



**Namibian
Competition
Commission**

ANNUAL REPORT 2013



Competition Regulation Comes Full Circle

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Our Vision

Fair market competition.

Our Mission

To safeguard and promote competition in the Namibian economy.

Our Promise

Fair competition, prosperous economy.

Our Values

National Economic interests come first

Our priority and commitment is to consider National Economic interests towards attainment of Vision 2030.

Impartiality

We shall be fair and equitable living our purpose and uphold principles of impartiality and confidentiality regardless of the circumstances

Consistency

We are consistent in our approach in every instance, regardless of the circumstances and pressure that may be brought to bear.

Accountability for our role

We accept our responsibilities and are accountable for all our decisions and actions.



STRATEGIC GOALS AND OUTCOMES

2010 - 2013

- Develop operational manuals & policies to drive consistency and fairness of approach
- Litigate and negotiate on matters before the Commission
- Drive legislative compliance and review

Operationalizing Compliance

1

2

Building and Developing Organizational Capacity and Capability to Realize Mandate

- Maintain a complete financial system for leadership decision making and compliance
- Develop seamless end-to-end logistic processes and system
- Increase speed and consistency of transacting business processes and e-document warehousing capability
- Establish up to date ICT structure
- Fill right jobs with right people
- Develop a talent pipeline within and outside the Commission to staff the institution with capability ahead of demand. Apply consistent fair people practices which make NaCC an employer of choice

- Create stakeholder forums for exchange
- Enter into MOUs with comparable institutions

Stakeholder Partnering & Relationships

3

4

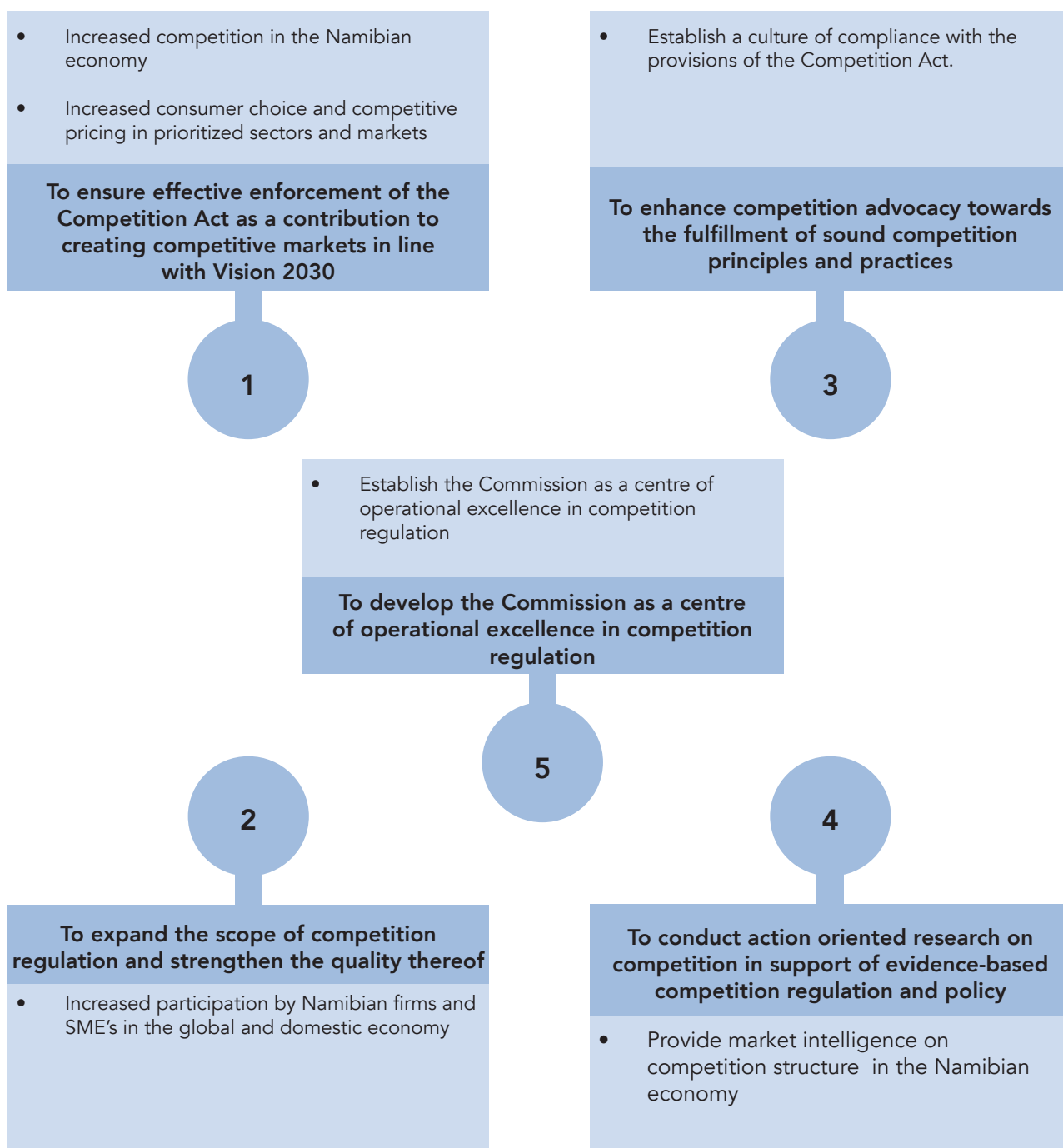
Research & Development

- Continuously conduct market studies to increase market transparency
- Keep up to date with global developments in competition law and economics
- Conduct research for investigations into possible contraventions of the Act and control of mergers and acquisitions
- Liaise with Tertiary institutions for the introduction of Competition Law into their curricula for teaching and further research



STRATEGIC GOALS AND OUTCOMES

2014 - 2019



FOREWORD BY THE MINISTER OF TRADE AND INDUSTRY

I am pleased to present the first annual report for the Namibian Competition Commission. Its reporting period covers financial years from 2009/10 to 2012/13, commencing from the Commission's official launch to the close of its financial year on 31st March 2013.

Our *Growth at Home* policy which aims to set out our economic purpose on local value addition is to grow the Namibian economy to guarantee an improved standard of living for all Namibians. To this end, our challenge is framed within a viable set of ambitious targets: to increase Namibian household incomes; support the development of a more competitive business environment and fair trading; increase employment opportunities for all; and improve the industrialisation of the Namibian economy. These targets align with the Government's key goals and priorities as encapsulated in our long-term Vision 2030 and five-year National Development Plans, and therefore reflect the economic and social challenges facing Namibia.



The attainment of these targets will require a significant and sustainable improvement in Namibia's economic performance. Integrated and cooperative efforts driven by the Government and our partners in the private sector will see to it that the improvement required is attained. Alongside other Government bodies, the Ministry of Trade and Industry and its agencies are taking the lead in supporting the Government to shape the required economic agenda.

