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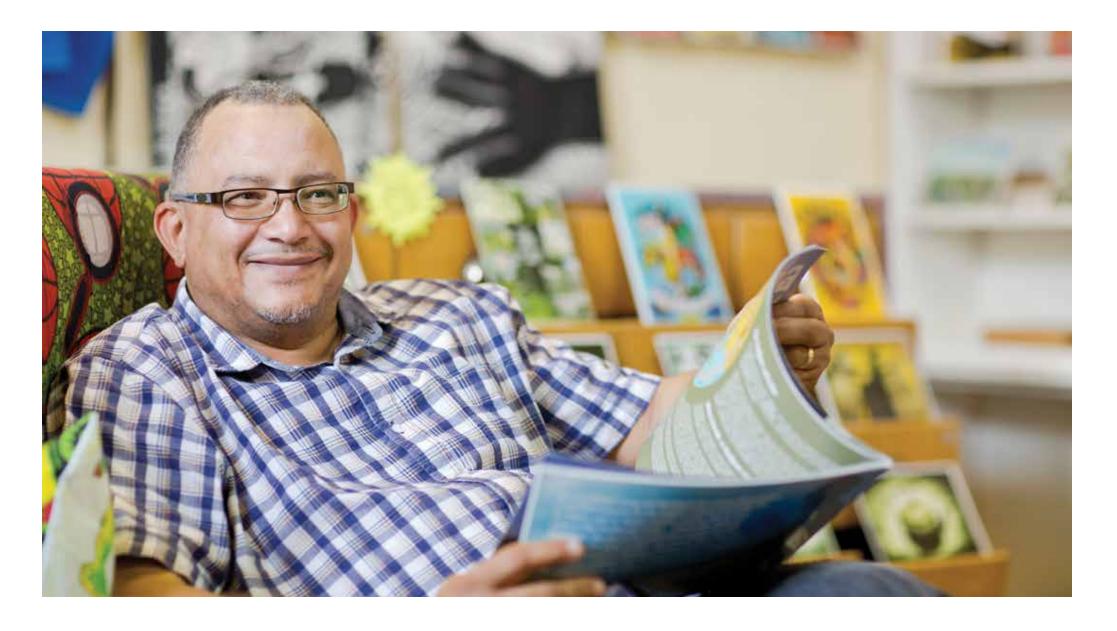
#### COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

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"Namibian consumers have the right to access affordable and reliable fixed, mobile and internet services." Lazarus N. Jacobs (Chairperson)

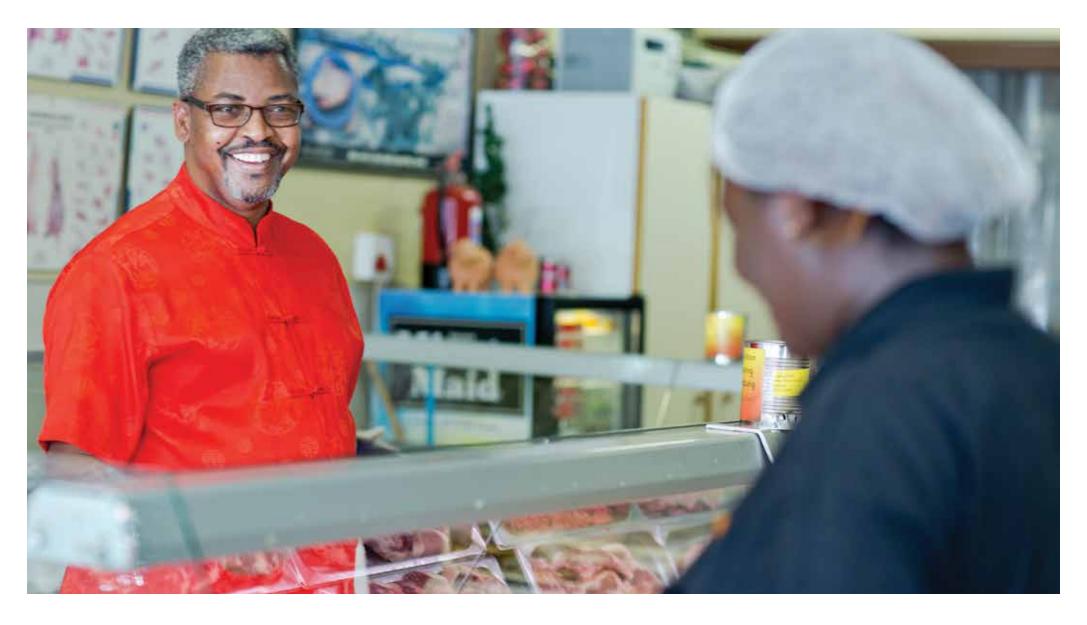




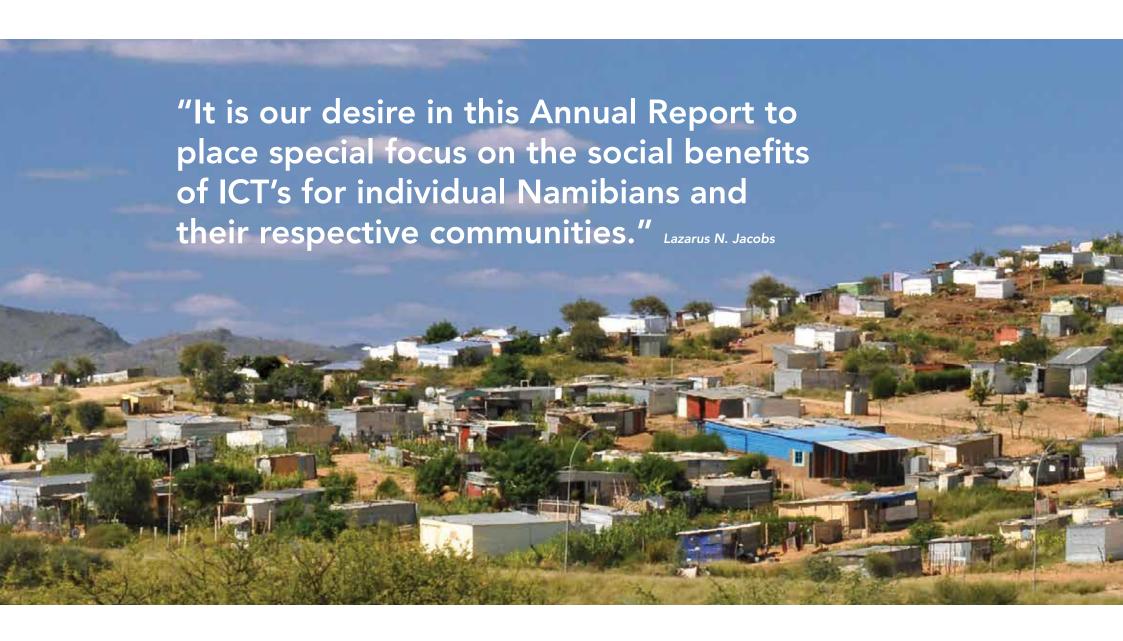
"Being a consumer in Namibia means having the right to purchase any handset or device and also having the responsibility to purchase authentic type approved gadgets." Edwin D. Beukes (Member)

"Consumers in Namibia have the right to be heard." Dr. Tulimevava Kaunapawa T. Mufeti (Member)

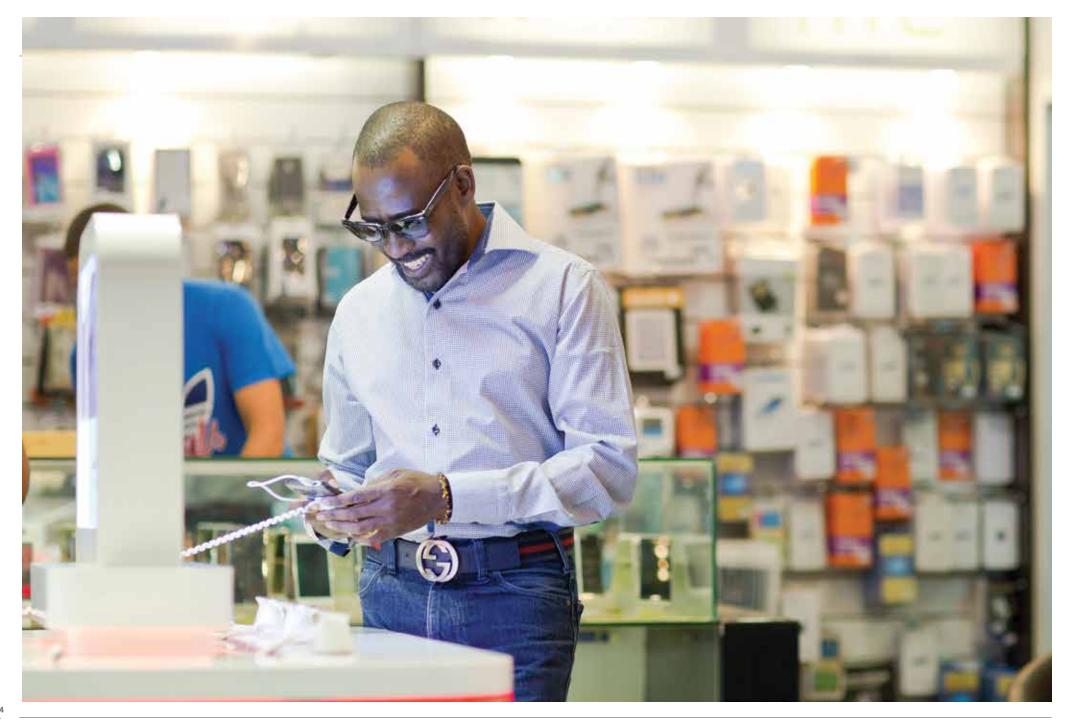




"Namibians have the responsibility to educate and protect their children online and from mobile pitfalls." Tylvas N. Shilongo (Member)







### ICT AND THE **NAMIBIAN** CONSUMER

The Communications Regulatory Authority of Namibia (CRAN) has a Vision and a Mission statement that shares an important phrase: "to derive the full socioeconomic benefits of Information and Communication Technologies (ICT's)". Both phrases refer to the Namibian people and aim to assist in creating an "active knowledge-based society". Much emphasis has been placed on the potential economic benefits of ICT access, and these are certainly not to be underplayed. The ICT sector's contribution to the nation's GDP is growing steadily and at the end of 2014 reflected at 5.5%. It is our desire in this Annual Report to place special focus on the social benefits of ICT's for individual Namibians and their respective communities. Economically, ICT's are contributing well, this must now translate equally into social contributions.

ICT4D (ICT for development) has become a popular tag for projects and innovations in this dynamic industry, especially in emerging economies. The question remains, what is 'development'? Is it simply economic growth, infrastructure or perhaps universal access to service?

Sociologist and globalism expert, Manuel Castells, wrote the prophetic, "The Information Age trilogy in the mid-1990s". He is considered an expert on this digital revolution the world is experiencing. In his latest collaborative publication, Reconceptualizing Development in the Global Information Age (2014); he defines development as "the process by which people, individually and collectively, enhance their capacities to improve their lives according to their values and interests, thus claiming their dignity as human beings."

If regulators and government stakeholders take this view of ICT4D, human dignity becomes the main motivating factor in institutional policies and government actions. By this account infrastructure in itself is not sufficient for development to occur. There must be a critical effort to bring about unique cultural interpretations of development which requires local knowledge, content and participation; this is what can be described as ICT for development.

Castells' definition is dependent on a human-centric policy focus and personal ownership of the development process. This human-centric focus is prevalent in much of the current ICT expert



rhetoric. At the annual ITU Telecom World conference in Doha in December 2014, Mr Houlin Zhao, Secretary General of the ITU, expressed the future of ICT as economic and human-centric. He said, "the arrival of so many new technologies, business models and trends at the same time will have an utterly unprecedented economic, social and human impact." He compared our technological revolution to the industrial revolution of the 18th Century. The human way of life has irrevocably changed.

In July 2014 CRAN had the pleasure of hosting Mr. Zhao, the then Deputy Secretary General, before he took the reigns as Head of the Union in October. This honour gave Namibia the opportunity to garner support for activities that the country intends to pursue in the ICT industry nationally and regionally, and to showcase our advancements in ICT.

During this period under review, CRAN made commendable achievements towards realising its Vision of benefiting all Namibians. Some of these achievements include: establishing Quality of Service Standards with monetary fines for non-compliance, reducing termination rates and establishing a Universal Access and Service Department in preparation for the implementation of part V (Universal Service) of the Communications Act (the Act).

An impressive advancement that Namibia has achieved in 2014 is a jump of six places on the World Economic Forum's Global Information Technology Report. The report profiles 148 countries across the world and establishes a 'Networked Readiness Index'. According to this index, Namibia rose from 111th in the 2013 report to 105th overall in 2014.

