020	36 757	22 376	330 153
Accumulated depreciation	( 158 725)	( 10 284)	( 2 500)	( 171 509)
Closing net book value	<u><b>112 295</b></u>	<u><b>26 473</b></u>	<u><b>19 876</b></u>	<u><b>158 644</b></u>
<b>31 March 2005</b>				
Additions	218 636	35 997	7 848	262 481
Depreciation for the year	( 23 215)	( 2 933)	( 262)	( 26 410)
Closing net book amount	<u>195 421</u>	<u>33 064</u>	<u>7 586</u>	<u>236 071</u>
Cost	218 636	35 997	7 848	262 481
Accumulated depreciation	( 23 215)	( 2 933)	( 262)	( 26 410)
Closing net book value	<u><b>195 421</b></u>	<u><b>33 064</b></u>	<u><b>7 586</b></u>	<u><b>236 071</b></u>

	<b>2006</b>	<b>2005</b>
	N\$	N\$
<b>3. Investment</b>		
Standard Bank Cash Plus Fund	<u><b>109 520</b></u>	<u><b>8 304 461</b></u>

**4. Cash utilized by operations**

Excess of expenses over income for the year	(2 851 253)	(1 847 702)
<i>Adjustments for:</i>		
Depreciation	145 099	26 409
Interest paid	127 500	118
Interest received	(58 760)	(20 003)
<i>Changes in working capital:</i>		
Decrease/(increase) in trade and other receivables	<u>53 562</u>	<u>(53 563)</u>
	<u><b>(2 583 852)</b></u>	<u><b>(1 894 740)</b></u>



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	<b>2006</b>	<b>2005</b>
	N\$	N\$
<b>5. Taxation</b>		
No provision for taxation is required as the Commission is exempt from income tax.		
<b>6. Film and Video Development Fund</b>		
Total production expenses	63 431 278	8 132 017
Administration and overhead expenses	1 121 086	377 501
Total expenses	64 552 364	8 509 518
Less: Income specific for administration	3 135 335	2 500
Grants received	3 000 000	-
Other income	129 835	-
Commission received	5 500	2 500
	61 417 029	8 507 018
Less: Income specific for production of film	67 406 992	17 348 234
Grants received	66 910 210	16 910 210
Interest received	78 761	20 003
Discount received	418 021	418 021
	<b>(5 989 963)</b>	<b>(8 841 216)</b>

**NAMIBIA FILM COMMISSION**  
**(Established in terms of the Namibian Film Commission Act, 2000)**

**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2007**

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**STATEMENT OF THE COMMISSIONERS' RESPONSIBILITIES**

The Commission is required by the Act to maintain adequate accounting records and is responsible for the contents and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements are prepared on the basis of accounting policies described in note 1. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Commission is of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The annual financial statements set out on pages 18 – 26 which have been prepared on the going concern basis, are herewith confirmed.

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**Secretary**  
**E. Kanguatjivi**

**NAMIBIA FILM COMMISSION  
ANNUAL FINANCIAL STATEMENTS  
31 MARCH 2007**

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**BALANCE SHEET**

	<b>Notes</b>	<u><b>2007</b></u>	<u><b>2006</b></u>
		N\$	N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	2	94 851	158 644
Investments	3	<u>117 956</u>	<u>109 520</u>
		<u>212 807</u>	<u>268 164</u>
<b>Current assets</b>			
Cash and cash equivalents		<u>8 292 395</u>	<u>5 721 799</u>
<b>Total assets</b>		<u><u><b>8 505 202</b></u></u>	<u><u><b>5 989 963</b></u></u>
<b>EQUITY AND LIABILITIES</b>			
Film and Video Development Fund	6	<u><u><b>8 505 202</b></u></u>	<u><u><b>5 989 963</b></u></u>