As the country's leading competition regulation agency, the Commission has significant scope to link our *Growth at Home* Policy as well as the industrialisation policy to ensure its strategic and operational activities to be developmental centred, and to implement initiatives that have a greater impact on the economy's competitive performance. Businesses everywhere in the world need a fair and equitable trading environment – and Namibia is no different. The Commission needs to work in a way that makes the most of its strategic, operational and regulatory remit to support businesses in order to ensure that a fair competition regime is upheld. Furthermore, the Commission should use its broad domestic, regional and global networks to expand its understanding of business and markets in order to support an effective competition policy.

The past years have been devoted to establishing institutionally the Commission and to enact on implementation of the Competition Law. The Commission has been undergoing a period of fundamental change not only for the institution and for the businesses but also for other stakeholders they serve. In

the years ahead, the Commission will continue to focus on moving forward as a highly competent and equipped market regulator especially on addressing market distortions on monopolistic and collusive behaviour and inefficiencies on price formation processes in the country that impact on the consumer welfare and the broader structure of the economy. To this end, its activities are to be driven by the adoption of a National Competition Policy as well as revisions to the Competition Act. The Commission will also not lose sight of the need to continue to cater for public interest goals as it formulates its strategic and operational activities.

The Commission has adapted and navigated the first five years of its existence, and has achieved a lot during that period of time. I look forward to the opportunities ahead to ensure the Commission becomes a household name contributing its supreme role as the effective competition regulator in Namibia.

A handwritten signature in black ink, appearing to read 'Calle Schlettwein', with a stylized, flowing script.

Calle Schlettwein, MP

Minister of Trade and Industry

CHAIRPERSON'S REMARKS



The Commission is the principal institution for promoting and safeguarding fair competition in the country by enhancing the efficiency, adaptability and development of its economy. Thus, it is tasked with providing competitive prices and product choices to consumers;

- Providing competitive prices and product choices to consumers;
- promoting employment;
- expanding opportunities for Namibia's participation in world markets while recognising the role of foreign competition within the country;
- ensuring small undertakings have equitable opportunities to participate in the economy;
- and promoting greater spread of ownership, with particular reference to historically disadvantaged persons, in order to advance the economic welfare of the Namibian people.

Established in terms of the Competition Act, 2003 (No. 2 of 2003), the Commission has reached several milestones in its formative years. The Act, a unique product of Namibia's economic, social and political history, became operational on 3 March 2008. It enables the Commission to oversee competition issues from a broad scope across the Namibian economy, with regulatory supervision of over 80,000 business entities ranging from small to large companies.

During its first three formative years, the Commission was fully set up; its procedures and processes were clarified, and gained credibility. The Commission was cognizant that meeting its strategic objectives was critical to creating an environment in which it could fulfil its mandate effectively.

The Commission predictably faced a number of challenges and hurdles in its first few years. These included a rigorous analysis of mergers, which boosted our confidence and prepared us for the tasks that lay ahead. Mergers received the lion's share of attention because, within tight statutory deadlines, the Commission had to notify and decide on mergers that bordered on specified thresholds.

The Commission's principal objectives, namely to prioritise enforcement, corporate governance, institutional capacity and advocacy, led to the establishment of a research division in 2012, with the core function of scrutinising market structures and conducting competitive analyses. The research component allows the Commission to move towards becoming a key source of knowledge on how the real economy works in terms of company strategies and behaviour, and what these imply for the economy. One of our major strengths is our access to evidence and witnesses who are knowledgeable on competitive dynamics in a given market or industry. This has enabled us to assist the Ministry of Trade and Industry in industrial policy and research into sectoral markets.

I am proud to announce that, during the period under review, the Commission intervened in no less than 20 different sectors, mainly with respect to financial services and mining and exploration.

The year 2013 saw the end of the tenure of Mr Lucius Murorua, the second Chairperson of the Board of Commissioners, in which capacity he served from 1 February 2010 to 31 January 2013. During this period, an effective and independent competition regulator was built, while a notable achievement under his leadership was the Massmart-Walmart merger court challenge, which placed the Commission

on the international map due to its vigour and resilience in protecting the local economy. A historically significant Memorandum of Understanding with the Bank of Namibia, on ensuring practical relevance of competition matters within the banking financial sector was concluded during his tenure as Board Chairperson, as were Memoranda of Understanding with the Communications Regulatory Authority, the Electricity Control Board, and the Anti-Corruption Commission. In addition, the Namibian Competition Commission's engagement at the African Competition Forum and with other jurisdictions on our continent was cemented over this period.

I am happy to report that a combination of commitment by Government – particularly the Ministry of Trade and Industry – and the solid work ethics of Commission management and staff, spearheaded by the vision and mission of the Secretary to the Commission and Chief Executive Officer under the leadership of the Board of Commissioners, ensured that we not only crossed the Rubicon, but also established the Commission as an institutional force to be reckoned with on the Namibian economic landscape.

I would like to take this opportunity to thank our previous Chairpersons, stakeholders, Commissioners and staff of the Secretariat for their dedication. It is this spirit of cooperation, combined with strong principles and hard work, which is certain to flesh out the role of the Commission as its safeguards and promotes competition in the Namibian economy in the future.



Festus Hangula

Chairperson

Namibian Competition Commission

CHIEF EXECUTIVE OFFICER'S OVERVIEW



The fifth anniversary of the Namibian Competition Commission (NaCC) on the 9th of December 2014 is a milestone that will celebrate the significant growth and development in terms of the administration and implementation of the Competition Act.

Upon assumption of operations in 2009, there was a realisation that the NaCC was principally starting its pioneering work under the Act in the absence of a competition policy to guide the modus operandi of the work, but there was impetus to get the institutional footing right. The implementation of the Act had no precedent; instead, it was largely premised on the South African Competition Law. This served as a blessing, and ensured an immediate alignment of implementation mechanisms with the experience and profile of its South African counterpart – particularly since the NaCC had a number of cases before it for consideration and adjudication, which necessitated immediate attention in terms of its provisions and procedures.

During the formative months of the NaCC's operations, implementation of the new Act was a daunting task, but it was certainly not impossible. Namibia also realised that the economic and legal discipline was a new, dynamic, time-bound and evolving field, which required the institutional developmental process of the NaCC to be gradual rather than revolutionary in nature.

Namibia's comfort was that there was strong political will on the part of the Government, particularly from the Ministry of Trade and Industry, to provide the necessary discourse. Given that Namibia's competitive edge is on the effective implementation of competition law, such effectiveness has been supported by a stable macro economy and an orderly business market which respects the rule of law and the enforcement of contracts.

There were also certain strategic objectives that were critical in successfully creating an environment in which the NaCC could flourish. These included *prioritising enforcement, corporate governance, institutional capability, advocacy, and research*.

Lessons were learned in the first four years, making the NaCC a better enforcer: one which would give effect to investigation planning, case management, and the development of internal guidelines. Its capabilities improved significantly over this period.