This index is derived from four sub-indices and relating pillars that show a detailed depiction of Namibia's ICT landscape. In terms of Environmental sub-indices, Namibia occupied two contrasting positions. For the Political and Regulatory Environment pillar, Namibia was ranked 37th, which is a testament to the Ministry of ICT's contribution and CRAN's dedication to regulating the sector. Unfortunately, the Business and Innovation Environment pillar was only ranked 112th.

Our overall ranking for Readiness sub-index was a low 116th. This sub-index includes three pillars; Infrastructure and Digital Content, Affordability and Skills.

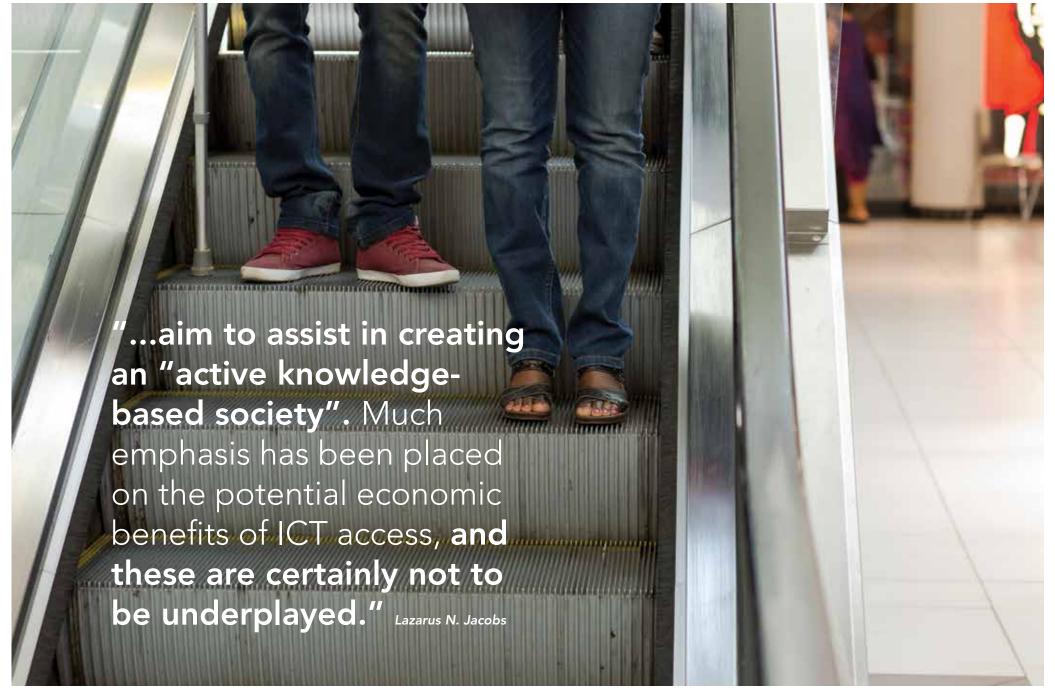
On the Usage sub-index, Namibia is ranked 103rd with a particular exception being the Business Usage pillar which ranked in at 68th. This indicates that businesses in Namibia are actively engaging in the digital economy. Notably, the Impact sub-index (Economic and Social pillars) is Namibia's lowest ranked sub-index at 117th on the list.

These indices reveal where the regulatory focus should be; in maintaining a competitive market, extending ICT infrastructure and facilitating the uptake of ICT's in terms of SMME support, consumer education and local content generation. Handling these tactical issues will lead Namibia to an evenly spreading out of the social and economic benefits of ICT's for the good of all Namibians.

German futurist and author, Gerd Leonhard, said at the ITU Telecom World 2014 conference, "Change is no longer linear: all of a sudden it has become exponential." Exponential change in ICT means making use of infrastructure and other hardware developments to initiate an organic flow of user generated software, content and systems, by the consumer, for the consumer.

Now, as our first Strategic Plan time frame (2012-2015) is drawing to a close and in light of Namibia's position on the Networked Readiness Index, the Authority must prepare for the new Strategic Plan that will guide our efforts. CRAN will continue to embrace change with innovation and to look towards a new, holistic and exponential growth.

Mr Lazarus Jacobs: Chairperson



## "...LET'S TALK CONSUMER..."

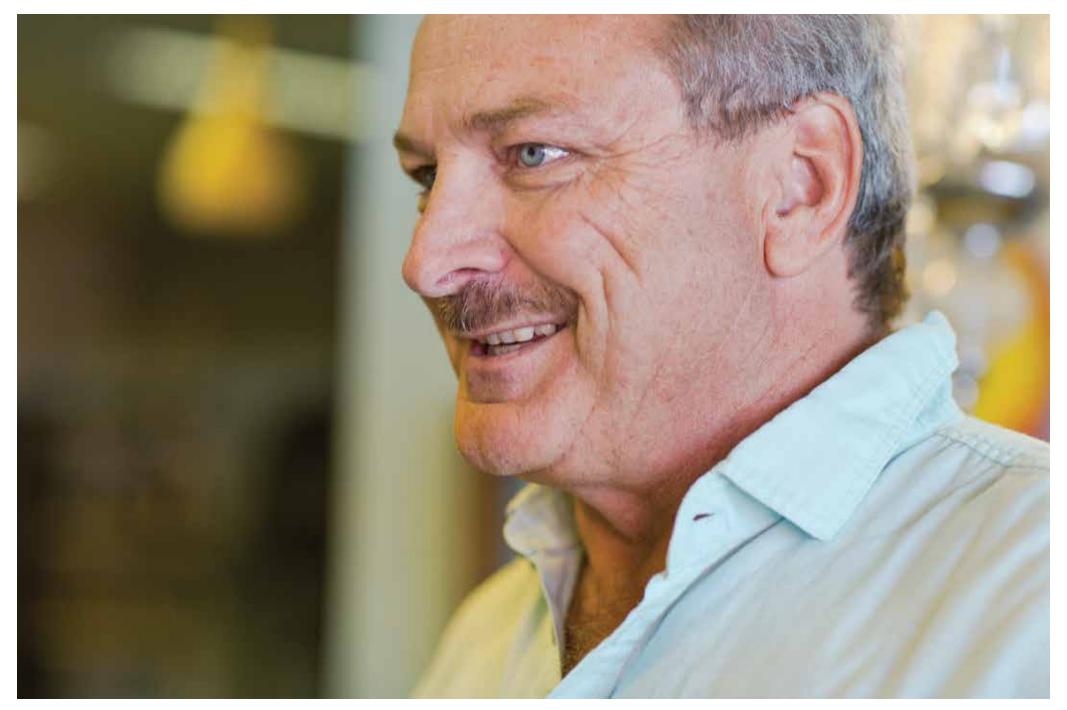
In the ICT world it is easy to focus solely on technology, but at the Communications Regulatory Authority of Namibia (CRAN) we are focused on the people of Namibia. We have a Vision of Namibians reaping all the socio-economic benefits of ICT's. So, before we talk business, let us talk consumers and employees. This has been a year of extreme highs and some difficulties for our team as we forged forward on the challenging frontier of ICT regulation with astonishing results. We also dealt with many unexpected changes and challenges. Despite the turbulence we experienced, I am proud of our team and all we accomplished during this period. The ancient adage stands true for us; change is the only constant.

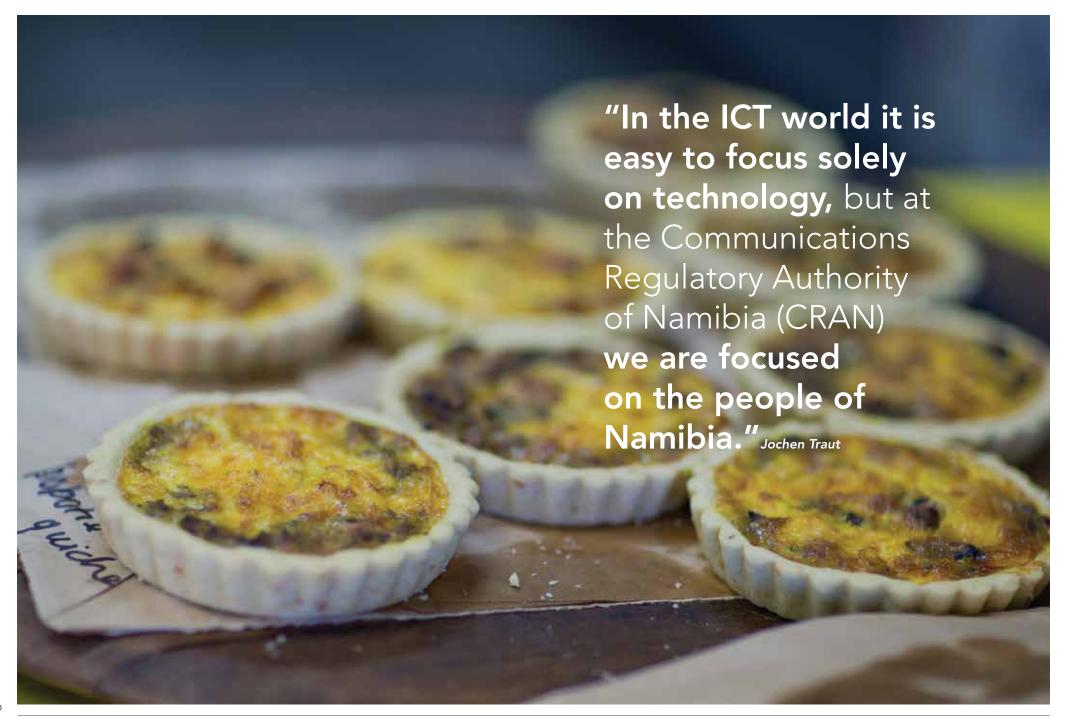
Stanley Shanapinda, the first CEO and member of the founding team of CRAN, made the laudable decision to further his own ICT studies abroad in July 2014. We reluctantly bid him farewell and trust he will return to Namibia with more knowledge and wisdom to offer. In his absence, the Board's Vice-Chairperson, Ms. Hilma Hitula, was appointed as Acting CEO.

Under her tenure, emphasis was drawn to rewarding and celebrating employees by implementing an annual Performance Awards ceremony. She also maintained compassion and flexibility in HR policies and sought creative ways of establishing CRAN as an employer of choice. Ms. Hitula took personal leave before the end of this financial period at which stage, I was appointed as Acting CEO.

Historically Namibia has relied on international experts due to a lack of qualified local human resources, but of late, CRAN has proudly subverted this trend by looking internally to advance and promote employees as new positions became available. The new organisational structure was approved by the Board of Directors in August 2014 and 10 employees were promoted internally. During this year under review, employees participated 100% in Training and Development programmes which illustrates our commitment towards developing a knowledgeable organisation. The departments are equally beginning to assert cross-training in various positions and tremendous growth is visible in terms of knowledge and experience of our team. A notable example of our internal promotions is that of Melvin Angula who was promoted to Head of Universal Access and Service (UAS) in October. This new department is uncharted territory for Namibia and for Melvin, but I believe that having a young, passionate and qualified Namibian at the helm of this endeavour will fast-track the prospective ICT benefits.







UAS is a key focus area for the Authority in this Strategic Plan (2012-2015). Although the UAS Regulations are still in draft form, we are confident of the regulations significance and potential. Universal access to ICT's is imperative to CRAN in order to reach our vision of "transforming Namibia and its peoples into an active knowledge-based society that derives the full socio-economic benefits of ICT's".

CRAN has also been involved in various regulatory interventions to support the success of UAS;

- Initiated inputs into a National Broadband Policy;
- Minimum Quality of Service Standards;
- Infrastructure Sharing Study;
- Preparatory work on Spectrum Allocation Strategy Study;
- Type Approval Regulations; and
- The first National Numbering Plan for Namibia.

These all form part of the overall Strategic Focus Areas for the Strategic Plan 2012-2015, as this time frame draws to a close, here is progress made:

#### Focus Area 1: Market Expansion and Development (Quality of Service)

Quality of Service Regulations speak directly to the Chairperson's definition of development. People's lives will be enhanced as their values and interests are protected and market growth is people-centric. Whilst, the rule making process for implementation of Quality of Service Regulations is completed, the regulations are still pending publication in the Government Gazette. We are confident that continuous monitoring and the monetary fines proposed for non-compliance will ensure top quality service from all licensees.

#### Focus Area 2: Fair Competition (Numbering, Number Portability and Infrastructure Sharing)

A numbering plan and number portability will ensure fair competition between licensees and also offer the consumer flexibility. This crucial project is still in progress, however, the rule making procedure setting the numbering plan for Namibia concluded with a public hearing held in July 2014. Implementation of the numbering plan is a pre-requisite to number portability.

Also vital to fair competition is regulations regarding infrastructure sharing. During this period, a study document was prepared for the development of infrastructure sharing regulations.

