



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF  
NAMIBIA PRESS AGENCY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

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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 Press Agency for the financial year ended 31 March 2017, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Agency in terms of Section 15(1) of the Namibia Press Agency Act, 1992 (Act 3 of 1992) to be laid upon the Table of the National Assembly by the Minister of Information and Broadcasting in terms of Section 15(3) of the Act.

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

**JUNIAS ETUNA KANDJEKE**  
**AUDITOR-GENERAL**

**WINDHOEK, November 2018**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF  
NAMIBIA PRESS AGENCY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

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**1. DISCLAIMER OF AUDIT OPINION**

I certify that I have audited the financial statements of the Namibia Press Agency for the financial year ended 31 March 2017. These financial statements comprise the Balance Sheet, Income Statement, and Statement of Changes in Equity, Statement of Cash Flow and Notes to the Annual Financial Statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Because of the significance of the matters described in the Basis for Disclaimer of audit Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

**2. BASIS OF 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 in Namibia, 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 insufficient and inappropriate to provide a basis for my opinion. A disclaimer audit opinion is being expressed due to the following:

- Lack of reconciliations of accounts receivable and payable;
- Understated provision for bonuses; and
- Unauthorised journal entries amounting to N\$ N\$ 8 222 923.

**3. OTHER INFORMATION**

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon. In connection with my 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 Generally Recognised Accounting Practice and legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible 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 my 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 my 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 uses 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 my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

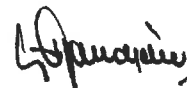
## **6. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 26 of the State-owned Enterprises Governance Act, 2006 (Act No.2 of 2006), except that they were only submitted on 04 December 2017 instead of three (3 months) after year end as required by the Act.

## **7. ACKNOWLEDGEMENT**

The co-operation and assistance by the management and staff of the Namibia Press Agency during the audit is appreciated.

**WINDHOEK, November 2018**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**NAMIBIA PRESS AGENCY**  
**STATEMENT OF FINANCIAL POSITION AT 31 MARCH**

	Note	2017 N\$	2016 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>71 701 894</b>	<b>39 349 297</b>
Property, plant and equipment	4	43 960 889	32 508 175
Investment property	5	27 741 006	6 841 122
<b>Current assets</b>		<b>25 051 998</b>	<b>28 050 734</b>
Trade receivables		1 654 179	729 841
Other current assets	6	27 918	38 036
VAT receivable		1 494 503	2 115 809
Cash and cash equivalents	7.1	21 875 398	25 167 049
<b>TOTAL ASSETS</b>		<b>96 753 892</b>	<b>67 400 031</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital</b>		<b>56 526 045</b>	<b>38 199 181</b>
Government contributions - assets transferred		1 981 816	1 981 816
Fair value reserve		16 111 391	3 181 747
Retained income		38 432 837	33 035 618
<b>Non-current liabilities</b>		<b>35 068 301</b>	<b>25 037 756</b>
Long-term borrowings	10	34 504 900	24 018 415
Finance lease liabilities	9	563 401	1 019 341
Non-current provisions			
<b>Current liabilities</b>		<b>5 159 546</b>	<b>4 163 095</b>
Trade payables		1 204 611	776 064
Other Payables	8	1 685 683	1 297 360
Current of Finance Lease	9	455 281	692 998
Current portion non-current borrowings	10	1 500 774	1 071 236
Receiver of revenue		313 198	325 438
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>96 753 892</b>	<b>67 400 033</b>