Additionally, the Commission's international cooperation activities involved participation in the International Cartel Network, Organisation of Economic Cooperation and Development workshops, and several other conferences. The NaCC is also an active contributor to competition law training and development in the Southern African Development Community (SADC), and has contributed case law to the SADC repository. In addition, the NaCC has become more involved with other jurisdictions on the continent, and is actively involved in the ACF, an organisation it helped found. Another feather in the NaCC cap was when it hosted an international World Competition Day in Namibia in 2012 to raise awareness about this critical area of the economy. The Commission continues to take part in the annual intergovernmental meeting on competition law hosted by the United Nations Conference on Trade and Development (UNCTAD). Indeed, UNCTAD conducted a voluntary peer review of competition law enforcement in Namibia, which was released in 2014 as an important international reference on competition policy and law development for the country to the global competition authorities.

The Commission actively engages with public institutions in a number of sectors, including telecommunications, electricity, banking, and Government Departments that have regulatory responsibilities with implications for competition in the country. The Memoranda of Agreement have

already been concluded to solidify this engagement, among others with the Bank of Namibia, the Communications Regulatory Authority of Namibia, the Electricity Control Board and the Namibia Ports Authority.

In addition to its links with public institutions, the Commission is hard at work in respect of connecting with the broader public to forge an awareness of concurrent jurisdiction and to stimulate debate around the role of the Commission and sector regulators. Among other things, an annual Competition Week is held in September to work towards this goal. We have developed a corporate governance handbook, as well as guidelines and policies; we have strong financial systems; and a well-functioning and informative website. The embedding of good governance architecture in the Commission itself, as outlined and envisioned on a continuous and consistent basis by the Board of Commissioners, also consolidated and inculcated these principles in the management and staff structure.

Our human resources are our greatest asset. This is something the Commission has recognised since its inception. We value our staff members and fiercely protect staff morale. We have accordingly benchmarked our working conditions and salaries with our peers in both the public and the private sector, and are happy to note that staff turnover has been very low. As the Commission strives to strengthen its human capacity in all facets, it has also embarked on team-building exercises geared towards fostering a working environment for its employees that is conducive to greater productivity and staff satisfaction. In 2013, a family sports day was held to encourage teamwork and strengthen team building.

I am proud to note that our vision to become a team-oriented and efficient, performance-driven institution, relying on good corporate governance and strong leadership has become a measurable achievement over the past five years, and we will work hard to enhance these strengths over the next five years. In 2009, for example, there were no skills on enforcement of competition policy and law in Namibia. Today, however, Namibia can boast with employees in this skill set on competition economics and law. Also, in line with evolving contemporary developments, the Commission is highly gender-sensitive. Women make up 70% of non-management positions and 50% of management posts. The NaCC also reflects the full diversity of the Namibian population, with all incumbents having an appropriate skill set suited to its corporate and technical job requirements.

I take this opportunity to thank the Ministry of Trade and Industry, our Chairperson, and our Commissioners as well as the management and staff of the Commission, for their uninterrupted support, devotion and dedication in helping to realise the goals and objectives we have set ourselves in the interests of executing our mandate on competition regulation in Namibia. We certainly can attest that in accordance with Government's expectations, and to the interests of our nation, and our country's economic development, we have certainly realise our goal of institutionalising the Commission and ensured effective implementation of the competition law in Namibia.



Heinrich Mihe Gaomab II
Chief Executive Officer and
Secretary to the Namibian Competition Commission

BOARD OF COMMISSIONERS



Mr. Festus Hangula
Board Chairperson



Mr. Nghidinua Daniel
Member



Dr. Omu Matundu-Kakujaha
Member



Ms. Nelago Kasuto
Member



Ms. Malverene Theron
Member

The Board of Commissioners

Section 4 of the Competition Act establishes the Namibian Competition Commission (NaCC) as an independent juristic person that is subject only to the Namibian Constitution and the law. The same section stipulates that the Commission has jurisdiction throughout Namibia, and is required to be impartial and to perform its functions “without fear, favour or prejudice”.

The functions, powers and duties of the Commission are provided for in terms of section 16 of the Act, as follows:

16. (1) The Commission is responsible for the administration and enforcement of this Act and, in addition to any other functions conferred on the Commission, it has the following powers and functions:
- (a) to disseminate information to persons engaged in trade or commerce and the public with respect to the provisions of this Act and the functions of the Commission
 - (b) to liaise and exchange information, knowledge and expertise with authorities of other countries entrusted with functions similar to those of the Commission;
 - (c) to carry out research into matters referred to the Commission by the Minister;
 - (d) to advise the Minister on matters referred to the Commission by the Minister;
 - (e) to implement measures to increase market transparency;
 - (f) to be responsible for investigating contraventions of this Act by undertakings and for controlling mergers between undertakings;
 - (g) either on its own initiative, or at the request of the Minister, to consult with the Minister on any matter which is of great economic or public interest;
 - (h) to advise the Minister, and any other Minister responsible for a relevant industry, in relation to international agreements concerning competition matters governed by this Act.

Thus, the Commission not only has the statutory functions of investigating and remedying anti-competitive practices, inclusive of restrictive business practices and anti-competitive mergers, and of opening up markets, but also of advocacy, education and awareness. Other important functions and powers it is imbued with relate to cooperating and exchanging information with other competition authorities, and advising Government on matters related to the public interest and to sector regulation, concerning competition matters.

Statutory powers and duties of the Commission

- Section 22 empowers the Commission to make rules –
 - relating to the administration, organisation and operations of the Commission
 - prescribing the procedure to be followed in respect of applications and notices to, and proceedings of, the Commission
 - prescribing forms of applications, notices, certificates and other documents required for the purposes of the Act
 - prescribing fees to be paid for the purposes of the Act
 - the manner for making a submission in relation to the subject matter of any application to, or investigation by, the Commission
 - prescribing the procedures for investigations under the Act, and
 - prescribing the requirements for a small undertaking relating to any other matter required or permitted to be prescribed under the Act, or considered necessary or expedient by the Commission in order to achieve the objects of the Act.
- Section 28 enables the Commission to make determinations on applications for exemptions of certain restrictive practices.
- Section 36 allows the Commission to make decisions on the infringement of Part I prohibitions (restrictive agreements, practices and decisions) and Part II prohibitions (abuse of dominant position).
- Section 38 enables the Commission to institute proceedings in the High Court of Namibia against the undertaking or undertakings concerned for an order –
 - declaring the conduct which is the subject matter of the Commission's investigation, to constitute an infringement of the Part I or the Part II prohibition
 - restraining the undertaking or undertakings from engaging in that conduct
 - directing any action to be taken by the undertaking or undertakings concerned to remedy or reverse the infringement or the effects thereof
 - imposing a pecuniary penalty, or
 - granting any other appropriate relief.
- Section 39 empowers the Commission to apply to the High Court of Namibia for interim orders restraining undertakings from engaging in potentially damaging conduct.
- Section 40 enables the Commission to enter into consent agreements (agreements of settlement) with an undertaking concerned that set out the terms to be submitted to the High Court of Namibia for confirmation as orders of the court, and
- Section 47 allows the Commission to make determinations on proposed mergers and acquisitions.