**NAMIBIA FILM COMMISSION  
ANNUAL FINANCIAL STATEMENTS  
31 MARCH 2007**

<b>DETAILED INCOME STATEMENT</b>	<b>2007</b>	<b>2006</b>
	N\$	N\$
<b>Income specific for film production</b>		
Grants received	16 200 000	50 000 000
Interest received	14 569	58 760
	<u>16 214 569</u>	<u>50 058 760</u>
<b>Less: Total production expenses (page 20)</b>	<u>13 416 008</u>	<u>55 299 261</u>
	2 798 561	(5 240 501)
<b>Add: Income specific for administration</b>	228 570	3 132 835
Grants received	-	3 000 000
Other income	228 570	129 835
Commission received	-	3 000
	<u>3 027 131</u>	<u>(2 107 666)</u>
<b>Less: Administration and overhead expenses (page 21)</b>	<u>511 892</u>	<u>743 587</u>
Excess/(shortage) of income over expenses for the year	2 515 239	(2 851 253)
<b>Balance at the beginning of the year</b>	5 989 963	8 841 216
<b>Balance at the end of the year</b>	<u><u>8 505 202</u></u>	<u><u>5 989 963</u></u>

**NAMIBIA FILM COMMISSION  
ANNUAL FINANCIAL STATEMENTS  
31 MARCH 2007**

	<b>2007</b>	<b>2006</b>
	N\$	N\$
<b>Production expenses</b>		
Airport taxes and visas	142 120	210 278
Advance to employee accounted for in salaries	-	30 000
Animal and action devices	-	11 797
Armoury	-	144 950
Camera expenses	23 618	443 422
Casting fees	-	612 658
Catering fees	13 059	980 923
Cleaning	6 160	6 908
Courier and postage	-	224 885
Depreciation	63 793	145 099
Film stock	-	600 000
Grants re-directed to Pacon	168 216	1 860 822
Insurance	-	396 248
Interest paid	-	127 500
Legal fees	412 060	16 052
Lightning expenses	-	34 046
Locations	-	128 770
Medical expenses	6 760	262 430
Motor vehicle expenses - Fuel and oil	39 147	248 842
Production expenses	38 895	1 495 202
Props rentals	-	163 927
Rent paid - Leases	-	167 698
Rentals - Buildings and equipment	34 561	4 746 987
Repairs and maintenance	46 842	343 149
Salaries and wages	9 781 095	26 891 466
Security	16 406	119 077
Set design and construction material	43 581	293 905
Shipping and import expenses	-	14 562
Small equipment	-	317
Sound expenses	-	16 830
Special effects and stunts	-	1 365 686
Stationery and printing	-	31 258
Telephone and fax	274 485	83 066
Transport and hire of motor vehicles	1 653 485	1 338 293
Travel and accommodation	571 392	8 768 656
Unit expenses	25 408	2 202 952
Wardrobe, make-up and hair supplies	48 502	730 126
Water and electricity	6 423	40 474
	<b>13 416 008</b>	<b>55 299 261</b>

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	<b>2007</b>	<b>2006</b>
	N\$	N\$
<b>Administration and overhead expenses</b>		
Advertising and promotions	147 278	4 260
Audit fees	-	34 049
Bank charges	53 667	120 260
Computer expenses	886	6 629
Consumables	-	3 811
Donations towards film productions	88 000	-
Legal fees	-	1 837
Marketing	-	250 550
Printing and stationery	-	3 000
Repairs and maintenance	-	4 672
Scholarships, bursaries and sponsorships	18 875	35 335
Security	-	600
Telephone and fax	-	82 402
Training	5 993	64 691
Travel and accommodation	197 193	131 491
	<b>511 892</b>	<b>743 587</b>

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<b>CASH FLOW STATEMENT</b>	<b>Note</b>	<b>2007</b>	<b>2006</b>
		N\$	N\$
<b>Cash flows from operating activities</b>			
Cash generated/(utilised) by operations	4	2 564 463	(2 583 852)
Interest received		14 569	58 760
Interest paid		-	(127 500)
		<u>2 579 032</u>	<u>(2 652 592)</u>
<b>Cash flows from investing activities</b>			
Plant and equipment acquired	2	-	(67 672)
Decrease/(increase) in investments		(8 436)	8 194 941
		<u>(8 436)</u>	<u>8 127 269</u>
<b>Cash flows from financing activities</b>			
Decrease in loan receivable		-	30 000
		<u>-</u>	<u>30 000</u>
<b>Increase in cash and cash equivalents</b>		2 570 596	5 504 677
Cash and cash equivalents at beginning of the year		<u>5 721 799</u>	<u>217 122</u>
<b>Cash and cash equivalents at end of the year</b>		<u><b>8 292 395</b></u>	<u><b>5 721 799</b></u>



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**NOTES TO THE FINANCIAL STATEMENTS**

**1. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**1.1 Basis of preparation**

The financial statements of the Commission have been prepared in accordance with the basis of accounting described in note 1 and in the manner required by the Namibia Film Commission Act, 2000. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the above requires the use of certain critical accounting estimates. It also requires members of the Commission to exercise their judgement in the process of applying the Commission's accounting policies.