## ANNEXURE B

## NAMIBIA PRESS AGENCY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH

		2017	2016
	Note	N\$	N\$
<b>REVENUE</b>		<b>5 262 840</b>	<b>4 190 044</b>
Subscription news		4 198 154	3 703 678
IT trading income		68 964	77 471
Property rental income		995 722	408 895
<b>LESS: COST OF SALES</b>		<b>11 811 631</b>	<b>10 599 753</b>
Subscription fees and editorial pay costs		11 484 923	10 377 423
IT trading - maintenance		157 500	218 808
Property expenses		169 209	3 522
<b>Gross loss</b>		<b>(6 548 791)</b>	<b>(6 409 709)</b>
Government subsidy	2	18 900 000	20 000 000
<b>Total contribution to running costs</b>		<b>12 351 209</b>	<b>13 590 291</b>
<b>LESS: ADMINISTRATIVE EXPENSES</b>		<b>14 588 597</b>	<b>13 035 825</b>
Advertisement and promotion		182 953	174 541
Audit fees		332 594	77 205
Awards		26 632	31 618
Bank charges		157 161	42 007
Board members - other expenses	3	108 323	40 573
Board members sitting allowance	3	430 588	643 631
Building maintenance		336 381	84 104
Casual staff pay costs		157 106	105 548
Computer expenses		170 328	106 507
Consulting fees		435 951	280 339
Depreciation		821 643	976 541
Electricity and water		247 075	118 067
Entertainment		76 966	138 073
Equipment repairs		9 597	34 668
Insurance		227 451	224 464
Interest paid		1 063 678	149 211
Legal fees		149 447	142 940
<b>Balance carried forward</b>		<b>4 933 876</b>	<b>3 370 035</b>

## ANNEXURE B

**NAMIBIA PRESS AGENCY  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH (continued)**

	Note	2017 N\$	2016 N\$
<b>Balance brought forward</b>		<b>4 933 876</b>	<b>3 370 035</b>
		<b>9 654 721</b>	<b>9 665 790</b>
Licenses		82 584	76 176
Loss on foreign exchange		-	9 184
Materials and supplies		12 526	14 981
Motor vehicle expenses		667 301	754 575
Office rental		403 756	775 355
Office supplies		180	285
Payroll costs		7 021 695	6 539 564
Penalties		-	21 609
Photocopier rentals and charges		39 530	50 459
Postage and courier charges		8 994	1 613
Printing		5 200	43 895
Secretarial fees		1 000	14 500
Security costs		1 692	-
Staff welfare		20 397	46 971
Stationery		32 860	20 590
Sundry expenses		(1)	2 601
Telephone and fax		117 959	89 608
Telephone IT dedicated line		384 572	411 655
Training and workshops		280 247	170 399
Transport costs		3 908	-
Travel and accomodation		420 032	479 200
VET levy		150 288	142 570
<b>Operating profit</b>		<b>(2 237 389)</b>	<b>554 466</b>
<b>Other income</b>		<b>7 398 790</b>	<b>3 932 192</b>
Fair value adjustments		4 964 606	2 591 570
Interest received		1 215 596	1 109 403
Profit on disposal of assets		50 932	220 792
Sundry income		1 167 656	10 428
<b>PROFIT FOR THE YEAR</b>		<b>5 161 401</b>	<b>4 486 658</b>

## NAMIBIA PRESS AGENCY

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

		<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	Note	N\$	N\$	N\$
<b>Balance at 1 April 2016</b>		<b>3 181 747</b>	<b>33 035 618</b>	<b>36 217 365</b>
Profit for the year	SCI	-	5 161 401	5 161 401
Current year revaluation		12 929 644	235 819	13 165 463
<b>Balance as at 31 March 2017</b>		<b>16 111 391</b>	<b>38 432 837</b>	<b>54 544 229</b>

## ANNEXURE D

## NAMIBIA PRESS AGENCY

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH

	Note	2017 N\$	2016 N\$
<b>Cash flows from operating activities</b>			
Cash generated from operations	7	2 795 296	(122 805)
Interest paid		(1 063 678)	(149 211)
Investment income		1 215 596	1 109 403
<b>Net cash from operating activities</b>		<b>2 947 214</b>	<b>837 387</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(16 269 410)	(1 337 656)
Disposal of Property Plant and Equipment		-	232 059
<b>Net cash from / (used in) investing activities</b>		<b>(16 269 410)</b>	<b>(1 105 597)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long-term borrowings		10 030 545	3 696 399
<b>Net cash from / (used in) financing activities</b>		<b>10 030 545</b>	<b>3 696 399</b>
<b>Net change in cash and cash equivalents</b>		<b>(3 291 651)</b>	<b>3 428 189</b>
Cash and cash equivalents at beginning of year		25 167 049	21 738 860
<b>Cash and cash equivalents at end of year</b>	7.1	<b>21 875 398</b>	<b>25 167 049</b>

**NAMIBIA PRESS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH**

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**1. PRINCIPAL ACCOUNTING POLICIES**

The annual financial statements are compiled in accordance with the historical convention modified by the restatement of financial instruments to fair value, except where otherwise stated.