The Competition Act was signed into law by the President on 3 April 2003 and published in the Government Gazette in terms of Article 56 of the Namibian Constitution on 24 April 2003, as Government Notice No. 92 of 2003. However, the NaCC established under the Act only came into effect in December 2008, i.e. once the Competition Rules were published in Government Gazette No. 54 of 2008.

The Minister of Trade and Industry subsequently appointed a provisional Board of Commissioners. They were Mr Douglas Reissner (Interim Chairperson), Mr Festus Hangula, Dr Omu Kakujaha-Matundu, and Ms Nelago Kasuto. In terms of section 13(1) of the Act, the new Board appointed its Secretary. Serving in this capacity from 1st September 2009 was Mr Heinrich Mihe Gaomab II.

Before the appointment of the first full-time members of the Commission's Secretariat, a three-person Unit in the Ministry of Trade and Industry (MTI) assisted the provisional Board in running the Commission's administrative and operational affairs. Heading the Unit was Mrs Maria Pogisho, then serving as the Ministry's Deputy Director of Consumer Protection and Internal Market Regulation.

In 2009, the MTI requested technical assistance from the Southern African Development Community (SADC) in enforcing Namibia's competition law and in operationalising the enforcement agency. The SADC technical assistance project was undertaken in two stages. Stage 1 was undertaken between 18 and 30 May 2009. Its terms of reference were to –

- provide guidance on the development of an appropriate institutional framework
- provide strategic assistance on the regulations and guidelines necessary for effective enforcement of the existing competition law
- build technical and analytical capacity to carry out competition investigations, and
- provide guidance on the development and implementation of the Commission's annual business plans aligned to effective enforcement of the competition law.

Stage 2 was undertaken from 28 December 2009 to 8 January 2010. Its terms of reference were to –

- provide technical advice and guidance on outstanding and current cases involving mergers and acquisitions in line with relevant provisions of the Competition Act and the Rules, to assist in quality assurance of such documentation and the processes involved, and to advise on possible actions
- provide technical advice on current complaints of anti-competitive behaviours, and generally offer guidance on the processes and procedures involved
- guide the Commission Secretary in the processes involved in organising stakeholder conferences and Commission meetings, and offer appropriate advice on the finalisation of cases addressing the outcomes and the public sector concerns
- provide technical advice on the process and procedures of drafting possible guidelines on cooperation agreements with sectoral regulators in ports and financial sectors in order to put such cooperation agreements into effect, and
- provide technical support and advice on revising the Commission's proposed work plan so that it effectively covers its operational and institutional framework.

The Commission was officially launched on 9th December 2009.

Section 5 of the Act provides for the establishment of a Board of Commissioners consisting of "chairperson and not less than two nor more than four other members all of whom are appointed by the Minister". Members of the Board are required to have "expertise in industry, commerce, economics, law, accountancy, public administration or consumer affairs". The appointment by the Minister of Alternate Members of the Board is also provided for in the Act. Alternate Members attend Commission meetings in the absence of the Commissioners to whom they alternate.

In terms of section 7 of the Act, Members of the Commission hold office for a term of three years and are eligible for reappointment for a further three-year period.

In November 2012, the Commission concluded a governance agreement with the Ministry of Trade and Industry (MTI) in line with the State-owned Enterprises Governance Act. In addition, individual performance agreements were set up with the existing Commissioners, namely Mr Lucius Murorua, Mr Festus Hangula, Mr Nghidinua Daniel, Dr Omu Kakujaha-Matundu and Ms Nelago Kasuto. Mr Murorua's term ended on 31 January 2013.

On 17 September 2013, the Minister appointed Ms Malverene Theron as a new Commissioner, and appointed Commissioner Festus Hangula as the new Chairperson to replace Commissioner Murorua, whose term had expired in January 2013.

Another milestone was reached when the Commission set up its remuneration structure in strict compliance with the provisions published in the Government Gazette by way of Notice No. 174 of 2010.

In respect of risk management during the period under review, the Commission outsourced its internal audit function. Regular external audits of the Commission have been conducted by the Auditor General, as required by the Competition Act.

Section 12(1) of the Act stipulates that, in order to exercise its functions, the Commission may establish "one or more committees" of the Board of Commissioners to "exercise any power or perform any function of the Commission which the Commission may delegate or assign to the committee" – except the power to make rules. Section 12(2) provides that such committees may include non-Commissioners with the relevant qualifications and experience.

Committees established by the Commission according to the Act during the reporting period were –

- the Board Technical Committee, which considers competition cases
- the Board Human Resources and Administration Committee, which deals with staff and administrative matters, and
- the Board Finance, Audit and Risk Committee, which deals with all financial, auditing and risk-related issues on the Commission's behalf.

The present membership of these Committees comprises Commissioners only.

Table 1 indicates the various portfolios held by the Commissioners appointed during the review period.

Table 1: Board of Commissioners during the review period

Member	Designation	Tenure
Mr Lucius Murorua	Board Chairperson	Tenure ended January 2013
Mr Nghidinua Daniel	- Commissioner - Chairperson of the Technical Committee	Term as Commissioner renewed March 2013
Mr Festus Hangula*	- Commissioner - Chairperson of the Finance and Audit Committee	Term as Commissioner renewed December 2011
Ms Nelago Kasuto	- Commissioner - Chairperson of the Human Resources Committee	Term as Commissioner renewed December 2011
Dr Omu Kakujaha-Matundu	- Commissioner - Member of the Technical Committee - Member of the Human Resources Committee	Term as Commissioner renewed December 2011
Ms Malverene Theron***	- Commissioner - Member of the Technical Committee - Chairperson of the Human Resources Committee	Term as Commissioner as from September 2013

* Mr Festus Hangula has served as Board Chairperson since September 2013, and served as Chairperson of the Finance and Audit Committee to October 2013.

** Ms Nelago Kasuto served as the Chairperson of the Human Resources Committee to October 2013, and Chairperson of the Finance and Audit Committee from October 2013.

*** Ms Malverene Theron was appointed as Commissioner in September 2013. She currently serves as the Chairperson of the Human Resources Committee and as a Member of the Technical Committee.

In terms of the State-owned Enterprises Governance Act, the Board is to have at least one meeting each quarter and four meetings per annum. During the period under review, the Commission had a total of 27 Board meetings of various kinds, which represents an average of 6 meetings per year, as captured in Table 2.

Table 2: Board activities during the reporting period

Type of meeting	2009/10	2010/11	2011/12	2012/13	Attendance
Ordinary Board Meeting	5	6	4	4	95%
Special Board Meeting	3	2	2	0	100%
Technical Committee Meeting	0	0	5	3	100%
Human Resources Committee Meeting	2	2	1	3	100%
Finance and Audit Committee Meeting	2	3	2	3	100%
Total	12	13	14	13	100%

In addition to the responsibilities as set out in the Competition Act and the State-owned Enterprises Governance Act, in 2012, the Commission adopted a Board Charter. The Charter provides guidance in the discharge of Board Members' duties to oversee the affairs of the Commission for the benefit of its stakeholders. Pursuant to this Charter, the Board has designated committees it appoints for assistance in fulfilling its oversight responsibilities.