**1.2 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the agency and the revenue can be reliably measured. Revenue is mainly composed of Government grants and is recognised on receipt basis.

**1.3 Plant and equipment**

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Commission and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives as follows:

Computer equipment	- 20%
Office equipment	- 20%
Other fixed assets	- 10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

All borrowing costs are expensed.

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**1.4 Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

**1.5 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts are included in current liabilities.

**1.6 Provisions**

Provisions for legal claims are recognised when the Commission has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

**1.7 Interest expense**

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Commission estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

**1.8 Trade and other receivables**

Trade and other receivables are stated at cost.

**1.9 Cost of production**

The cost of production and related expenses are written off and not capitalised.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. Plant and equipment**

	<b>Computer equipment</b>	<b>Office equipment</b>	<b>Other fixed assets</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
<b>31 March 2007</b>				
Opening net book value	112 295	26 473	19 876	158 644
Depreciation for the year	<u>(54 204)</u>	<u>(7 352)</u>	<u>(2 237)</u>	<u>(63 793)</u>
Closing net book amount	<u>58 091</u>	<u>19 121</u>	<u>17 639</u>	<u>94 851</u>
Cost	271 020	36 757	22 376	330 153
Accumulated depreciation	<u>( 212 929)</u>	<u>( 17 636)</u>	<u>( 4 737)</u>	<u>( 235 302)</u>
Closing net book value	<u><b>58 091</b></u>	<u><b>19 121</b></u>	<u><b>17 639</b></u>	<u><b>94 851</b></u>
<b>31 March 2006</b>				
Opening net book value	195 421	33 064	7 586	236 071
Additions	52 384	760	14 528	67 672
Depreciation for the year	<u>(135 510)</u>	<u>(7 351)</u>	<u>(2 238)</u>	<u>(145 099)</u>
Closing net book amount	<u>112 295</u>	<u>26 473</u>	<u>19 876</u>	<u>158 644</u>
Cost	271 020	36 757	22 376	330 153
Accumulated depreciation	<u>( 158 725)</u>	<u>( 10 284)</u>	<u>( 2 500)</u>	<u>( 171 509)</u>
Closing net book value	<u><b>112 295</b></u>	<u><b>26 473</b></u>	<u><b>19 876</b></u>	<u><b>158 644</b></u>

**3. Investment**

	<b>2007</b>	<b>2006</b>
	N\$	N\$
Standard Bank Cash Plus Fund	<u><b>117 956</b></u>	<u><b>109 520</b></u>

**NAMIBIA FILM COMMISSION  
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	<u>2007</u>	<u>2006</u>
	N\$	N\$
<b>4. Cash generated/(utilised) by operations</b>		
Excess of expenses over income for the year	2 515 239	(2 851 253)
<i>Adjustments for:</i>		
Depreciation	63 793	145 099
Interest paid	-	127 500
Interest received	(14 569)	(58 760)
<i>Changes in working capital:</i>		
Decrease in trade and other receivables	-	53 562
	<u><b>2 564 463</b></u>	<u><b>(2 583 852)</b></u>
<b>5. Taxation</b>		
No provision for taxation is required as the Commission is exempt from income tax.		
<b>6. Film and Video Development Fund</b>		
Total production expenses	76 847 286	63 431 278
Administration and overhead expenses	<u>1 632 978</u>	<u>1 121 086</u>
Total expenses	78 480 264	64 552 364
Less: Income specific for administration	3 363 905	3 135 335
Grants received	3 000 000	3 000 000
Other income	358 405	129 835
Commission received	5 500	5 500
	<u>75 116 359</u>	<u>61 417 029</u>
Less: Income specific for production of film	83 621 561	67 406 992
Grants received	83 110 210	66 910 210
Interest received	93 330	78 761
Discount received	418 021	418 021
	<u><b>(8 505 202)</b></u>	<u><b>(5 989 963)</b></u>

**NAMIBIA FILM COMMISSION  
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Cash flow statement	31
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**STATEMENT OF THE COMMISSIONERS' RESPONSIBILITIES**

The Commission is required by the Act to maintain adequate accounting records and is responsible for the contents and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements are prepared on the basis of accounting policies described in note 1. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Commission is of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The annual financial statements set out on pages 28 - 35 which have been prepared on the going concern basis, are herewith confirmed.