The principal accounting policies of the Agency, which are set out below, have been consistent and comply with Generally Accepted Accounting Practices. The financial statements have been prepared in accordance with the requirements of the Namibia Press Agency Act, 1992 (Act 3 of 1992).

**1.1 Revenue recognition**

Revenue, from the sale of goods, is recognised when the goods are delivered and the significant risks and rewards of ownership have passed to the buyer, revenue from services, when those services have been rendered under an agreement, provided that the amount of revenue can be measured reliably and that it is probable that the economic benefits associated with the transaction will flow to the Agency.

Interest is recognised, in profit or loss, using the effective interest rate method.

**1.2 Property, plant and equipment**

The cost of an item property plant and equipment is recognised as an asset when:

It is probable that the future economic benefits associated with the item will flow to the Agency; and the cost of the item can be measured reliably.

Property plant and equipment is initially measured at cost;

Costs includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of ,or service it.If a replacement cost is recognised in the carrying amount of an item of property,plant and equipment, the carrying amount amount of the replaced part is derecognised.

Major spare parts and standby equipment which are expected to be used for more than one period are included in property plant and equipment.In addition, spare parts and standby equipment which can only be used in connection with an item of property plant and equipment are accounted for as property plant and equipment.

All property, plant and equipment are stated at cost less accumulated depreciation, and any impairment losses except for the land and building which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

**NAMIBIA PRESS AGENCY****NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)**

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When an item of property plant and equipment is revalued, any accumulated depreciation at the date of evaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Property plant and equipment are depreciated on the straight line basis over their expected useful life to their estimated residual value.

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

Building	50 years
Computer and Office Equipment	3 years
Furniture and fittings	7 years
Motor vehicles	4 years

Gains or losses on disposal are recognised in profit and loss.

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

The gain or loss arising from derecognition of an item of property plant and equipment is included in the profit or loss when the item is derecognised. The gain or loss arising from derecognition is determined as the difference between the net disposal proceeds, if any and the carrying amount of the item.

**1.3 Investment properties**

Investment property comprises non-owner occupied building held to earn rentals and for capital appreciation.

Investment property is initially recognised at cost, inclusive of transaction costs. Subsequently, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment property are recognised in profit or loss in the period in which they arise.

Investment property is derecognised when disposed of, or when no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is recognised in profit or loss in the period in which the property is derecognised.

**1.4 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee. All other leases are classified as operating leases.

## NAMIBIA PRESS AGENCY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

**Finance leases – lessee**

Assets held under finance leases are recognised as assets at cost. The related liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between interest expenses and capital redemption of the liability. Interest is recognised immediately in profit or loss.

**Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

**Operating leases - lessor**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Any balloon payments and rent-free periods are taken into account when determining the straight-line charge.

**1.5 Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

**2. GOVERNMENT SUBSIDY**

The Government subsidy received by the Agency during the year amounted to N\$ 18 900 000 (2016: N\$ 20 000 000).

**3. BOARD MEMBERS REMUNERATION**

2017			2016		
Meeting costs	Other costs	Total	Meeting costs	Other costs	Total
N\$	N\$	N\$	N\$	N\$	N\$
430 588	108 323	538 912	643 631	40 573	684 203