In its functions, the Board is supported by the Secretariat. The Secretariat vets the submissions by management to Board committees and the full Board of Commissioners.

Minister of Trade and Industry

In accordance with section 49 of the Act, the Minister of Trade and Industry reviews decisions by the Commission on mergers and acquisitions. However, in terms of section 49(1), such reviews can only be undertaken if applied for by a party to the merger. Applications should be made within 30 days of the gazetting of the Commission's decision. After reviewing the Commission's decision, the Minister may, in terms of section 49(3) of the Act, either –

- overturn the decision
- amend the decision by ordering restrictions or including conditions, or
- confirm the decision.

By the end of the reporting period, the Minister had reviewed two merger cases. The first, a merger between the Uramin Desalination Plant and the United Africa Group, was approved with conditions by the Commission. The Minister of Trade and Industry overturned this decision upon review. In the second, the Massmart–Walmart merger, the Minister revised certain conditions and upheld others (see later herein for a summary of this case study).

High Court of Namibia

In terms of section 52 of the Act, the High Court of Namibia has the jurisdiction to hear and determine any matter arising from proceedings instituted in terms of such Act. Section 53 endows the High Court alone with the responsibility of imposing pecuniary penalties for breaching the provisions of the Act. During the period under review, the Commission had not proposed pecuniary penalties for confirmation by the High Court.

THE COMMISSION SECRETARIAT





EXECUTIVE MANAGEMENT



Mr. Mihe Gaomab II
Chief Executive Officer and
Secretary to the Commission



Ms. Vivienne Katjuongua
Director Restrictive
Business Practise



Mr. Gideon //Garoëb
Director Corporate
Service



Mr. Vitalis Ndalikokule
Director Mergers and
Acquisitions



Dr. Michael Humavindu
Director Economics and
Sector Research



Ms. Bridget Dundee
Technical Advisor: Office of
the CEO



Ms. Ashley Tjipitua
Corporate Secretary
and Legal Advisor

OFFICE OF THE CEO

Bottom row: *Izelda Goagoses (Executive Assistant) and Heinrich Mihe Gaomab II (The Secretary to the Commission)*

Top row: *Nangosora Ashley Tjipitua (Corporate Secretary and Legal Advisor) and Bridget Dundee (Technical Advisor)*



The Secretariat is headed by the Secretary to the Commission, who acts as the Chief Executive Officer and is responsible for “(a) the formation and development of an efficient administration; and (b) the organisation, control, management and discipline of the staff of the Commission” (section 13(2). The CEO is also the accounting officer of the Commission, being responsible for “(a) all income and expenditure of the Commission; and (b) all assets and the discharging of all liabilities of the Commission” (section 17(4)).

Four Directors are supported by relevant professional staff, while the Office of the CEO is supported by a Technical Advisor, Corporate Secretary/Legal Advisor and an Executive Assistant.

Four Divisions are further structured according to the main organisational processes and activities involved in the execution of the Commission’s mandate. These Divisions report directly to the CEO.

Strategic Implementation Phase

In line with section 13 of the Act, which deals with the formation and development of an efficient administration, the Commission needed to get institutional processes in place. The MTI offered its assistance during this formative period, specifically with respect to obtaining technical assistance from SADC in the enforcement of the Act and the Commission’s operationalisation. The technical assistance project was undertaken in two-staged interventions provided by Mr Alex Kububa, Executive Director of the Zimbabwe Competition Commission. This provided the necessary impetus to ensure the full institutionalisation of its Namibian counterpart, the strategic execution necessary for effective enforcement of the Act, building the desired technical and analytical capacity to carry out competition investigations, and providing guidance to the initial skeleton staff. In particular, staff was assisted with developing and implementing the Commission’s formative annual work plan, which provided the framework for the effective enforcement of the Act.

Case investigations also commenced in earnest during this phase. Their aim was to exercise control over mergers, address existing complaints of anti-competitive behaviour, and develop the required processes, policies and procedures to govern the Commission’s modus operandi.

To ensure regulatory consistency, the necessary processes and procedures involved in concluding cooperation agreements with sectoral regulators in the ports and financial sectors were realised during the period under review.

After its formal establishment on 9 December 2009, the Commission became a fully-fledged institution. Its rapid development since then has earned it the accolade of being one of the fastest growing competition authorities in the world.

Four Strategic Objectives guided the Commission, as set out in an initial Strategic Plan that defines its operations and their execution. The Strategic Objectives are as follows:

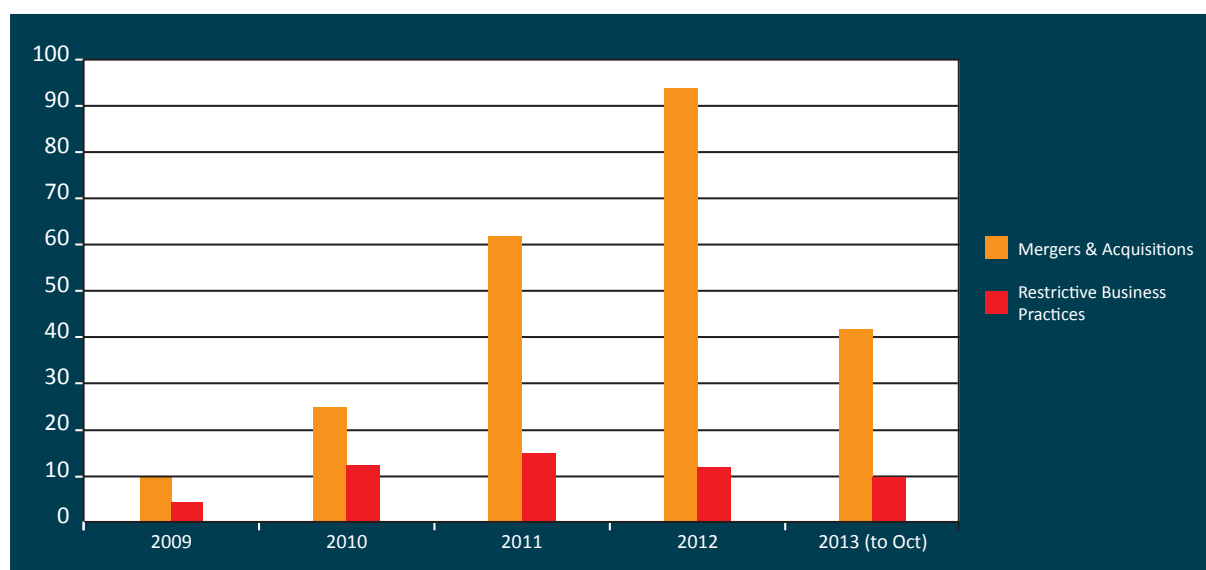
- ***Operationalising compliance***
- ***Research and development***
- ***Stakeholder partnership management, and***
- ***Developing capacity and organisational capability.***

Strategic Objective 1: Operationalising compliance

The Commission compiled operations manuals on merger regulation and restrictive business practices so that the various Divisions have procedural guidelines by means of which to assess cases.

