



**REPUBLIC OF NAMIBIA**



**AUDIT REPORT ON THE ACCOUNTS OF THE**

# **NAMIBIAN COMMUNICATION COMMISSION**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005 AND 2006**

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REPUBLIC OF NAMIBIA



**TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY**

I have the honour to submit herewith my report on the accounts of the Namibian Communication Commission for the financial year ended 31 March 2005 and 2006, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, June 2011**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
NAMIBIAN COMMUNICATIONS COMMISSION  
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2005 AND 2006**

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**1. INTRODUCTION**

The accounts of the Namibian Communications Commission (NCC) for the years ended 31 March 2005 and 2006 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Namibia Communications Commission Act, 1992 (Act 4 of 1992).

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

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

**2. ESTABLISHMENT**

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

**3. FINANCIAL STATEMENTS**

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

- Annexure A: Balance sheets
- Annexure B: Income statements
- Annexure C: Cash flow statements
- Annexure D: Notes to the financial statements

**4. SCOPE OF THE AUDIT**

***Management's responsibility for the financial statements***

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

***Auditor's responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## **5. AUDIT OBSERVATION AND COMMENTS**

### **5.1 Internal control and accounting records (2005 & 2006)**

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

### **5.2 Finalisation of financial statements (2005 & 2006)**

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

### **5.3 Fixed assets (2005 & 2006)**

The Namibian Communication Commission do not have a fixed assets register for the years under review.

### **5.4 Income and expenditure (2005 & 2006)**

No records or supporting documentation was available for audit purposes for the years under review.

## **6. ACKNOWLEDGEMENT**

The assistance and co-operation by the staff of the Namibian Communication Commission during the audit is appreciated.

## **7. DISCLAIMED AUDIT OPINION**

The accounts of the Namibia Communications Commission for the financial year end 31 March 2005 and 2006 summarised in Annexures A to D, were audited by me in terms of Section 25 (1)(b) of the State Finance Act, 1991.

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

### **Internal control and financial records**

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

### **Income and expenses**

No records or supporting documentation was available for audit purposes.

**WINDHOEK, June 2011**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## NAMIBIAN COMMUNICATIONS COMMISSION

## BALANCE SHEETS AT 31 MARCH

	Notes	2006 N\$	2005 N\$	2004 N\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2	19 491 984	7 235 973	-
Investments	3	4 320	5 760	-
		19 487 664	7 230 213	-
<b>Current assets</b>				
Cash and cash equivalents		1 053 538	4 741 300	5 202 042
<b>TOTAL ASSETS</b>		<b>20 545 522</b>	<b>11 977 273</b>	<b>5 202 042</b>
<b>EQUITY AND LIABILITIES</b>				
<b>CAPITAL AND RESERVES</b>				
Accumulated surplus		20 545 522	11 977 273	5 202 042
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20 545 522</b>	<b>11 977 273</b>	<b>5 202 042</b>

## ANNEXURE B

## NAMIBIAN COMMUNICATIONS COMMISSION

## INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH

	<b>2006</b>	<b>2005</b>	<b>2004</b>
	N\$	N\$	N\$
<b>INCOME</b>			
Licence fees	9 344 475	6 733 319	5 203 112
Interest received	841 203	280 215	-
	<u>10 185 678</u>	<u>7 013 534</u>	<u>5 203 112</u>
<b>EXPENSES</b>			
Administration fees	83 753	50 003	-
Bank charges	9 645	2 631	1 070
Computer expenses	27 945	40 250	-
Consultation fees	192 350	1 440	-
Depreciation	1 440	-	-
Legal fees	12 765	46 000	-
Membership fees	1 106 560	-	-
Repairs and maintenance	44 611	52 551	-
Salaries and wages	-	4 000	-
Training	56 594	-	-
Travelling and accommodation	81 766	41 428	-
	<u>1 617 429</u>	<u>238 303</u>	<u>1 070</u>
NET SURPLUS FOR THE YEAR	8 568 249	6 775 231	5 202 042
ACCUMULATED SURPLUS AT BEGINNING OF THE YEAR	11 977 273	5 202 042	-
ACCUMULATED SURPLUS AT THE END OF THE YEAR	<u><b>20 545 522</b></u>	<u><b>11 977 273</b></u>	<u><b>5 202 042</b></u>

## NAMIBIAN COMMUNICATIONS COMMISSION

**CASH FLOW STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH**

	<b>Notes</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
		N\$	N\$	N\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers		9 344 475	6 733 319	5 203 112
Cash paid to suppliers		(1 615 989)	(236 863)	(1 070)
Cash generated by operations	4	7 728 486	6 496 456	5 202 042
Interest received		841 203	280 215	-
Net cash flow from operating activities		8 569 689	6 776 671	5 202 042
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Additions to plant and equipment		-	(7 200)	-
Increase in investments		(12 257 451)	(7 230 213)	-
		(12 257 451)	(7 237 413)	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>				
		(3 687 762)	(460 742)	5 202 042
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>				
		4 741 300	5 202 042	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>				
		<b>1 053 538</b>	<b>4 741 300</b>	<b>5 202 042</b>





## NAMIBIAN COMMUNICATIONS COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS

ENDED 30 JUNE (continued)

2005 YEAR	Office equipment	Total
Cost	7 200	7 200
Depreciation	(1 440)	(1 440)
Carrying amount - end of year	<u>5 760</u>	<u>5 760</u>

**3. INVESTMENTS**

	2006	2005	2004
	N\$	N\$	N\$
Standard Bank Namibia Limited - Cash Plus Fund	19 487 664	7 230 213	-
	<u>19 487 664</u>	<u>7 230 213</u>	<u>-</u>

**4. CASH GENERATED BY OPERATIONS**

Net surplus for the year	8 568 249	6 775 231	5 202 042
Adjustments for:			
- Depreciation	1 440	1 440	-
- Interest received	(841 203)	(280 215)	-
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL	<u>7 728 486</u>	<u>6 496 456</u>	<u>5 202 042</u>
<b>CASH GENERATED BY OPERATIONS</b>	<u><b>7 728 486</b></u>	<u><b>6 496 456</b></u>	<u><b>5 202 042</b></u>