The Market report released by CRAN indicates a clear picture of Namibia's ICT landscape. Competition is still to be encouraged, however, of more concern is the fact that Namibia's mobile broadband is the most expensive out of the 12 African countries profiled. Thankfully once quality of service was taken into account, Namibia ranked the 5th highest for value for money but this is still a hindrance to universal access.

#### Focus Area 3: Spectrum Management

With the switch over date for DTT looming in June 2015, we must be pro-active about what the best use of the freed up spectrum will be. The Operations department has commenced with

developing a channelling plan for the envisaged IMT services that will be deployed in the 700 and 800 MHz band after the migration from analogue to digital terrestrial television.

Management of this important resource is imperative to universal access. It will also make local and cultural content more easily available for the unique cultural heritages represented in Namibia.

#### Focus Area 4: Universal Service

Our Chairperson has already discussed the successes in this focus area in detail. Whilst we established the department, we must still complete the rule making process and publish the final regulations in the Government Gazette. This is a priority focus for all of us at CRAN as broad access to ICT services will shape Namibia into a "active knowledge-based society".

#### Focus Area 5: Consumer Advocacy and Protection

The Authority issued its first legal summons during this financial year. While this is not something to celebrate, it is encouraging to know that we are serving our purpose in protecting consumers, ensuring compliance to regulations and regulating the sector. Individual complaints submitted to CRAN totalled 38 during this year. Perhaps this is also not to be celebrated, however it shows confidence in the Authority to adjudicate fairly and find a resolution.

#### Focus Area 6: Monitoring, Compliance and Enforcement

An important element of our mandate is to ensure that licensees comply with legislation and regulations. In this vein we have completed a broadcasting audit to measure compliance of broadcasting licensees with spectrum use licence conditions in regard to frequency usage, power output and tower locations. The study was concluded in September 2014. Based on the results of this audit, CRAN is currently in the process of evaluating the discrepancies found.

CRAN has now moved from a foundational phase to an implementation phase. In this phase we are enforcing regulations and keeping licensees accountable. The issuing of our first summonses early in 2015 for non-compliance is proof of our commitment to integrity in the sector. ICT is notoriously fast paced and regulation can seem laborious in contrast to the sector's growth and innovation rate. However, CRAN strives to lead the pack in terms of regulating the sector efficiently and relevantly, a mammoth task that we all take very seriously.

As we tick things off the list I must again say a big 'thank you' to each team member for showing tenacity, willingness to learn and courage to take on responsibility. During this financial year, it was really a team effort to keep CRAN pushing forward as we experienced our own exponential growth and change.

Mr Jochen Traut: Acting CEO

## CONSUMER IS KING

The Communication Department is directly involved with consumer awareness, advocacy and protection as well as engages all stakeholders in an effort to further CRAN's objectives. This support function is therefore vital for all the other departments to achieve their goals.

During April 2014, the Department embarked on an internal campaign titled "The Vision, Mission and Values" campaign. The campaign aimed to educate employees about CRAN's vision, mission, values and mandate. The Communications Department used activities such as crossword quizzes, word puzzles, memory cards, industrial theatre and a game show to communicate the message.

As part of CRAN's birthday celebrations, the Communication Department, organised the launch of the 'Consumer is King' Campaign, participated in the 2014 Annual celebrations of World Telecommunications Day and handed over CRAN's 2013 annual report to the Minister.

Communication also used CRAN's third year anniversary celebration to set up a stand at Maerua Mall to interact, inform, educate and engage with consumers on CRAN's mandate and responsibilities on 18 May 2014. This platform afforded the communications team an opportunity to guide consumers on how to lay a compliant with the Regulator, when they felt aggrieved by their respective service providers.





#### STAKEHOLDER COMMUNICATION AND EXTERNAL RELATIONS DEPARTMENT

#### **Events Management**

The Department participated in the first ever National ICT Summit, which aimed to bring together all ICT industry stakeholders, including government, business, professionals, consumers and academia, to discuss trends and challenges facing the industry globally and in the country. Communication organised a plenary discussion on Universal Access and Services, which consisted of a few executive team members.

To gain knowledge and international ICT exposure, the department attended the International Telecommunications Union (ITU) Plenipotentiary Conference towards the end of 2014. The conference provided a wealth of new information, as well as a platform to engage, establish and build relationships with strategic stakeholders within the industry. It also afforded the department an opportunity to benchmark with other regulators on issues that pertain to Communications and Marketing.

Communication also assists other departments to organise important regulatory stakeholder meetings such as public hearings. These events are held from time to time in order to discuss regulatory issues and inform stakeholders of pertinent ICT developments. The Department is also responsible for organising fun-filled and interactive stakeholder engagements such as the Paint Ball tournament that was held for all broadcasting licensees in May 2014.

In February 2015, Communications supported the Operations Department by hosting the "Advanced Spectrum Management and SADC Roaming Glide Paths Workshops". The Department was responsible for media liaison and other logistics.

The Department also organised a Gala Dinner in March 2015, to bid farewell to the outgoing Minister of Information and Communications Technology, Honourable Joel Kaapanda. The dinner served as an official opportunity for CRAN and its stakeholders to bid the Hon. Minister a fond farewell and to thank him for the critical role he played in the operationalisation of CRAN and the development of the ICT sector in the country under his tenure. The department also produced a video capturing the Honourable Minister's achievements and milestones in the ICT industry in Namibia as a farewell gift.

#### **Perception Surveys**

The Communication Department continuously strives to engage, maintain and strengthen its relationship with respective stakeholders, in order to deliver on CRAN's mandate. In order for CRAN to attain its vision and fulfil its mission, it needs to continually understand the needs and opinions of its valued industry stakeholders in order to provide cutting-edge, innovative, as well as informed regulatory services to the ICT industry in Namibia.

To achieve the above, CRAN commissioned an experienced and independent, Namibian-owned research company, to administer a stakeholder perception survey on its behalf. This survey is important, as it will evaluate the needs, concerns, and opinions of our stakeholders, as well as determine whether CRAN is living up to its vision and whether it is effectively carrying

out its mission. The survey was carried out during the month of March 2015 and the results will be presented to management during June 2015.

The department also conducted an internal communication survey, to assist the business to address areas that may need improvement and inform CRAN's strategic internal communications planning process going forward. The survey evaluated the internal communications needs, concerns, and opinions, as well as determined whether CRAN's employees feel that the Authority is effectively fulfilling its objectives. The results of this survey will also be presented to management in June 2015.

#### **Media Coverage Analysis**

A local media analyst was commissioned to prepare media analysis reports for a period of six months commencing from July 2014 to December 2014. The full reports will be presented to management in June 2015. An international media analyst company prepared two reports, one that looks at CRAN's local coverage and another that compares CRAN local and international coverage. The report further provided the added value returns (see below graph) on publicity to quantify media coverage CRAN received from through various media interventions.

Media Coverage from October to December 2014 comparison of local vs international coverage received for CRAN.

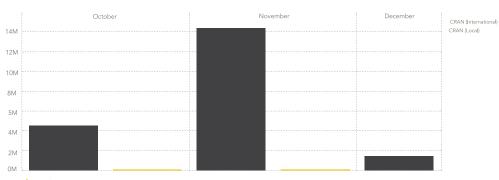
#### Q4 2014 Local vs International Benchmark Summary

Company	Mentions	Reach	Net Tonality	Ad Value	SOV
CRAN (International)	20	20M	-25.0	S187,246	99.5%
CRAN (Local)	16	108K	-18.8	S998	0.5%
Industry Avg.	18	0.0B	-21.9	594,122	100.0%

meltwater

Figure 1 (the Added value returns (AVR's) in USD)

#### Reach

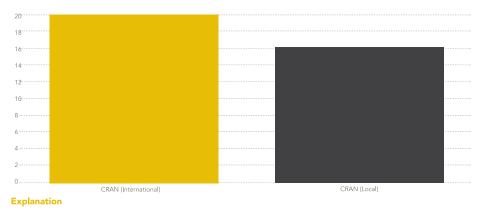


This chart shows the total reach of articles per month for the current quarter for CRAN local vs international

meltwater

Figure 2

#### **Q4 2014 Media Exposure**



This chart shows the total number of articles for the current quarter for local vs international coverage

meltwater

Q4 2014 Media Exposure

#### Insights

The chart from the previous slide shows the total number of articles for Q4 2014.

#### International

There were 20 CRAN mentions internationally. These articles were mainly multiple complaints with regards to Mobile Telecommunications Limited (MTC):

- Mobile Telecommunications Limited having to suspend their "N\$2 for 10MB" campaign be
  cause of the multiple complaints by customers and companies such as CRAN. "This is not
  the first time that CRAN has expressed concern over MTC's services. Last year the
  communication regulator expressed concern over missing data but nothing has been done
  up to now and Ekandjo noted that MTC did allow CRAN to test its system."
- CRAN also had to conduct an investigation on MTC surrounding a customer being charged N\$11 594 for roaming.
- Also contributing to the mentions of CRAN were articles about the appointment of the new CEO for the Telecom board and 2 of the shortlisted candidates were the CFO's of CRAN.
- The Consumers Court wants to know "When will CRAN introduce number portability?"

#### Local

There were 16 CRAN mentions locally. These articles were mainly based on:

- Mobile phone theft and justice an unlikely pair in Namibia and how CRAN is working towards establishing an effective regulation to combat mobile phone theft but this process remain in the pipeline.
- CRAN investigates MTC due to the large amount of customer complaints.
- CRAN hosts a pricing workshop to help tackle the challenge of providing services at sustainable and affordable prices





# CONSUMER PROTECTION

#### 1. Regulatory Summons

During the year under review, CRAN issued Regulatory Summons for the first time in terms of sections 114 to 116 of the Communications Act No. 8 of 2009. Over the past four years that CRAN has been in existence, the focus of the Legal Advice department has been on the formulation of a regulatory framework within which licensees would provide ICT services to consumers. The issuance of these summonses is therefore a milestone in that they symbolise the fact that the Communications Act is a living document. These summonses not only promote awareness of CRAN's existence to the Namibian public but also enhance public trust and confidence in CRAN's capacity to fulfil its mandate to enforce compliance with the rules of the regulatory framework.

#### 2. Consumer Protection

One of the objects of the Communications Act (No 8 of 2009) is to ensure consumer protection in the telecommunications sector. Section 79 of the Communications Act read with the Regulations Regarding Consumer Complaints empowers the Authority to adjudicate over the following types of complaints:

- (a) non-compliance or breach of a licence or licence condition;
- (b) non-compliance or breach of a contract;
- (c) non-compliance or breach of the Act or regulations; and
- (d) including, but not limited to billing, charges and refunds, service deliver and product delivery, confidential information, customer services and customer treatment; and service interruptions and dropped calls.

The table below depICT's the complaint statistics for the year under review:

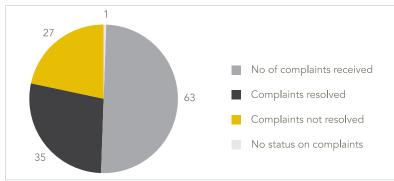


Table 1: Complaints Status as at 31 January 2015. (Please note that the reporting periods for complaints are from 1 February 2014 – 31 January 2015)

During the year under review, the Legal Advice department handled 63 official complaints from consumers. Thirty five (35) of the complaints have been resolved and the remaining complaints are still pending final adjudication due to outstanding information to be submitted by the parties.

Consumer protection remains an integral part of the Communications Act. The Authority endeavours to safeguard the rights of consumers and create awareness among consumers about their rights and responsibilities.

The legal advice department is also in the process of developing consumer protection regulations to increase consumer confidence and awareness of consumer rights and obligations. The Regulations will also be aimed at ensuring that consumer protection rules and standards are widely adopted and understood. The Regulations will also provide formal processes for consumers to make complaints and seek redress/ compensation, which will ultimately result in a reduction of consumer problems and complaints.

Legal has been an integral part of CRAN's activities in the year under review and the department has continued to provide the necessary support to other departments on the implementation of their strategic objectives.



## TOGETHER REACHING OUR STATEGY

The Operations department is key to the fulfilment of the majority of CRAN's Strategic Focus Areas. The department, however, relies heavily on all other departments to maintain its phenomenal rate of success in achieving the goals of the Authority.

#### Focus Area 1: Market Expansion and Development (Quality of Service)

The rule making process for the implementation of Quality of Service Regulations has been completed with the approval of the regulations by the Board at the board meeting held on 18 March 2015. The regulations are now pending publication in the Government Gazette. Operations will issue a tender for quality of service drive testing in compliance with these regulations in the coming financial year.