As illustrated in Figure 1, using calendar years, the Commission received notification of 258 mergers and acquisitions and 54 cases involving restrictive business practices. By the end of the reporting period, the Commission have determined 193 mergers and completed 24 investigations of alleged restrictive business practises.

Figure 1: Number and nature of investigations completed during 2009 and 2013



Although the Commission did not make much progress in addressing anti-competitive practices during its institutional and strategic implementation phases, the enforcement phase has seen commendable steps in the area of restrictive business practices.

Indeed, as advocacy interventions are developed and enforcement activities increase, the scope of the Commission's regulatory activities is likely to expand considerably. In absolute terms, the Commission's case load increased by more than a third (calculated on a compounded annual growth rate; see Table 3). Added to this, is the degree of complexity of cases and, consequently, the volume of resources they consume.

Table 3 shows the expanding scope and volume of work being handled by the Commission. During the period under review, these had significant implications for the fulfilment of strategic objective 1 – to operationalise compliance.

Table 3: Case volume from 2009-2013.

Case Category	2009	2010	2011	2012	2013	Total
Mergers and Acquisitions	13	26	65	94	60	258
Restrictive Business Practices	4	14	15	11	10	54
Market Investigations	-	-	-	-	3	3
Totals	17	40	80	105	73	315
Employees	1	9	16	25	29	29

Source: NaCC

The most notable achievement during the implementation phase was a Supreme Court judgement where the Commission set a landmark precedent, winning a case that involved the biggest supermarket retailer in the world, namely Walmart, in 2011–2012.

The Commission has also put in place thresholds for mergers and abuse of dominance. The thresholds, gazetted in December 2012, exclude certain classes of mergers and undertakings from the provisions of the Act.

Strategic Objective 2: Research and development

In 2012, a Research Directorate was created at the Commission. It has since been remoulded as the Economics and Sector Research Division, with adequate staffing and a strong research programme.

The Division has, among other things, ably met the research needs of the Ministry of Trade and Industry and other stakeholders. Their output includes studies on the retail sector, sector prioritisation, and price monitoring. The research programme on sectoral enquiries ranges from franchising and auto to retail. The Division has also conducted merger impact analyses with the aim of understanding the impact of its decisions on the economy. Other achievements include the conducting of a consumer protection study in relation to the Competition Act, and competitiveness studies on the cement and poultry industries in Namibia.

Strategic Objective 3: Strategic partnership management

The Commission strived to foster and maintain continuous competition outreach and advocacy to its clients and other stakeholders with the aim of being a responsive, engaging and consultative institution. In support of this aim, the Commission publishes the Competition Newsletter, the first issue

of which appeared in 2011. Stakeholders are also constantly engaged through forums, conferences and other events in respect of the technical and strategic nature of the Commission's work. In addition, the Commission meets with the Competition Law Forum on a regular basis in order to keep abreast of developments on implementation of the Act. Another achievement in respect of partnership engagement is the Commission's hosting of a Competition and Consumer Protection Week in September each year in order to disseminate information on competition matters to its stakeholders as well as the general public and the media.

In order to ensure timely advocacy interventions in the public domain, the Commission has published various articles on competition to throw light on contemporary issues of relevance. To the same end, the Commission also initiated a series of public lectures at the Polytechnic of Namibia and the University of Namibia. One of the issues addressed was the Massmart–Walmart merger and its economic implications. The Commissioner of the Competition Commission of South Africa was invited to speak on the topic as a guest at one of these lecture sessions.

The Commission's relationship with the MTI is also nurtured to the benefit of both parties. The MTI's constant, sound and positive support to the Commission to date has ensured that there is a mutual and ongoing feed of topics in the realm of the Commission's work, enabling an alignment of competition policy positions with others, e.g. the Industrial Policy, the Small Business Development Policy, the development of an intellectual property legal framework, and the Foreign Investment Act, 1990 (No. 27 of 1990).

On a committed and sustained basis, the Commission also attends events held by the ACF and the International Competition Network. A highlight during the reporting period was the Commission's hosting of an ACF research workshop in Namibia in December 2012, representing more than 20 competition authorities from the African continent.

Strategic Objective 4: Developing capacity and organisational capability

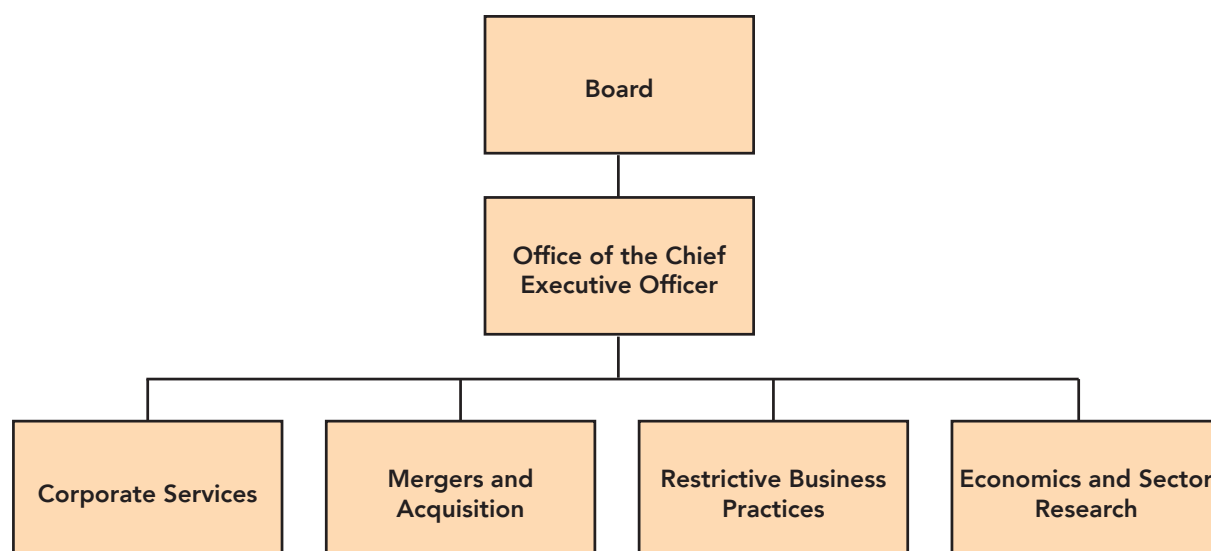
The Commission has formulated an appropriate capacity structure to execute its work effectively and efficiently, and although it was not staffed to full capacity at the end of the reporting period, the most critical positions were filled.

A human resources policy adopted in December 2009 serves as the Commission's binding discourse on its code of conduct and conditions of employment. The Policy assists in realising the obligations of section 13(2)(b) of the Act, which deals with the organisation, control, management and discipline of Commission staff.

The Commission's staff complement is equipped with the requisite expertise, qualifications and experience.

The Commission's organisational structure is as follows:

Figure 2: Organisational structure



The Auditor General has given the Commission a clean bill of health in all external audits conducted to date.