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**Secretary**  
**E. Kanguatjivi**

**NAMIBIA FILM COMMISSION  
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**BALANCE SHEET**

	<b>Notes</b>	<u><b>2008</b></u> N\$	<u><b>2007</b></u> N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	2	27 199	94 851
Investments	3	<u>129 337</u>	<u>117 956</u>
		<u>156 536</u>	<u>212 807</u>
<b>Current assets</b>			
Cash and cash equivalents		3 004 635	8 292 395
Deposit		<u>1 000</u>	<u>-</u>
		<u>3 005 635</u>	<u>8 292 395</u>
<b>Total assets</b>		<u><u><b>3 162 171</b></u></u>	<u><u><b>8 505 202</b></u></u>
<b>EQUITY AND LIABILITIES</b>			
Film and Video Development Fund	6	<u><u><b>3 162 171</b></u></u>	<u><u><b>8 505 202</b></u></u>

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<b>DETAILED INCOME STATEMENT</b>	<b>2008</b>	<b>2007</b>
	N\$	N\$
<b>Income specific for film production</b>		
Grants received	655 000	16 200 000
Interest received	12 251	14 569
	<u>667 251</u>	<u>16 214 569</u>
<b>Less: Total production expenses (page 30)</b>	<u>3 241 497</u>	<u>13 416 008</u>
	(2 574 246)	2 798 561
<b>Add: Income specific for administration</b>		
Other income	806	228 570
	<u>(2 573 440)</u>	<u>3 027 131</u>
<b>Less: Administration and overhead expenses (page 30)</b>	<u>2 769 591</u>	<u>511 892</u>
Excess/(shortage) of income over expenses for the year	(5 343 031)	2 515 239
<b>Balance at the beginning of the year</b>	8 505 202	5 989 963
<b>Balance at the end of the year</b>	<u><u>3 162 171</u></u>	<u><u>8 505 202</u></u>

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	<b>2008</b>	<b>2007</b>
	N\$	N\$
<b>Production expenses</b>		
Airport taxes and visas	1 985	142 120
Camera expenses	-	23 618
Catering fees	57 506	13 059
Cleaning	-	6 160
Depreciation	67 652	63 793
Grants re-directed to Pacon	-	168 216
Legal fees	-	412 060
Medical expenses	-	6 760
Motor vehicle expenses - Fuel and oil	200	39 147
Production expenses	2 341 807	38 895
Rentals - Buildings and equipment	-	34 561
Repairs and maintenance	-	46 842
Salaries and wages	367 388	9 781 095
Security	-	16 406
Set design and construction material	-	43 581
Stationery and printing	2 566	-
Telephone and fax	-	274 485
Transport and hire of motor vehicles	-	1 653 485
Travel and accommodation	402 393	571 392
Unit expenses	-	25 408
Wardrobe, make-up and hair supplies	-	48 502
Water and electricity	-	6 423
	<b><u>3 241 497</u></b>	<b><u>13 416 008</u></b>
<b>Administration and overhead expenses</b>		
Accounting fees	69 840	-
Advertising and promotions	42 004	147 278
Bank charges	13 884	53 667
Computer expenses	4 189	886
Consulting fees	1 207	-
Donations towards film productions	2 078 994	88 000
Scholarships, bursaries and sponsorships	77 488	18 875
Training	4 224	5 993
Travel and accommodation	477 761	197 193
	<b><u>2 769 591</u></b>	<b><u>511 892</u></b>