#### Focus Area 2: Fair Competition (Numbering Plan, Number Portability and Infrastructure Sharing)

The department has completed a Numbering Plan and Number Portability study for Namibia. In order to implement number portability, which will promote fair competition, a National Numbering Plan and associated numbering regulations must first be in place. The Plan will ensure that all numbers utilised for telecommunications services will consist of the same number of





#### OPERATIONS DEPARTMENT

digits. This structure will pave the way for number portability which will enable consumers to retain his or her number when changing service provider.

The rule making procedure for these regulations were already in progress before this financial year. During this period, however, a public hearing was held in July 2014. At the hearing, all attendees were informed as to the framework of number allocations, fees, procedures and penalties to be enforced for non-compliance to the proposed regulations. The draft regulations were then published in the Government Gazette in September 2014 to invite for a second round of public comments for final consideration by CRAN. The successful implementation of these regulations is a pre-requisite for the implementation of number portability as required by the Communications Act.

During this period, Operations drafted a study document in preparation for the development of Infrastructure Sharing regulations. This study document was published in the Government Gazette in July 2014 for public comment. Based on the study, draft regulations have been developed and are currently being finalised to commence rule making procedures with the support from the Legal department.

#### Focus Area 3: Spectrum Management

Spectrum fees are one of the main revenue streams for CRAN, however, these fees have not been reviewed since 1995. During this review period, Operations concluded a baseline study for spectrum assignment and a review of spectrum fees. The department is preparing new regulations in this regard to align spectrum fees with international trends, the market value of spectrum and to make provision for the issuance of spectrum licences in the digital dividend spectrum bands (700 and 800 MHz).

During the period under the review, CRAN together with strategic stakeholders - engaged respective industry players towards the June 2015 envisaged switch from analogue broadcasting television to Digital Terrestrial TV (DTT).

In conjunction with the MyDigitalBridge Foundation, the department spent considerable time researching and drafting a 100% in-house developed study document to establish the feasibility of the use of these spectrum bands. This study document was published in the Government Gazette in August 2014. The study commenced on the date of publication and will be completed in a period of twelve months.

The department is also looking at efficient use of spectrum and has identified high demand spectrum bands where licensees are occupying spectrum without efficient use - and in that way restrICT's other licensees from utilising that valuable spectrum. In conjunction with review of the spectrum fees, Operations is in the process of developing a spectrum assignment strategy to ensure the optimal use of spectrum aimed at meeting the objectives of the Act.

#### Focus Area 4: Universal Service

The Universal Service department within Operations was established with the appointment of Mr Melvin Angula as Head of Universal Service and Access to commence his duties as from October 2014.

The department provided input as required to the draft universal services and access regulations; with the Legal department being primarily responsible for these regulations.

#### Focus Area 5: Monitoring, Compliance and Enforcement

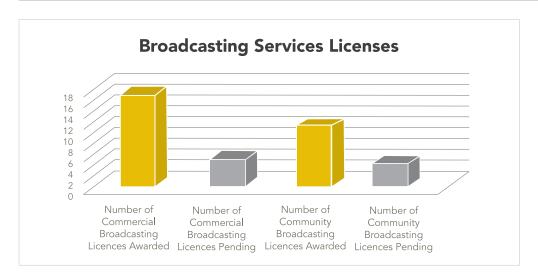
Regulations in respect of type approval and technical standards for electronic communications equipment were published in the Government Gazette in January 2015. Implementation of these regulations is underway.

The Operations department completed a broadcasting audit to measure compliance of broadcasting licensees with spectrum use licence conditions in regard to frequency usage, power output and tower locations. As part of the Authority's enforcement strategies, the department made use of a drone to measure actual spectrum usage and power outputs at high demand sites. The rather interesting results revealed numerous non-compliance issues. The study was concluded in September 2014. Based on the results of the study and in conjunction with the Legal department, Operations will follow up on all breaches of spectrum use licence conditions.

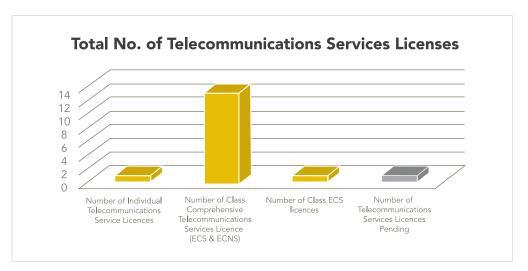
To date the Authority has awarded 14 telecommunications service licences and 26 broadcasting service licences as indicated in the diagrams below. The Authority declined 2 licence applications during the period under review. A further 10 licence applications are still under consideration by the Authority. It should be noted that 9 of the 10 applications pending has been submitted for broadcasting service licences.

During the period under review there were three applications received for ECS and ECNS licenses, one application for a Class ECS licence along with eight commercial broadcasting applications and seven community broadcasting licence applications. To date the Authority has awarded 14 telecommunications service licences and 28 broadcasting service licences. The Authority declined two licence applications for telecommunications services and two licences for commercial broadcasting services during the period under review. However, the Authority also revoked one telecommunications service licence due to the lapsing of the licence without commencing commercial service. A further 11 licence applications are still under consideration by the Authority. It should be noted that 9 of the 11 applications pending has been submitted for broadcasting service licences.

Figure 4.1



The high number of broadcasting licenses and continuous influx of new broadcasting licence applications place a strain on spectrum resources for FM broadcasting and the sustainability of broadcasters especially in the Oshakati, Ondangwa, Swakopmund and Walvis Bay areas. Meticulous analysis of business cases submitted by applications is a therefore a key element of the licence evaluation process.



The number of telecommunications service licensees remained unchanged during the period under review. However, the Authority awarded one Class Comprehensive ECS and ECNS service licence as well as revoked one licence due to the lapsing of the licence and failure to launch commercial services.

It should be noted that smaller licensees find it difficult to expand their services and are hampered by high infrastructure costs. The telecommunications industry is highly competitive. Only Paratus Telecommunications (Pty) Ltd were able to expand significantly on a national basis and introduced voice services utilising the 083 number range during the period under review,





### MARKETS IN **NAMIBIA**

"Economics has released the **first Namibian ICT Sector Market Report** during this period."

The Economics and Sector Research department may be small in terms of human resources, but they play a significant role in ensuring fair competition in the ICT industry and are continuously providing assistance to new market entries. A constant responsibility also includes collecting and analysing data from the market in order to better understand changes and growth in the sector. As part of this data collection activity, Economics has released the first Namibian ICT Sector Market Report during this period.

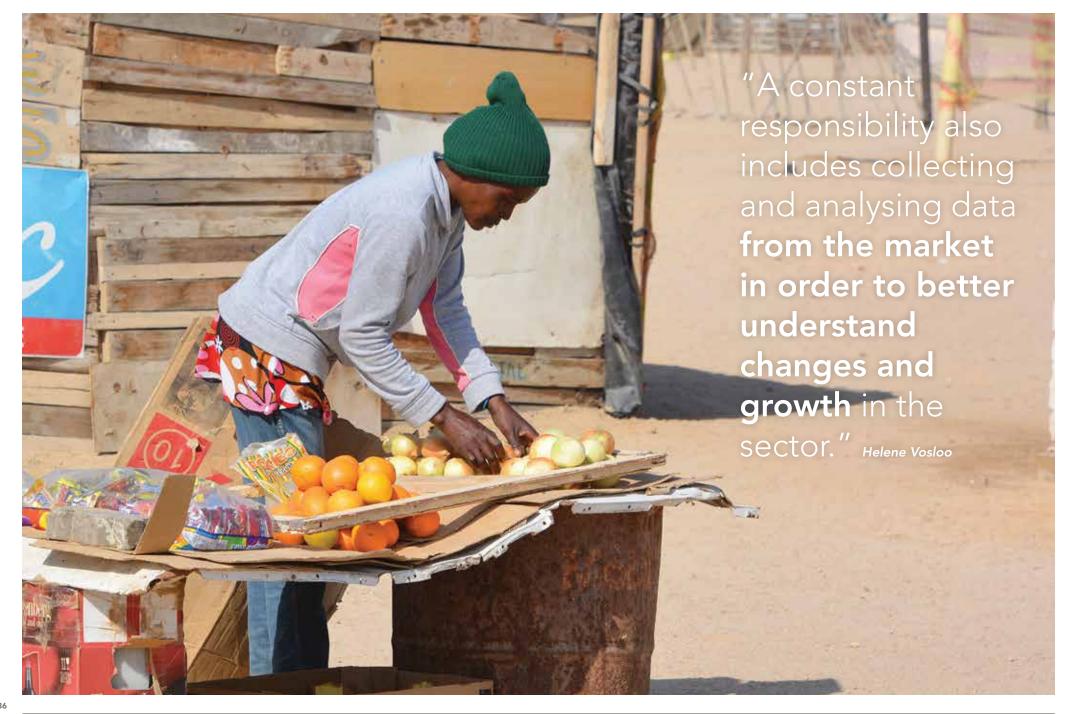
#### Reporting and Data Collection

CRAN began a process of data collection in 2012 with a questionnaire designed and distributed to all telecommunications licensees to complete bi-annually.

In 2013, the Authority also published the Regulations setting out Cost Accounting Procedures and Reporting Requirements. These Regulations require licensees to comply with data collection efforts.

During the period under review, Operator Questionnaires were designed for broadcasters to submit data to the Authority. All operators in the industry are now expected to submit data bi-annually.

This data was analysed and translated into a Market Report released by CRAN on 09 July 2014. This report shows a clear picture of Namibia's ICT landscape. Competition among telecom-



munications licensees is of concern and has reduced since the take-over of LEO by Telecom Namibia Limited. Of more concern is the fact that Namibia's mobile broadband is the most expensive out of 12 African countries profiled. However, once quality of service was taken into account, Namibia was listed as the 5th highest in terms of value for money regardless of the hindrance to universal access - a high priority for the Authority.

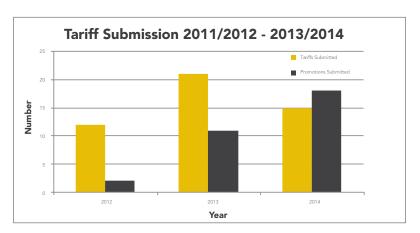
#### **Tariffs and Fees**

The Economics department has the responsibility of approving all tariff submissions by licensees. Economics then recommends approval or disapproval to the Board based on Section 53 (19) of the Communications Act. According to this section of the Act, CRAN must ensure that the tariffs implemented:

- Are reasonable;
- Conform to the terms and conditions stipulated in the licence issued to the licensee concerned;
- Comply with the tariff regulations;
- Are fair:
- Do not impair competition;
- Are sufficiently disaggregated so that the user is not required to pay for facilities or services, which are not necessary, or reasonably related to the service to which the charge in question relates;
- Are accompanied by such cost information and other supporting material as CRAN may require under subsection (18).

#### **Table 1: Tariff Applications**

A total number of eight tariffs were submitted by operators for approval and nine were submitted as promotional tariffs for the period under review.



#### **Home And Away Roaming**

The SADC Home and Away project continued with a (SADC Regional Alliance Task Team) RATT meeting that was scheduled on 21 October 2014, in Johannesburg, South Africa. A new methodology for reducing the SADC roaming charge was introduced, following an implementation plan that was discussed and presented to the ICT Ministers at a meeting held in November 2014 in Malawi. The implementation plan was approved by the Ministers for ICT, Communications and Postal Services.

At the CRASA AGM held from 27 to 28 March 2015, a Roaming Task Team was established to guide the implementation and management of the project. Namibia is the vice-chairperson of this committee.

#### **Cost Study**

The Public Switched Telephone Network (PSTN)/Leased Line Cost model is finalised and the discussions on the outcome of the study were held with Telecom Namibia Limited, who provided new data and input. The main objective of the study is to develop a cost model to determine the wholesale cost of PSTN call origination and termination as well as the provisioning of leased line services. The cost model will prescribe tariff caps in terms of the section 51(20) of the Communications Act no 8 of 2009.

#### Other Activities

CRAN hosted the ITU Training workshop on Quad-play Costing Models. Forty-six (46) participants from 20 English speaking African countries attended the training along with Namibian operators who also actively participated in the workshop.

# UPLIFTING OUR **PEOPLE**

HR occupied a central role in CRAN's activities during this financial year with a particular focus on employees. Recruiting, promoting, training, wellness, financial skills and a new Performance Awards ceremony were some of the major human resources initiatives implemented this year.