Indeed, pursuant to the objective of addressing skills development and organisational capacity, since these are essential to the Commission's success, it ensures staff is exposed to targeted short-term training courses to enhance their knowledge of and practice in implementing the Act.

Directed by its Board, the Commission met its four Strategic Objectives during the reporting period with dedication and determination, and in so doing, has completed its institutional development and strategic implementation phases.

Divisional Reports

MERGERS AND ACQUISITIONS

Bottom row: *Katando Kanguuehi (Economist), Gloria Situmbeko (Law Officer), Vitalis Ndalikokule (Director)*

Top row: *Melissa Hanmer (Senior Law Officer), Jowetha Andima (Senior Economist), Latunga Haipinge (Law officer), Marelize Bock (Admin Assistant)*

Absent: *Justin Muyendekwa*



The main function of the Commission's Mergers and Acquisitions Division is the enforcement of the provision of Chapter 4 of the Act, entitled "Mergers". Mergers are defined broadly to include acquisitions. The Mergers and Acquisitions Division was established in terms of section 13(1) of the Act, which empowers the Commission to appoint employees to assist it in the performance of its functions. The Division carries out the Commission's functions outlined in Chapter 4, and is tasked with investigating and assessing whether mergers raise any competition or public interest concerns, after which it makes recommendations to the Board. The Division further provides advisory opinions, monitors compliance with conditions imposed on mergers, and investigates contraventions of Chapter 4.

Chapter 4 of the Act requires merging parties to notify the Commission of their intention to merge before they execute those intentions. However, if a proposed merger falls below the specified threshold of N\$20 million of the combined annual turnover and assets of merging undertakings, or if the annual turnover and assets in, into or from Namibia of the target undertaking are equal to or valued below N\$10 million, the parties concerned are not obliged to notify the Commission of their intentions. A threshold relates to the turnover and asset values of the acquiring and target undertakings.

In making a determination in relation to a proposed merger, in terms of section 47(1) of the Act, the Commission may either grant or decline approval of the merger's implementation. The Commission may also approve mergers with certain conditions aimed at addressing competition concerns identified in the transaction.

Mergers reviewed during the reporting period

From a total of 210 merger cases of which the Commission was notified during the reporting period, it made determinations on 193. Of the 210 merger cases notified, 17 transactions were not determined either because the merging parties withdrew the notification, or because the Commission did not have jurisdiction to review the transactions. From the first financial year, i.e. 2009/10, a total of 8 merger determinations were made; by 2010/11, these had increased to 30. In 2011/12, determinations jumped to 71, while 2012/13 saw a rise to 84. These increases were due mainly to the recovery of the economy and the Commission's increased visibility.

A major shortcoming in the merger rules at the time of the Act's commencement was that the Commission had to be notified of every merger intended, regardless of the size of the undertakings involved. The Division addressed this shortcoming by setting out merger notification thresholds and the way they were to be applied. These thresholds were gazetted and came into effect on 24 December 2012.

Thus, Chapter 4 of the Act does not apply to a merger if its value equals or does not exceed the values set out below:

- The combined annual turnover in, into or from Namibia of the acquiring undertaking and target undertaking is equal to or valued below N\$20 million

- The combined assets in Namibia of the acquiring undertaking and target undertaking are equal to or valued below N\$20 million
- The annual turnover in, into or from Namibia of the acquiring undertaking plus the assets in Namibia of the target undertaking is equal to or valued below N\$20 million
- The annual turnover in, into or from Namibia of the target undertaking plus the assets in Namibia of the acquiring undertaking is equal to or valued below N\$20 million
- The annual turnover in, into or from Namibia, of the target undertaking is equal to or valued below N\$10 million, or
- The asset value of the target undertaking is equal to or valued below N\$10 million.

The threshold has not been as effective as hoped as it does not establish a minimum limit for the target undertaking that should be met in order to trigger notification. Under the current threshold, even if the target undertaking is very small, if the acquiring undertaking's turnover or asset values are in excess of N\$20 million, the transaction triggers notification.

In an effort to enhance merger enforcement, the Division developed internal guidelines for its staff in conducting merger investigations and in ensuring the Division meets the statutory timelines prescribed under the Act.

As depicted in Figure 3, 193 merger cases were investigated and determined by the Commission during the period under review. Of these, 84% were approved without conditions; 15% were approved with conditions; and only 1% was prohibited from being actualised.

During the reporting period, 29 merger cases were approved with conditions. While some of these conditions addressed competition concerns, many targeted public interest concerns. Those relating to public interest concerns included –

- conditions on employment generation and/or retention
- safeguarding minority shareholdings, and
- local participation and increasing ownership stakes of historically disadvantaged persons.