**NAMIBIA FILM COMMISSION  
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<b>CASH FLOW STATEMENT</b>	<b>Note</b>	<b>2008</b>	<b>2007</b>
		N\$	N\$
<b>Cash flows from operating activities</b>			
Cash (utilised)/generated by operations	4	(5 288 630)	2 564 463
Interest received		12 251	14 569
		<u>(5 276 379)</u>	<u>2 579 032</u>
<b>Cash flows from investing activities</b>			
Increase in investments		<u>(11 381)</u>	<u>(8 436)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		<u>8 292 395</u>	<u>5 721 799</u>
<b>Cash and cash equivalents at end of the year</b>		<b><u>3 004 635</u></b>	<b><u>8 292 395</u></b>

**NAMIBIA FILM COMMISSION**  
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**NOTES TO THE FINANCIAL STATEMENTS**

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**1. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Commission and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives as follows:

Computer equipment	- 20%
Office equipment	- 20%
Other fixed assets	- 10%

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An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

All borrowing costs are expensed.

**NAMIBIA FILM COMMISSION**  
**ANNUAL FINANCIAL STATEMENTS**  
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**1.4 Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

**1.5 Cash and cash equivalents**

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Provisions for legal claims are recognised when the Commission has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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**1.8 Trade and other receivables**

Trade and other receivables are stated at cost.

**1.9 Cost of production**

The cost of production and related expenses are written off and not capitalised.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. Plant and equipment**

	<b>Computer equipment</b>	<b>Office equipment</b>	<b>Other fixed assets</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
<b>31 March 2008</b>				
Opening net book value	58 091	19 121	17 639	94 851
Depreciation for the year	<u>(58 063)</u>	<u>(7 351)</u>	<u>(2 238)</u>	<u>(67 652)</u>
Closing net book amount	<u>28</u>	<u>11 770</u>	<u>15 401</u>	<u>27 199</u>
Cost	271 020	36 757	22 376	330 153
Accumulated depreciation	<u>( 270 992)</u>	<u>( 24 987)</u>	<u>( 6 975)</u>	<u>( 302 954)</u>
Closing net book value	<u><b>28</b></u>	<u><b>11 770</b></u>	<u><b>15 401</b></u>	<u><b>27 199</b></u>
<b>31 March 2007</b>				
Opening net book value	112 295	26 473	19 876	158 644
Depreciation for the year	<u>(54 204)</u>	<u>(7 352)</u>	<u>(2 237)</u>	<u>(63 793)</u>
Closing net book amount	<u>58 091</u>	<u>19 121</u>	<u>17 639</u>	<u>94 851</u>
Cost	271 020	36 757	22 376	330 153
Accumulated depreciation	<u>( 212 929)</u>	<u>( 17 636)</u>	<u>( 4 737)</u>	<u>( 235 302)</u>
Closing net book value	<u><b>58 091</b></u>	<u><b>19 121</b></u>	<u><b>17 639</b></u>	<u><b>94 851</b></u>
<b>3. Investment</b>			<b>2008</b>	<b>2007</b>
			N\$	N\$
Standard Bank Cash Plus Fund			<u><b>129 337</b></u>	<u><b>117 956</b></u>

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	<b>2008</b>	<b>2007</b>
<b>4. Cash (utilised)/generated by operations</b>	N\$	N\$
Excess of expenses over income for the year	(5 343 031)	2 515 239
<i>Adjustments for:</i>		
Depreciation	67 652	63 793
Interest received	(12 251)	(14 569)
<i>Change in working capital:</i>		
Deposit	(1 000)	-
	<b>(5 288 630)</b>	<b>2 564 463</b>
<b>5. Taxation</b>		
No provision for taxation is required as the Commission is exempt from income tax.		
<b>6. Film and Video Development Fund</b>		
Total production expenses	80 088 783	76 847 286
Administration and overhead expenses	4 402 569	1 632 978
Total expenses	84 491 352	78 480 264
Less: Income specific for administration	3 364 711	3 363 905
Grants received	3 000 000	3 000 000
Other income	359 211	358 405
Commission received	5 500	5 500
	81 126 641	75 116 359
Less: Income specific for production of film	84 288 812	83 621 561
Grants received	83 765 210	83 110 210
Interest received	105 581	93 330
Discount received	418 021	418 021
	<b>(3 162 171)</b>	<b>(8 505 202)</b>