#### **Affirmative Action Policy and Plans**

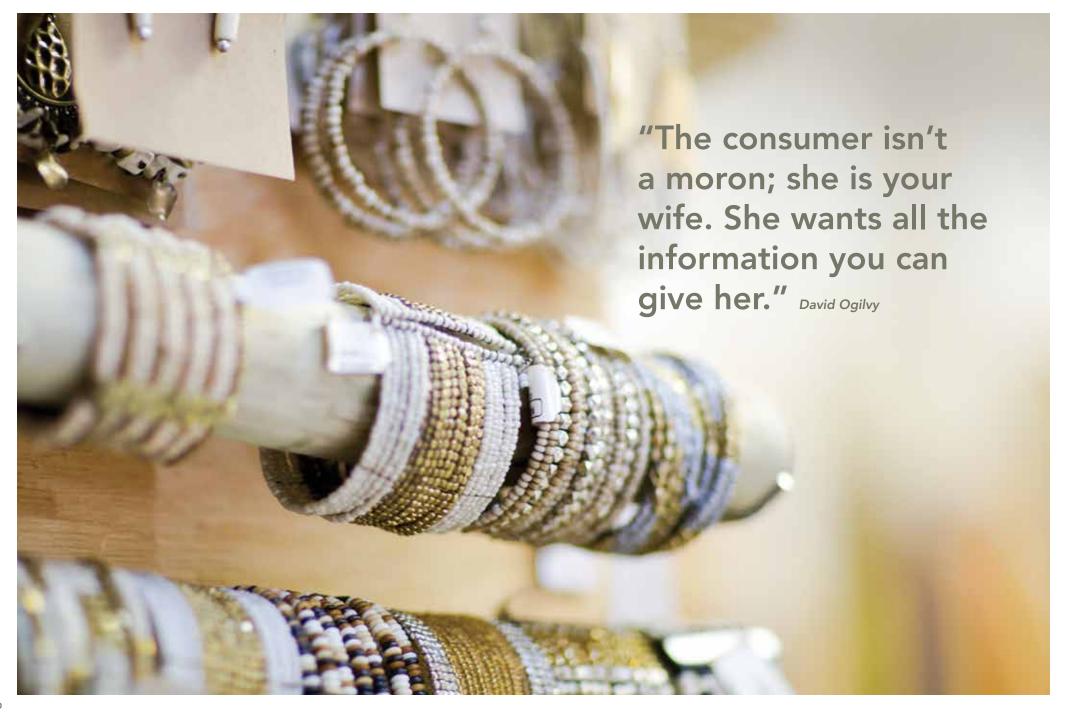
In accordance with the Government of the Republic of Namibia's requirements, the second Affirmative Action Report and Plan (AARP) for the period 1 June 2014 to 30 May 2015 was submitted to the Employment Equity Commission in June 2015. Approval and certification of the first report are still pending. HR is currently compiling the second AARP for the period of 1 June 2015 to 30 May 2016.

#### **New Organisational Structure**

In August 2014, management proposed a new organisational structure that required the appointment of additional employees. The proposed structure was approved by the Board in August 2014. CRAN focused on promoting employees internally before advertising vacancies for recruitment of new staff. Ten employees were therefore promoted by November 2014 and eleven new employees were added to the team between September 2014 and March 2015 bringing the total staff compliment to forty.







#### **Staff Retention**

HR is committed to retaining employees through creating a working environment that encourages personal and professional growth, rewards excellence and loyal service.

#### • Performance Management and Awards

CRAN strives to maintain a progressive performance management practice and excellent performance standards. Therefore, HR further benchmarked best practice approaches to drive human resources excellence as well as a customer and stakeholder excellence. All employees signed individual performance contracts for the period under review. In order to track performance accurately, CRAN uses an electronic performance management system to monitor performance.

It is notable to mention that during this period under review, the HR department hosted CRAN's first Performance Awards Ceremony. This event was hosted to celebrate employees who exceeded performance expectations and thus achieved outstanding results.

Performance and Long Service Awards will become an annual event with coveted prizes for top achievers as a value add for our team and will support CRAN's position as an employer of choice.

#### • Employee Wellness

Employee wellness is vital for any organisation to achieve its objectives. Productivity and job satisfaction is dependent upon a healthy workplace- which includes the physical and social environment of employees, their health practices, and the personnel resources available. To accentuate employee wellness, CRAN conducted and participated in a number of activities, namely:

- Awareness sessions on workplace ergonomics
- Personal Financial Management
- Corporate wellness screening and testing
- Stress management/massages
- Friday Winter soup
- Team building involving physical activities

Creating a conducive working environment and addressing some of the major employee concerns is crucial in retention. At the end of the last reporting period (March 2014), HR carried out an employee satisfaction survey to determine the level of satisfaction, which resulted in employees making recommendations and identifying possible interventions to bridge gaps. An intervention designed to address some of these concerns is our cultural change programme. This programme is planned to take place in October 2015 and will focus on Change Management, Emotional Intelligence, Cultural Diversity, Work Ethics, Conflict Management and inculcating CRAN's vision, mission and values.

In progress are the staff suggestion box, regular staff meetings, and coffee sessions with CEO, which would assist in identifying staff issues as well as reduce high staff turnover, retain critical staff and offer market related salaries.

#### • Personal and Professional development

CRAN is solidifying its status as an employer of choice by insisting on training and development programmes for all employees. These programmes range from in-house first aid certificate training to Master's degree level in ICT Policy framework. It is further noted that all employees participated in two specific in-house training initiatives; first aid training and Performance Management System training. Nine employees were trained in areas that relate to the CRAN's core business, namely in operations, i.e. ICT Policy and Regulation, Next generation Networks, etc as part of their Professional development.

- ICT Policy Regulation and Management;
- Leadership and Management Development;
- IFRS and Tax updates;
- Master class in Next Generation Access and Networks;
- Internal Audit, Risk & Compliance Management;
- Statistical Indicators:
- Procurement Best Practices:
- Legislative drafting skills;
- Competition and Economic Regulation;
- Project Management

Other professional development training attended which relates to CRAN's support function are:

- Accounts Payable;
- Competency Based Recruitment and Selection;
- HR Records management;
- Personal Development Analysis an online personality assessment;
- InDesign;
- Office Administration; and
- Computer skills training.
  - Thirteen employees engaged in Personal Development by committing to various long term study goals. These ranged from certificates through to Bachelor's and Master's degree studies. These study programmes also relate to the core of CRAN's business operations, however, the length and intensity of study requires a committed employee.

- Bachelor's in Computer Science (Networks and Communication);
- Certificate in Cyber Security;
- Masters of Arts in ICT Policy & Regulation;
- Management & Senior Development Program;
- Upgrading of Grade 12 symbols;
- Postgraduate Diploma in Arbitration & Dispute Resolution;
- Bachelor's of Law;
- Chartered Institute Management Accounting certification;
- Diploma in Procurement & Supply Chain;

#### **Internship Programme**

Through the recruitment of interns, CRAN was able to assist these students to apply theoretical knowledge gained from their course of study in a practical setting. A number of seven students were on CRAN's intership program and CRAN prides itself with the appointment of two interns to permanent positions. The internship provides students with an opportunity to grow professionally, identify personal strengths and weaknesses, apply learned theory to practical situations, and gain an appreciation of the role, duties, and responsibilities of the work that the student has chosen as a career.

#### **CSR Focus**

Employees are vital to CRAN's strategic objectives; however it's just as important to reach out to the less fortunate where possible. Therefore employees took a decision during this year to forgo their Friday soups or Spring snacks and rather have the food sent to various orphanages in Windhoek where those in need benefitted.

This charitable effort supports the department's other initiative to donate ICT equipment and access to underserved communities. The Department started preparations to donate a PC and printer to two schools, namely Donkerbos and Helena Primary Schools in the remote area of Gobabis. Further, because the schools had no electricity, CRAN erected solar systems at the two schools in order to have access to the donated ICT equipment.

#### **WAY FORWARD**

The HR Department strives to implement succession planning strategies in future in order to have a systematic process in place to ensure leadership and business continuity as well as encourage personal advancement in key positions e.g. management positions, technical and specialist roles, to achieve the strategic goals and objectives of CRAN.

Further as stated earlier, the culture change program planned for October 2015 will serve as a fruitful engagement to strengthen relations among the team.

#### **CURRENT STAFF COMPLIMENT**

The table below indicates the statistics on the current staff compliment to date as from 1 April 2014 to 31 March 2015

#### **Table 1: Staff Compliment**

Description	Statistics
Total Number of Employees	40
Number of Males	16
Number of Females	24
Number of Employees with disabilities	0
Number of Temporary Employees/Consultants	2
Number of Interns	3

#### **Table 2: Recruitments**

Description	Statistics
Total Number of Employees	17
Number of Males	5
Number of Females	12
Number of Employees with disabilities	0
Number of Temporary Employees/Consultants	1
Number of Interns	3

#### **Promotions**

The table below indicates the statistics on the employees that were promoted to date as from 1 April 2014 to 31 March 2015.

**Table 3: Promotions** 

Description	Statistics
Total Number of Employees	10
Number of Males	3
Number of Females	2
Number of Employees with disabilities	0
Number of Temporary Employees/Consultants	3
Number of Interns	2

The table below indicates the statistics on the employees who went of training for the period 1 April 2014 to 31 March 2015.

**Table 4: Professional Development Training** 

Description	Statistics
Total Number of Employees	9
Number of Males	1
Number of Females	8
Number of Employees with disabilities	0

The table below indicates the statistics on the employees who had formal training through staff development to date as from 1 April 2014 to 31 March 2015.

**Table 5: Personal Development** 

Description	Statistics
Total Number of Employees	15
Number of Males	6
Number of Females	9
Number of Employees with disabilities	0



## ADDING VALUE

The Internal Audit department (IA) provides an independent, objective assurance and consulting service designed to add value and improve the organization's operations. Internal Audit continues to operate independently by reporting functionally to the Board Audit Committee and administratively to the CEO.

#### **AUDIT, RISK & COMPLIANCE**

#### **INTERNAL AUDIT (ASSURANCE)**

The Internal Audit department's annual and three-year rolling Internal Audit plan was approved by the Board Audit Committee and the Board of Directors during February and March 2014. The Internal Audit section has conducted a number of internal control effectiveness and compliance audits during the reporting period. The results were reported to the respective Department Heads, the CEO and the Board. Even-though there are opportunities for improvement, Internal Audit is of the opinion that CRAN's internal control environment is generally sound.

#### INTERNAL AUDIT (CONSULTING)

The Head: Internal Audit serves on the Executive Management Committee in an advisory capacity. The Department continues to provide advisory services on a wide range of issues including policy and procedure design, internal controls, and risks.

#### **RISK MANAGEMENT**

The Risk Management Policy and Procedure was approved by the Board on 21 August 2014. Following this approval, an Organization-wide Risk Assessment was conducted and the first Risk Management Reports for CRAN were submitted to the Audit Committee and the Board. The reports, which provided an overview of CRAN's risk environment and portrayed the top risks facing the organization, were well received.

The department has loaded all the risks identified during the 2014/2015 Risk Assessment workshops onto CRAN's central Risk Management database (Risk Logs). Risk monitoring will thus be continuously carried out.

#### COMPLIANCE MANAGEMENT

The Compliance Management Policy & Procedure was approved by the Board in December 2014. Following this approval, IA has commenced with the compilation of a Compliance Management database. Once the database is fully populated, compliance obligations will be allocated to the responsible staff members and regular compliance checks will be conducted to determine the level of compliance.



## **COUNTING** ON ICT

#### **Financial Review**

	2015	% change	2014
	N\$'000		N\$'000
Revenue	71,805	3.8%	69,193
Other income	4,944	16.3%	4,250
Expenses	(60,648)	-12.3%	(69,162)
Operating profit	16,101	276.1%	4,281
Finance costs	(2)	-98.9%	(172)
Profit for the year	16,099	291.8%	4,109

#### Revenue

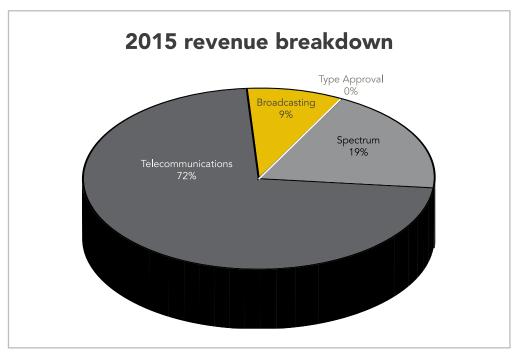
Revenue comprised of telecommunications fees, broadcasting fees, spectrum fees and fees charged for type approvals. Telecommunications and broadcasting fees are derived from fees charged to operators for their service licence. The fees are calculated as a percentage of operators turnover based on a progressive licence fee formula that caps the maximum percentage at 1.5%. Spectrum fees are derived from the radio licences and the fees varies depending on the type of licence. Telecommunications fees are the main contributors to revenue and makes up 72% of total revenue.

Revenue for the year ended increased by 3.8% from N\$69.2 million in 2014 to N\$71.8 million in 2015.

Type Approval is a new category of revenue generated from the licensing of all communications equipment and devices approved to be used on the Namibian telecommunications and broadcasting networks.