NAMIBIA PRESS AGENCY  
NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

4. PROPERTY, PLANT AND EQUIPMENT

	Land and building	Computer & office equipment	Furniture & fittings	Motor vehicles	Total assets
	N\$	N\$	N\$	N\$	N\$
<b>Carrying amount at 01/04/2016</b>	<b>30 385 748</b>	<b>670 044</b>	<b>65 034</b>	<b>1 387 351</b>	<b>32 508 175</b>
At cost/valuation	30 385 748	2 976 313	228 183	3 094 558	36 684 801
Accumulated depreciation	-	(2 306 270)	(163 149)	(1 707 207)	(4 176 626)
<b>Carrying amount at 31/03/2017</b>	<b>41 650 957</b>	<b>679 579</b>	<b>550 850</b>	<b>1 079 502</b>	<b>43 960 889</b>
At cost/valuation	41 903 994	2 033 603	670 289	3 088 918	47 696 805
Accumulated depreciation	(253 037)	(1 354 025)	(119 439)	(2 009 416)	(3 735 917)
Additions	12 410 123	942 710	600 480	-	13 953 313
Transfers and adjustments	5 451 056	(685 919)	(101 161)	-	4 663 976
Reclassified to Investment Property	(18 866 004)	-	-	-	(18 866 004)
Revaluation	16 970 068	-	-	-	16 970 068
Borrowing cost capitalised	2 316 097	-	-	-	2 316 097
Disposal/demolishment during the year/ adjustments	(6 763 094)	-	-	-	(6 763 094)
Depreciation during the year	(253 037)	(247 255)	(13 502)	(307 848)	(821 643)

Land and building comprise of Erf 8010 - NAMPA head office. If the property was carried at cost the value would have been N\$ 38 399 931.30



## NAMIBIA PRESS AGENCY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

	<b>Head Office Building</b>	<b>Pioneers Park building</b>	<b>Total</b>
	N\$	N\$	N\$
<b>INVESTMENT PROPERTIES</b>			
<b>5. (Carrying amount at 31/03/2017)</b>	<b>18 866 004</b>	<b>8 875 001</b>	<b>27 741 006</b>
Reclassified from PPE to investment Property	15 061 399	-	15 061 399
Fair value adjustment	3 804 606	1 160 001	4 964 607
Carrying amount at 01/04/2016	-	7 715 000	7 715 000
The fair value was determined by an independent sworn appraiser using current market value on 03 September 2016. In determining the valuations the valuator refers to current market conditions and recent sales transactions of similar properties. If the property was carried at cost the combined cost value would have been N\$ 19 384 798.54			
		<b>2017</b>	<b>2016</b>
		N\$	N\$
<b>6. OTHER DEBTORS</b>		<b>27 918</b>	<b>38 036</b>
Rent deposit		700	3 700
Other		27 218	34 336
<b>7. Cash generated from operating activities:</b>		<b>2 795 296</b>	<b>7 720 725</b>
Net profit		5 148 005	4 486 658
Investment income		(1 705 943)	1 109 403
Profit on sale of assets		(50 932)	220 792
Finance costs		1 220 839	149 211
Revaluation Surplus		(4 964 606)	2 591 570
Depreciation		253 037	976 541
(Increase) in other debtors		(10 118)	(1 885 594)
(Increase)/ decrease in accounts receivable		924 338	(233 404)
Increase / (decrease) in accounts payable		1 980 675	305 550

## NAMIBIA PRESS AGENCY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

	2017	2016
	N\$	N\$
<b>7.1 Cash and cash equivalents</b>	<b>21 875 398</b>	<b>25 167 049</b>
Cash on hand	(2 008)	3 863
Standard Bank - Current bank account	(659)	69 077
Nedbank - Current bank account	323 185	240 202
Old Mutual Namibia Managed Fund	10 862 005	10 390 362
Old Mutual Namibia Real Income Fund	10 692 875	14 463 545
<b>8. OTHER PAYABLES</b>	<b>1 685 683</b>	<b>1 297 360</b>
Income received in advance	50 393	31 863
Other	66 232	38 888
Provision for leave	966 754	931 574
Provision for bonuses	518 086	212 444
Employees cost accruals	84 218	82 591
<b>9. FINANCE LEASE</b>	<b>1 018 682</b>	<b>1 712 339</b>
Payable within one year	455 281	692 998
Long term portion	563 401	1 019 341
Above liabilities under finance lease are payable over a period of fifty four and sixty months, at an effective average interest rate of 9% (2016: 9%) a monthly instalment of N\$4 890 (2016: N\$3 993) and are secured by motor vehicles with a total book value of N\$1 079 502 (2016: N\$1 387 351).		
<b>10. LONG-TERM BORROWING</b>	<b>36 005 674</b>	<b>25 089 651</b>
Payable within one year	1 500 774	1 071 236
Long term portion	34 504 900	24 018 415
Above long-term borrowing is payable over a period of 10 year. The borrowing is secured by the building with a value of N\$ 24 111 869 and a cession over Old Mutual Investment Account for the amount of N\$ 8 000 000.		