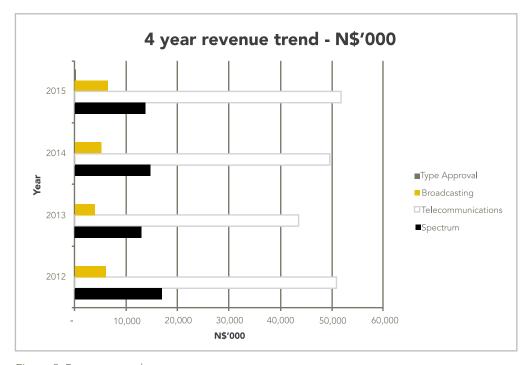


Figure 2: Revenue trend

#### **Operating expenses**

Operating expenses decreased by 12.3% from N\$69.2 million in 2014 to N\$60.7 million in 2015. The main contribution to the decrease is ascribed to the reduction in the movement for the provision for bad debts, and reduced expenditure on projects and media & communications.

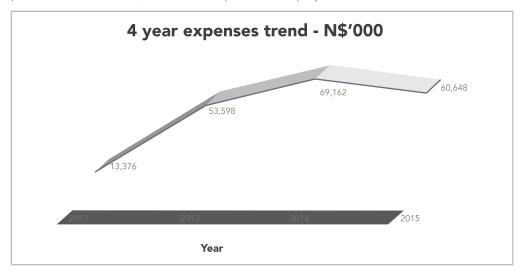


Figure 3: expenses trend

#### Surplus

The surplus for the year ended increased by 291.8% from N\$4.1 million in 2014 to N\$16.1 million in 2015. The increase in the surplus is ascribed to both the decline in the operating expenses as well as the increase in revenue.





## GENERAL INFORMATION

Country of incorporation and domicile

Namibia

Nature of business and principal activities

The Authority is a body corporate established under section 4 of the Communications Act, Act 8 of 2009 to regulate, supervise and promote the provision of telecommunications services and networks, broadcasting, postal services and the use and allocation of radio spectrum in Namibia.

Members

Mr. Lazarus N. Jacobs Dr. Tulimevava K. Mufeti Mr. Edwin D. Beukes Mr. Tylvas N. Shilongo

**Business address** 

Communications House 56 Robert Mugabe Avenue

Windhoek Namibia

Postal address

Private Bag 13309 Windhoek Namibia

**Bankers** 

Bank Windhoek Limited

**Auditors** 

PricewaterhouseCoopers (Namibia) Registered Accountants and Auditors Chartered Accountants (Namibia)

PwC, a partnership duly organised according to the laws of the Republic of Namibia

(hereafter referred to "PwC", "we", "us")

Secretary

Mr. Tanswell Davies

Lawyers

Clement Daniel Attorneys Kangueehi & Kavendjii Inc ENS africa : Namibia Nakamhela Attorneys

Dr. Weder, Kauta, & Hoveka Inc

Bowman Gilfillan Nambahu Associates Carmen Cupido Angula Co Inc

## CONTENTS

The reports and statements set out below comprise the annual financial statements presented to the Minister of Information and Communication Technology:

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Statement of Profit or Loss and Other Comprehensive Income	10
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Detailed Statement of Profit or Loss and Other Comprehensive Income	34 - 35

## CORPORATE GOVERNANCE STATEMENT

CRAN is committed to the principles of integrity, safety, professionalism, transparency, responsibility and accountability. The members recognise the need for management to conduct the business of the authority accordingly and in accordance with generally accepted corporate practices, the Authority's policies and the laws of Namibia.

#### Members of the board

The board meets regularly. The roles of the Chairperson and Chief Executive Officer do not vest in the same person and the Chairperson is a non-executive member. The Chairperson provides and encourages proper deliberation of all matters requiring the board's attention, and obtains optimum Input from the other members. The Chairperson also ensures that all decisions of the board are clearly documented and are likely to advance the Authority' interests.

#### Non-executive members

The board has four non-executive members. Non-executive members are appointed for specific terms and re-appointment does not occur automatically.

#### Company secretary and professional advice

All members have access to the advice and services of the company secretary, who is responsible to the board for ensuring that board procedures are followed. All members are entitled to seek independent professional advice about the affairs of the Authority and at the Authority's expense.

#### Internal control system

The Authority maintains systems of internal control over financial reporting and over safe-guarding of assets against unauthorised acquisition, use or disposition. These controls are all designed to provide reasonable assurance to the Authority's management and members of the board regarding the preparation of reliable published financial statements and the safe-guarding of the Authority's assets. The system includes a documented organisational structure and division of responsibility, established policies and procedures which is communicated throughout the Authority and used for the proper training and development of its people.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control can change with circumstances.

Member

Member

Windhoek, Namibia

09/09/2015

(Date)

## MEMBERS' RESPONSIBILITIES AND APPROVAL

The members of the board are required in terms of the Communications Act, Act 8 of 2009 to maintain adequate accounting records and are responsible for the content 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 fairly present the state of affairs of the Authority at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

The members of the board acknowledge that they are ultimately responsible for the system of internal financial control established by the Authority and place considerable importance on maintaining a strong control environment. To enable the members of the board to meet these responsibilities, the members of the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Authority and all employees are required to maintain the highest ethical standards in ensuring the Authority's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Authority is on identifying, assessing, managing and monitoring all known forms of risk across the Authority. While operating risk cannot be fully eliminated, the Authority endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members of the board are of the opinion, based on the information and explanations given by management, 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 members of the board have reviewed the Authority's cash flow forecast for the year to 31 March 2016 and, in light of this review and the current financial position, they are satisfied that the Authority has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Authority's annual financial statements. The annual financial statements have been examined by the Authority's external auditors and their report is presented on pages 6 to 7.

The annual financial statements set out on pages 4 to 35, which have been prepared on the going concern basis, were approved by the members of the board and were signed on their behalf by:

Member

Member

Windhoek, Namibia

09/09/2015

(Date)



### INDEPENDENT AUDITOR'S REPORT

#### To the board members of Communications Regulatory Authority of Namibia

We have audited the annual financial statements of Communications Regulatory Authority of Namibia, which comprise the statement of financial position as at 31 March 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the members' report, as set out on pages 4 to 35.

#### Members' Responsibility for the Annual Financial Statements

The Communications Regulatory Authority of Namibia's board members are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Communications Act of Namibia, and for such internal control as the board members determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

#### **Auditors's Responsibility**

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the annual financial statements of Communications Regulatory Authority of Namibia for the year then ended 31 March 2015 are prepared, in all material respects, in accordance with the International Financial Reporting Standards (IFRS), and the requirements of the Communications Act, No 8 of 2009.

#### **Supplementary information**

The supplementary information set out on pages 33 to 34 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

PricewaterhouseCoopers (Namibia)
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Samuel N Ndahangwapo

Partner

Windhoek, 17 September 2015

There is no reimbursement from any third parties for potential obligations of the Authority.

PricewaterhouseCoopers , Registered Auditors, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia Practice Number 9406, T:+ 264 (61) 284 1000, F: +264 (61) 284 1001, www.pwc.com/na

Country Senior Partner: R Nangula Uaandja

Partners: Carl P van der Merwe, Louis van der Riet, Anna EJ Rossouw, Seretta N Lombaard, Stéfan Hugo, Chantell N Husselmann, Gerrit Esterhuyse, Talita B Horn, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Annette van Coller

### MEMBERS' REPORT

#### 1. Incorporation

The Authority is a body corporate established in terms of section 4 of the Communications Act, and came into effect on 18 May 2011.

#### 2. Nature of business

The Communications Regulatory Authority of Namibia was established to regulate, supervise and promote the provision of telecommunications services and networks, broadcasting, postal services, the use and allocation of radio spectrum in Namibia and regulate the type approval and technical standards for telecommunications equipment in Namibia.

There have been no material changes to the nature of the Authority's business from the prior year.

#### 3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The accounting policies have been applied consistently compared to the prior year.

#### 4. Members of the board

The members of the board of the Authority during the year and to date of this report are as follows:

Members	Office	Designation	Changes
Mr. Lazarus N. Jacobs	Chairperson	Non-executive Independent	
Ms. Hilma Hitula	Vice chairperson	Non-executiveIndependent	Resigned 30 June '14
Dr. Tulimevava K. Mufet	Member	Non-executive Independent	
Mr. Edwin D. Beukes	Member	Non-executive Independent	
Mr. Tylvas N. Shilongo	Member	Non-executive Independent	

#### 5. Members interests in contracts

During the financial year, no contracts were entered into which members of the board or officers of the company had an interest and which significantly affected the business of the Authority.

#### 6. Events after the reporting period

Mr Jochen Traut, the Chief Operational Officer started acting as the Chief Executive Officer after the passing of Ms Hilma Hitula in April 2015. Ms Emilia Nghikembua was appointed as the Head of Legal Advice after year-end. At year-end however, she was the Acting Head of Legal Advice.

Mr Festus K. Mbandeka was appointed as the Chief Executive Office effictive 07 September 2015. Ms Frieda Kishi was appointed as board member in September 2015.

The claim of unfair dismissal instituted against the Authority at the Labour Commissioner Office by a former employee has been set aside by the Labour Court after year-end.

The members are not aware of any other material events which occurred after the reporting date and up to the date of this report.

#### 7. Auditors

PricewaterhouseCoopers (Namibia) continued in office as auditors for the Authority for 2015.

#### **Members' Report**

#### 8. Secretary

The Authority secretary is Mr Mr. Tanswell Davies.

Postal address	Private Bag 13309 Windhoek Namibia
Business address	Communications House 56 Robert Mugabe Avenue Windhoek Namibia

#### 9. Income tax status

The Authority is exempt from income taxes in terms of the provisions of section 16(1)(e) of the Income Tax Act, No. 24 of 1981. A written confirmation to this effect was received from the Ministry of Finance on 9 September 2012.

#### STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note(s)	2015 N\$	2014 N\$
Assets			
Non-Current Assets			
Property, plant and equipment	4	8,754,098	10,962,956
Intangible assets	5	1,847,847	1,324,846
		10,601,945	12,287,802
Current Assets	_		
Trade and other receivables	7	3,001,469	10,552,917
Cash and cash equivalents	8	123,237,763	98,728,741
		126,239,232	109,281,658
Total Assets		136,841,177	121,569,460
Equity and Liabilities			
<b>Equity</b> Accumulated funds		92,484,060	76,384,482
Liabilities			
Non-Current Liabilities	40		
Deferred Capital	10	37,035,281	39,435,281
Current Liabilities			
Trade and other payables	11	4,187,333	3,222,152
Provisions	9	3,134,503	2,475,361
Bank overdraft	8		52,184
		7,321,836	5,749,697
Total Liabilities		44,357,117	45,184,978
Total Equity and Liabilities		136,841,177	121,569,460

#### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	2015 N\$	2014 N\$ (Restated)
Revenue	13	71,805,306	69,192,880
Other income	14	5,350	-
Operating expenses		(60,647,638)	(69,161,694)
Operating profit	15	11,163,018	31,186
Investment revenue	16	4,938,483	4,250,450
Finance costs	17	(1,923)	(172,484)
Profit for the year		16,099,578	4,109,152
Other comprehensive income		-	-
Total comprehensive income for the year		16,099,578	4,109,152

#### STATEMENT OF CHANGES IN EQUITY

	Accumulated funds N\$	Total equity N\$
Balance at 01 April 2013	72,275,330	72,275,330
Profit for the year Other comprehensive income	4,109,152 -	4,109,152 -
Total comprehensive income for the year	4,109,152	4,109,152
Balance at 01 April 2014	76,384,482	76,384,482
Profit for the year Other comprehensive income	16,099,578	16,099,578
Total comprehensive income for the year	16,099,578	16,099,578
Balance at 31 March 2015	92,484,060	92,484,060

Note(s)

#### STATEMENT OF CASH FLOWS

	N\$	N\$
	99,646,296	44,131,636
	(74,948,518)	(46,273,386)
20	24,697,778	(2,141,750)
16	4,938,483	4,250,450
17	(1,923)	(172,484)
	29,634,338	1,936,216
4	(1,380,423)	(1,029,612)
5	(1,292,709)	(1,441,652)
	(2,673,132)	(2,471,264)
	(2,400,000)	2,400,000
	24,561,206	1,864,952
	98,676,557	96,811,605
8	123,237,763	98,676,557
	16 17 4 5	(74,948,518) 20 24,697,778 16 4,938,483 17 (1,923) 29,634,338  4 (1,380,423) 5 (1,292,709) (2,673,132)  (2,400,000)  24,561,206 98,676,557

#### **ACCOUNTING POLICIES**

#### 1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Namibian Dollars.

These accounting policies are consistent with the previous period.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the 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 inherent 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 include:

#### Trade receivables

The Authority assesses its trade receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the profit or loss, the Authority makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

#### Impairment testing

The Authority reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including significant changes in the manner of use of the assets or the strategy for the Authority's overall business, significant underperformance relative to expectations, based on historical or projected future operating results, together with economic factors such as significant negative industry or economic trends.

#### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 9 - Provisions.

#### 1.2 Property, plant and equipment

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

The cost of 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 Authority; and. The cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include 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 of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

#### **ACCOUNTING POLICIES**

#### 1.2 Property, plant and equipment (continued)

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

Item	Average useful life
Leasehold improvements	25 years
Furniture and fixtures	10 years
Motor vehicles	4 years
Office equipment	3 years
IT equipment	3 years
Spectrum tools	3 years
Spectrum monitoring system	3-7 years

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

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

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

#### 1.3 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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

ItemUseful lifeComputer software3 years

#### 1.4 Financial instruments

#### Classification

The Authority classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- · Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

### 1.4 Financial instruments (Continued) Initial recognition and measurement

Financial instruments are recognised initially when the Authority becomes a party to the contractual provisions of the instruments.

The Authority classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

#### Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Impairment of financial assets

At each reporting date the Authority assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Authority, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

#### **ACCOUNTING POLICIES**

#### 1.4 Financial instruments (continued)

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, 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. These are initially and subsequently recorded at fair value.

#### 1.5 Taxation

#### Income tax

No provision for tax is required as the Authority is exempt from taxation in terms of section 16(1)(e) of the Income Tax Act, No. 24 of 1981.

#### 1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### **Operating leases**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

#### 1.7 Impairment of assets

The Authority 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 Authority 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.

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.

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.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

#### 1.8 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 paid vacation leave 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.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### **Defined contribution plans**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The company has no further payment obligations once the contributions have been paid.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Authority's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

#### 1.9 Provisions and contingencies

Provisions are recognised when:

- the Authority 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.

#### 1.9 Provisions and contingencies (continued)

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.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

#### 1.10 Revenue

Revenue includes amounts charged to the telecommunications and broadcasting operators as turnover fees. These fees are based on a predetermined percentage of the turnover of the operators as certified by them and subsequently by their auditors on an annual basis.

Revenue also includes fees collected from renewal of annual licence fees, administration fees relating to service licences, spectrum use licence fees and type approval fees.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business.

#### 1.11 Translation of foreign currencies

#### Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibian 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.

#### 1.12 Deferred capital

The Namibian Communications Commission (NCC), the predecessor of CRAN, ceased to exist on 18 May 2011 and have since been replaced by CRAN as the new regulator. The assets and liabilities of the predecessor regulator, the NCC, were to be transferred to the new regulator, CRAN, after a final audit was concluded. To get started CRAN needed a cash injection to commence its activities and on that basis, and amount of N\$37 million was transferred from the NCC to CRAN during the year ended 31 March 2012.

#### 1.13 Contribution to Universal Service Fund

On 18 May 2011, the Communications Act, No 8 of 2009 came into effect. The Minister however, has not commenced Part 4 of Chapter V, which deals with Universal Service, as at 31 March 2015. The Universal Service Fund can therefore not be established in law, and no contributions can be made to it. The Minister may, as provided in section 136(2), commence this on such date as he determines.

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 2. New Standards and Interpretations

#### 2.1 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
• Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities	01 January 2014
<ul> <li>Amendment to IAS 32: Offsetting Financial Assets and Financial Liabilities</li> </ul>	01 January 2014
• Amendment to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting	01 January 2014
<ul> <li>Amendment to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets</li> </ul>	01 January 2014
• IFRIC 21 Levies	01 January 2014

#### 2.2 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 2015 or later periods:

Sta	ndard/ Interpretation:	Effective date: Years beginning on or after
•	IFRS 9 Financial Instruments	01 January 2018
•	IFRS 15 Revenue from Contracts with Customers	01 January 2017
•	Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	01 January 2016
•	Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	01 January 2016
•	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01 January 2016
•	Amendment to IAS 27: Equity Method in Separate Financial Statements	01 January 2016
•	IFRS 14 Regulatory Deferral Accounts	01 January 2016
•	Amendments to IFRS 10, 12 and IAS 28: Investment Entities. Applying the consolidation exemption	01 January 2016
•	Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants	01 January 2016
•	Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: Annual Improvements project	01 January 2016
•	Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project	01 January 2016
•	Amendment to IAS 19: Employee Benefits: Annual Improvements project	01 January 2016
•	Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	01 January 2016
•	Amendment to IAS 34: Interim Financial Reporting. Annual Improvements project	01 January 2016

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 2. New Standards and Interpretations (continued)

•	Amendment to IFRS 8: Operating Segments: Annual improvements project	01 July 2014
•	Amendment to IAS 24: Related Party Disclosures: Annual improvements project	01 July 2014
•	Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project	01 July 2014
•	Amendment to IAS 40: Investment Property: Annual improvements project	01 July 2014
•	Amendment to IAS 19: Defined Benefit Plans: Employee Contributions	01 July 2014
•	Amendment to IFRS 3: Business Combinations: Annual improvements project	01 July 2014
•	Amendment to IFRS 2: Share-based Payment: Annual improvements project	01 July 2014
•	Amendment to IFRS 13: Fair Value Measurement: Annual improvements project	01 July 2014
•	Amendment to IAS 38: Intangible Assets: Annual improvements project	01 July 2014

#### 3. Risk management

#### Capital risk management

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

The capital structure of the Authority consists of cash and cash equivalents disclosed in note 8, as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

#### **Risk management (Continued)**

#### Financial risk management

The Authority's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Authority's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance. Risk management is carried out by the finance department under policies approved by the board. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Authority's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

The Authority's risk to liquidity is a result of the funds available to cover future commitments based on the approved capital expenditure budget and availability of funds. The Authority also had an available balance of N\$160,000 on their credit card facility at 31 March 2015.

Cash flow forecasts are prepared annually and reviewed at the end of every quarter.

#### 3. Risk management (continued)

The table below analyses the Authority's financial liabilities and facilities at the bank into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Comparative information has been restated as permitted by the amendments to IFRS 7 for the liquidity risk disclosures.

At 31 March 2015 Trade and other payables	Less than 1 year 4,187,333	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 March 2014	Less than 1	Between 1	Between 2	Over 5
Trade and other payables	year	and 2 years	and 5 years	years
Bank overdraft	3,222,152	-	-	-
Dalik Overdrait	52.184	_	-	_

#### Interest rate risk

The Authority is exposed to various risks associated with the effect of fluctuations in the prevailing levels of market rates of interest on its cash resources and investments, the cash resources are managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks. The Authority places its funds in both fluctuating interest earning call deposits and fixed term deposits which are adjusted on a short term basis based on changes in the prevailing market related interest rates.

Further, these call deposits are due on demand and the fixed term deposits are due within a 3 month period. The call account and fixed term deposits amounting to N\$117,05 million (2014: N\$97,96 million) are exposed to cash flow interest rate risk, however considering the short term maturity of these deposits, these risks are minimized.

The Authority is not exposed to fair value interest rate risk.

#### Interest rate effect on profit

	Effect on p	orofit 2015	it 2015 Effect on profit 2014		
	100bp increase in market	100bp decrease in market	100bp increase in market	100bp decrease in market	
Cash and cash equivalents					
Bank overdrafts	1,232,378	(1,232,378)	987,287	(9,872,877)	
Dank Overdrans	-	-	(522)	522	
	1,232,378	(1,232,378)	986,765	(9,872,355)	

#### Cash flow interest rate risk

	Current interest rate	Due in less than a year	Due in one to two years		Due in three to four years	Due after five	
Bank Windhoek Call Account	5.55%	57,053,523	-	years		years -	
Bank Windhoek Fixed Term deposit	6.70%	15,000,000	-			-	
Namibia Post Limited (Savings Bank) Fixed term deposit	6.55%	15,000,000	-			-	
SME Bank (Fixed term deposit)	6.45%	15,000,000	-			-	
Nedbank Limited (Fixed term deposit)	6.30%	15,000,000	-			-	

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 3. Risk management (continued)

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Authority only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis and makes adequate provision for doubtful debt.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2015	2014
Cash and cash equivalents	117,053,523	97,961,029
Trade receivables	3,001,470	10,552,921

#### Foreign exchange risk

The company does not hedge foreign exchange fluctuations.

The company reviews its foreign currency exposure, including commitments on an ongoing basis. The company expects its foreign exchange contracts to hedge foreign exchange exposure.

2015

#### 4. Property, plant and equipment

_						
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold improvements	55,070	-	55,070	55,070	-	55,070
Furniture and fixtures	2,683,301	(533,980)	2,149,321	1,947,053	(316,949)	1,630,104
Motor vehicles	511,290	(233,700)	277,590	511,290	(105,878)	405,412
Office equipment	415,762	(289,340)	126,422	290,524	(183,951)	106,573
IT equipment	1,383,406	(869,341)	514,065	1,051,700	(471,363)	580,337
Spectrum tools	44,891	(27,827)	17,064	44,891	(12,938)	31,953
Spectrum monitoring system	11,067,018	(5,452,452)	5,614,566	10,879,733	(2,726,226)	8,153,507
Total	16,160,738	(7,406,640)	8,754,098	14,780,261	(3,817,305)	10,962,956

2014

2	2015	2014
	N\$	N\$

# 4. Property, plant and equipment (continued)

# Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Leasehold improvements	55,070	-	-	55,070
Furniture and fixtures	1,630,104	736,195	(216,978)	2,149,321
Motor vehicles	405,412	-	(127,822)	277,590
Office equipment	106,573	125,238	(105,389)	126,422
IT equipment	580,337	331,706	(397,978)	514,065
Spectrum tools	31,953	-	(14,889)	17,064
Spectrum monitoring system	8,153,507	187,284	(2,726,225)	5,614,566
	10,962,956	1,380,423	(3,589,281)	8,754,098

# Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Leasehold				
improvements	-	55,070	-	55,070
Furniture and fixtures	1,709,555	106,304	(185,755)	1,630,104
Motor vehicles	157,411	339,569	(91,568)	405,412
Office equipment	158,629	37,846	(89,902)	106,573
IT equipment	436,267	445,932	(301,862)	580,337
Spectrum tools	-	44,891	(12,938)	31,953
Spectrum monitoring system	10,879,733	-	(2,726,226)	8,153,507
	13,341,595	1,029,612	(3,408,251)	10,962,956

# 5. Intangible assets

		2015			2014	
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	2,972,129	(1,124,282)	1,847,847	1,679,420	(354,574)	1,324,846
Reconciliation of intangible assets - 2015						
	Opening balance	Additions	Amortisation	Total		
Computer software	1,324,846	1,292,709	(769,708)	1,847,847	_	
Reconciliation of intangible assets - 2014						
	Opening balance	Additions	Amortisation	Total		
Computer software	137,765	1,441,652	(254,571)	1,324,846		

2014 N\$

2015	2014
N\$	N\$

2015	
N\$	

#### 6. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

#### 2015

Trade and other receivables	Loans and receivables 3,001,472	<b>Total</b> 3,001,472
Cash and cash equivalents	123,237,763	123,237,763
	126,239,235	126,239,235

<b>2014</b> Trade and other	Loans and receivables	Total
receivables	10,552,921	10,552,921
Cash and cash equivalents	98,676,557	98,676,557
	109,229,478	109,229,478

#### 7. Trade and other receivables

917	10,552,917	3,001,469	
7	152,657	272,910	Other receivables
592)	(46,865,692)	(62,471,763)	Provision for doubtful debts
5	73,255	108,063	Deposits
88	291,488	186,709	Prepayments
209	56,901,209	64,905,550	Trade receivables

#### Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Counterparties with external credit rating (Fitch) Telecom Namibia (BB+)	-	1,929,760
Counterparties without external credit rating Trade and other receivables	3,001,472	8,623,161

2015	2014
N\$	N\$

#### 7. Trade and other receivables (continued)

#### Trade and other receivables past due but not impaired

Trade and other receivables which are less than 120 days past due are not considered to be impaired except for those where management is aware of factors that render the debt doubtful at an earlier date. Trade and other receivables older than 121 days that were recovered subsequent to financial year-end, but prior to the signing of the annual financial statements have not been impaired. At 31 March 2015, N\$ 3,001,472 (2014: N\$ 8,672,584) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Past due for 31 to 60 days	-	1,950
Past due for 61 to 90 days	16,402	2,481,767
Past due for 91 to 120 days	2,985,070	6,079,571
Past due for 121 days+	-	109,296

#### Trade and other receivables impaired

As of 31 March 2015, trade and other receivables of N\$ 62,471,763 (2014: N\$ 46,865,692) were impaired and provided for.

The ageing of these receivables is as follows:

Past due for 31-60 days	-	21,084,551
Past due for 61-90 days	-	77,459
Past due for 91-120 days	-	1,115,027
Past due for 121 days+	62,471,763	24,588,655

	2015	2014
	N\$	N\$
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	2,053	14,336
Current account	6,182,187	753,376
Call account	57,053,523	97,961,029
Fixed term deposits (less than 3 months)	60,000,000	-
Bank overdraft		(52,184)
	123,237,763	98,676,557
Current assets	123,237,763	98,728,741
Current liabilities	-	(52,184)
	123,237,763	98,676,557

#### Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

2015	2014
N\$	N\$

#### 8. Cash and cash equivalents (continued)

# Credit rating Bank Windhoek Limited (A1+) 78,235,710 98,714,405 Nedbank Namibia Limited (F1+) 15,000,000 Namibia Post Limited (Savings Bank) (not rated) 15,000,000 SME Bank (not rated) 15,000,000 123,235,710 98,714,405

Although Namibia Post Limited is not rated, Namibia Post Limited is a reputable state owned entity with no history of default.

SME Bank is also not a rated bank, but the Namibian government owns 55% of the share-holding of SME Bank and is thus a government backed entity.

#### 9. Provisions

mance bonus

#### Reconciliation of provisions - 2015

Reconcination of provisio	113 - 2013			
	Opening balance	Additions	Utilised during the year	Total
Provision - Leave pay	910,016	937,440	(910,016)	937,440
Provision - Performance bonus	1,565,345	1,621,417	(1,565,345)	1,621,417
Provision - Severance pay	-	575,646	-	575,646
	2,475,361	3,134,503	(2,475,361)	3,134,503
Reconciliation of provisi	ons - 2014			
	Opening balance	Additions	Utilised during the year	Total
Provision - Leave pay	495,535	910,016	(495,535)	910,016
Provision - Perfor-	-	1,565,345	-	1,565,345

2,475,361

(495,535)

2,475,361

495,535

#### 10. Deferred Capital

The Namibian Communications Commission (NCC) the predecessor of CRAN, ceased to exist on 18 May 2011 and was replaced by CRAN as the new regulator. The assets and liabilities of the predecessor regulator, the NCC, were to be transferred to the new regulator, CRAN, after a final audit is concluded. To get Started CRAN needed a cash injection to commence its activities and on that basis, an amount of N\$37 million was transferred from the NCC to CRAN during 2011. This was an advance and the correct amount will be determined and accounted for at a later date, after the completion of the audit of NCC.

During the prior financial year, I-burst Namibia, a telecommunications service provider was billed for outstanding spectrum and licence fees for the years 2008 - 2013. The balance for I-Burst has been recognized as deferred income pending the transfer of assets and liabilities from CRAN's predecessor, NCC, at year-end. The amount due from I-Burst at 31 March 2014 of N\$ 2,4 million has however been written off in the current year. As a result of this write-off, the amount of the deferred income also decreased with the amount written off in the current year.

	2015 N\$	2014 N\$
11. Trade and other payables		
Trade payables	3,090,362	2,143,091
Accrued rental	-	86,197
Accrued audit fees	-	188,836
Other accrued expenses	477,250	710,408
Other payables	619,721	93,620
	4,187,333	3,222,152

#### 12. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2015	Financial liabilities at amortised cost	Total
Trade and other payables	4,187,333	4,187,333
2014	Financial liabilities at	Total
Trade and other payables	amortised cost	Total
Bank overdraft	3,222,152	3,222,152
Bunk Overdruit	52,184	52,184
	3,274,336	3,274,336
13. Revenue		
Broadcasting		
Spectrum	6,419,224	4,980,038
Telecommunications	13,692,591	14,801,038
Type approval	51,686,191	49,411,804
	7,300	
	71,805,306	69,192,880

	2015 N\$	2014 N\$		2015 N\$	2014 N\$
14. Other income Profit and loss on exchange differences	E 2E0		15. Operating profit (continued)		
	5,350		(Loss)/Profit on exchange differences	(5,350)	98,686
15. Operating profit			Amortisation on intangible assets	769,763	254,571
Operating profit for the year is stated after accoun	ting for the following:		Depreciation on property, plant and equipment	3,589,281	3,408,251
Operating lease charges			Employee costs	19,001,541	18,279,684
Premises  • Contractual amounts	1,381,780	969,896	Expenses by nature		
			Bad debts	17,992,071	21,827,115
			Consulting and professional fees	1,277,763	1,154,667
			Depreciation, amortisation and impairments	4,359,044	3,662,822
			Employee costs	19,001,541	18,279,684
			Legal expenses	693,111	1,097,798
			Media and communications	3,573,074	4,856,124
			Projects	817,480	8,853,677
			Travel and accommodation	4,019,756	3,077,901
			Other expenses	8,913,798	6,351,906
			Total administrative expenses	60,647,638	69,161,694
			16. Investment income		
			<b>Interest income</b> Bank	4,938,483	4,250,450

	2015	2014		2015	2014
	N\$	N\$		N\$	N\$
17. Finance costs			20. Cash generated from operations		
Late payment of PAYE and withholding tax	1,923	172,484	Profit before taxation	16,099,578	4,109,152
18. Auditors's remuneration			Adjustments for: Depreciation and amortisation	4,359,044	3,662,822
			Interest received - investment	(4,938,483)	(4,250,450)
Fees	131,135	481,478	Finance costs	1,923	172,484
Tax and secretarial services	23,173	-	Movements in provisions	659,142	1,979,826
_	154,308	481,478	Other non-cash items	(54)	-
19. Operating lease commitment The operating lease relates to the rental of of	fice space situated on Erf.	6517, Peter Muller	<b>Changes in working capital:</b> Trade and other receivables	7,551,447	(5,512,959)
Street, Windhoek, for a period of 36 months	. The Authority does not		Trade and other payables	965,181	(2,302,625)
purchase the office building at the end of the	ne stipulated lease period.			24,697,778	(2,141,750)
Minimum lease payments					
Up to 1 year	97,502	1,063,663	21. Commitments		
2-5 years	<u>-</u>	97,502	Authorised capital expenditure		
	97,502	1,161,165			
			Not yet contracted for and authorised by members	1,723,250	3,977,717

This committed expenditure relates to capital expenditure and will be financed by existing cash resources.

#### 22. Contingencies

The Authority is currently in a dispute with Telecom Namibia. The dispute arose from the implementation of regulations regarding administrative and licence fees for services in 2012, 2013 and 2014. The amount in question is N\$ 58,649,235 and has been provided for as a doubtful debt. The Authority's lawyers and management consider the likelihood of the action against it being successful as unlikely. The case should be resolved within the next year.

There is no reimbursement from any third parties for potential obligations of the Authority.

A claim of unfair dismissal was instituted against the Authority at the Labour Commissioner Office by a former employee. According to the Authority's lawyers, the potential financial effect of the claim would approximate an amount of N\$650,000. The Authority's lawyers and management consider the likelihood of the action against it being successful as unlikely. The case should be resolved within the next year.

There is no reimbursement from any third parties for potential obligations of the Authority.

Telecom Namibia is challenging the order made by CRAN at an oral hearing of a complaint submitted to CRAN by Wireless Technology Namibia (Pty) Ltd (Paratus Telecom (Pty) Ltd). It has been alleged that Telecom Namibia has given lower discount to other operators in comparison to that given to Wireless Technology Namibia. CRAN at its initial stages made a decision that Telecom Namibia should refund Wireless Technology Namibia. Telecom now seeks to have CRAN's decision set aside in the High Court of Namibia and have requested further particulars from CRAN for which the information is pending.

There is no reimbursement from any third parties for potential obligations of the Authority.

## 23. Related parties

Relationships		
Line Ministry with significant influence	Ministry of Information and Communication	S
Entities reporting to the MICT	Technology (MICT) Telecom Namibia	
Endities reporting to the MICT	Mobile Telecommunications Company	
	Namibia Broadcasting Corporation	
Members of key management and members of the board	L Jacobs (Chairperson of members of the bo	
	T Mufeti (Member of the board) E Beukes (N	Member of the board)
	T Shilongo (Member of the board) S Shanapinda (Chief Executive Officer till 11	July 2014)
	H Hitula (Acting Chief Executive Officer from	
	J Traut (Chief Operations Officer) J Tjituka (I	
	E Nghikembua (Acting Head: Legal Advice)	
	Human Resources) R Le Grange (Head: Elec H Vosloo (Head: Economics and Sector Reso	
	M Rittman (Head: Internal Audit)	earcri)
	K Sikeni (Head: Corporate Communications	and External Relations)
	M Angula (Head: Universal Access and Servi	ices Projects)
	0045	004.4
	2015 N\$	2014 N\$
	14Φ	ΠΦ
Related party balances  Significant amounts included in Trade receivables rega	rding related parties	
Telecom Namibia	58,649,2	235 43,393,759
Mobile Telecommunications Company		- 4,639,710
Namibia Broadcasting Corporation	962,8	40 -
Related party transactions		
Significant transactions with related parties included in	revenue	
Significant transactions with related parties included in Telecom Namibia	23,863,1	116 24,666,759

1,298,304

9,286,878

1,891,628

9,019,266

Namibia Broadcasting Corporation

**Compensation to key management**Short-term employee benefits

2015	2014
N\$	N\$

# 24. Members' remuneration Non-executive

#### 2015

	Members'	Total
Mr. Lazarus N. Jacobs	72,389	72,389
Ms. Hilma Hitula (Member of the board till 30 June 2014)	41,256	41,256
Dr. Tulimevava K. Mufeti	110,853	110,853
Mr. Edwin D. Beukes	93,774	93,774
Mr. Tylvas N. Shilongo	8,704	8,704
	326,976	326,976
2014		
	Members'	Total

fees

76,660

130,908

105,829

313,397

76,660

130,908

105.829

313.397

#### 25. Prior period errors

During the year under review CRAN received the audited annual financial statements of Telecom Namibia Ltd (hereinafter referred to as Telecom) for the year ended 30 September 2013. The financial statements were due for submission no later than 31 March 2014 and CRAN was to use the turnover as reported in those financial statements as a basis for the calculation of the annual regulatory levy. During the financial year ended 31 March 2014, CRAN omitted the regulatory levy of Telecom from its accounting records as it could not reliably measure the turnover of Telecom and bill them accordingly for the levy.

Upon receipt of the said statements during the course of the current year, management decided to restate prior year financial statements so as to include the regulatory levy of Telecom Namibia Ltd in the correct financial year and to ensure that that the financial statements for the current year are not overstated and distorted.

The correction of the error results in adjustments as follows:

#### Statement of Financial Position

Trade receivables

indue receivables	-	20,289,540
Provision for doubtful debts	-	(20,289,540)
Profit or Loss		
Revenue (Telecommunications)	_	(20,289,540)
Expenses (doubtful debt)	-	00 000 540

20,289,540

Mr. Lazarus N. Jacobs

Mr. Edwin D. Beukes

Dr. Tulimevava K. Mufeti

#### DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	2015 N\$	2014 N\$
Revenue			
Broadcasting		6,419,224	4,980,038
Spectrum		13,692,591	14,801,038
Telecommunications		51,686,191	49,411,804
Type approval		7,300	-
	13	71,805,306	69,192,880
Other income Interest received	16	4,938,483	4,250,450
Profit and loss on exchange differences		5,350	-
	- -	4,943,833	4,250,450
Expenses (Refer to page 35)		(60,647,638)	(69,161,694)
Operating profit	15	16,101,501	4,281,636
Finance costs	17	(1,923)	(172,484)
Profit for the year	- -	16,099,578	4,109,152

#### DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	2015 N\$	2014 N\$
0 "			
Operating expenses			
Administrative expenses Auditors remuneration	18	(154,308)	(481,478)
Bank charges		(30,033)	(48,324)
Depreciation, amortisation and impairments		(4,359,044)	(3,662,822)
Employee costs		(19,001,541)	(18,279,684)
General operating expenses		(664,880)	(876,513)
Lease rentals on operating lease		(1,381,780)	(969,896)
Resources and research material		(93,664)	(159,954)
	_	(25,685,250)	(24,478,671)

	Note(s)	2015 N\$	2014 N\$
Other operating expenses			
Bad debts		(17,992,071)	(21,827,115)
Building expenses		(904,899)	(724,959)
Consulting and professional fees		(1,277,763)	(1,154,667)
Employee wellness		(366,026)	(307,159)
Entertainment		(103,475)	(198,632)
ICT Communications		(1,770,094)	(767,428)
Legal expenses		(693,111)	(1,097,798)
Loss on exchange differences		-	(98,686)
Machine hire		(503,956)	(475,123)
Media and communications		(3,573,074)	(4,856,124)
Membership and licence fees		(813,441)	(439,618)
Motor vehicle expenses		(98,818)	(92,113)
Network Qos testing for licence compliance		(1,026,375)	-
Projects		(817,480)	(8,853,677)
Training		(1,002,049)	(712,023)
Travel and accommodation		(4,019,756)	(3,077,901)
	_	(34,962,388)	(44,683,023)
	_	(60,647,638)	(69,161,694)