Figure 3: Outcome of mergers reviewed during the reporting period

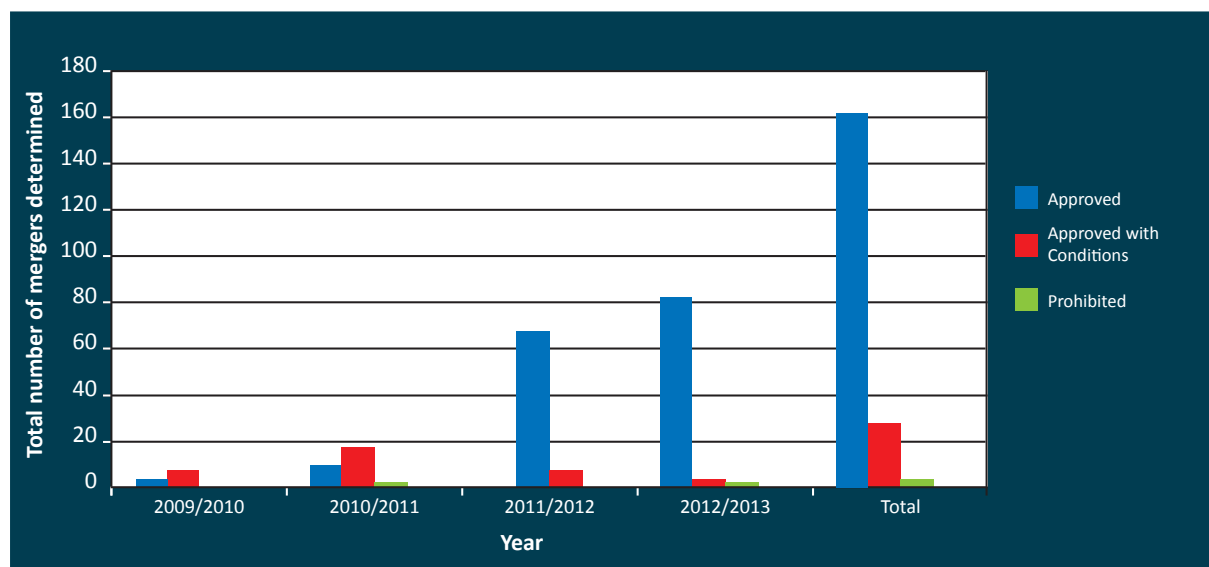


Figure 4: Mergers determined per sector, 2009/10 to 2012/13

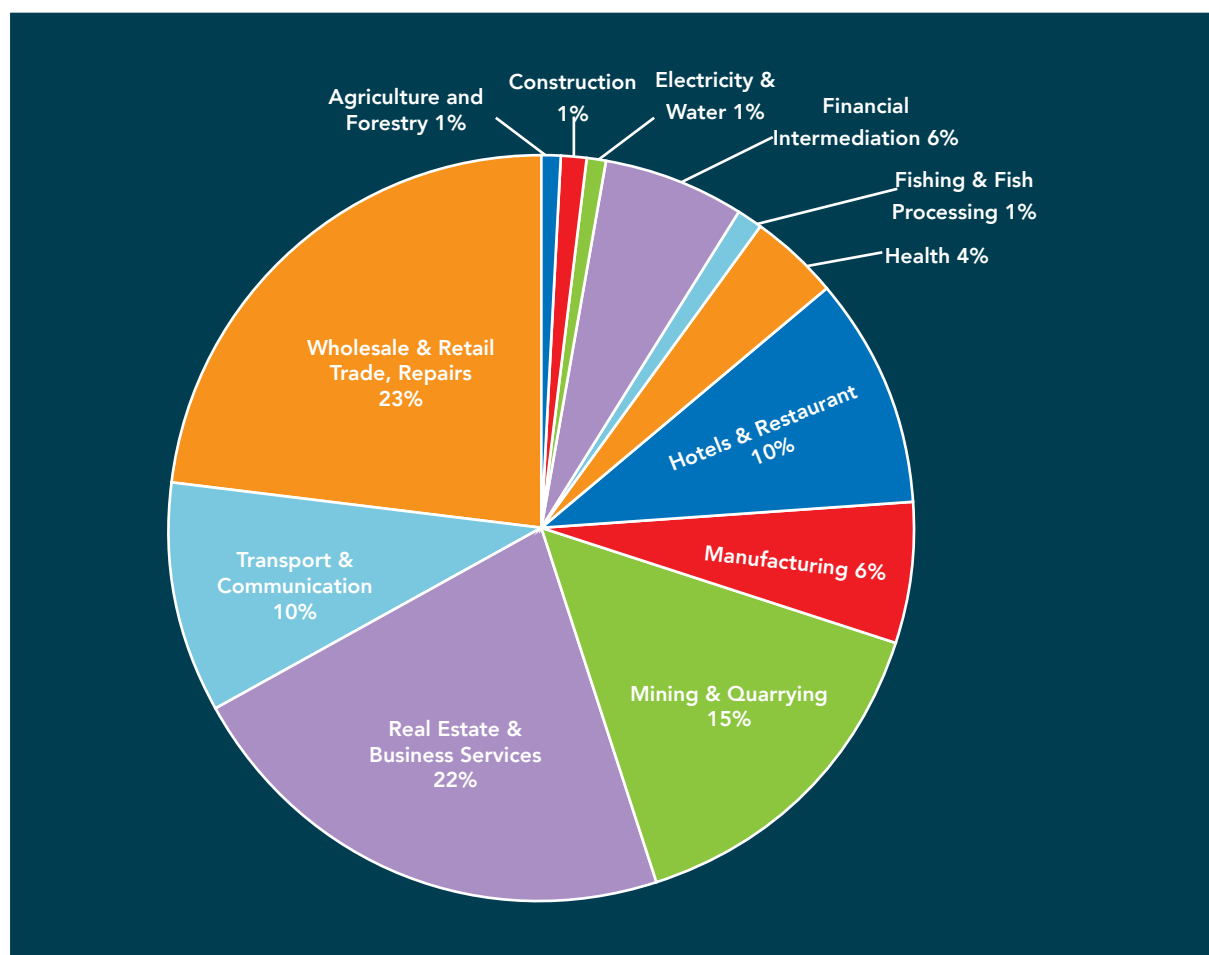


Figure 4 shows the industries in which the Commission decided on mergers and acquisitions. Most mergers were in the wholesale and retail trade, repairs sector (23%), followed by Real estate and business services (22%), and mining and quarrying (15%), while only about 1% of the mergers occurred in the agriculture and forestry, construction, electricity and water and fishing and fish processing sectors.

Prominent cases assessed during the review period

Some of the prominent cases investigated by the Commission during the period under review are discussed below. They are –

- the acquisition of Massmart Holdings Limited by Walmart Stores Incorporated
- the acquisition of Powercom (Proprietary) Limited t/a Leo by Telecom Namibia Limited, and
- the acquisition of International SOS Namibia (Proprietary) Limited ("ISOS") and Newco by Namibia Rescue Services (Proprietary) Limited t/a E-Med Rescue 24 ("E-Med").

Case 1: Acquisition of Massmart Holdings Limited by Walmart Stores Incorporated

The Commission approved the proposed acquisition of Massmart by Walmart. The transaction included the Namibian subsidiaries. The merger was approved with the following conditions:

- That the merger should allow for local participation in accordance with section 2(f) of the Act in order to promote a greater spread of ownership, particularly in respect of increasing ownership stakes of historically disadvantaged persons
- That there should be no employment losses as a result of the merger
- That the merger should not create harmful effects on competition that may give rise to a risk of the market becoming foreclosed to competitors, especially for small- and medium-scale enterprises (SMEs), and
- That, this being a retail business transaction, the Minister of Trade and Industry approve it in terms of section 3(4) of the Foreign Investment Act, 1990 (No. 27 of 1990).

Walmart appealed to the Windhoek High Court by way of an urgent application to have the above conditions declared invalid. The High Court declared all four conditions invalid. The Commission, together with the Minister of Trade and Industry, appealed the decision to the Supreme Court of Namibia. The latter court ruled that the matter be referred back to the Minister of Trade and Industry for ministerial review in terms of section 49 of the Competition Act. On completion of the review, the Minister approved the merger with three conditions attached. These related to retrenchments, honouring existing labour agreements, recognising representatives of trade unions, and establishing a programme of activities for domestic supplier development.



Case 2: Merger between Telecom Namibia Ltd and Powercom (Pty) Ltd t/a Leo

In April 2012, the Commission approved a proposed merger between Telecom Namibia and Leo on the following conditions:

- “From the effective date of the implementation of the merger, the merging parties should put in place a separate and independent shareholding structure for Telecom Namibia and that of MTC [Mobile Telecommunications Limited]. This separation of the holding structure must be effective within a period of two (2) years from the date of this notice of determination [27 April 2012].
- The NPTH [Namibia Post and Telecom Holdings Limited] Chief Executive Officer who is also the Managing Director of Telecom Namibia, as well as the NPTH Company Secretary who is also the Head of Legal Services and Company Secretary of Telecom Namibia, should resign from the respective positions at NPTH with immediate effect. No person who is a director of Telecom Namibia may serve as a director of either NPTH or MTC and likewise, no person who is a director of MTC or an employee of MTC may serve as a director of either NPTH or Telecom Namibia.”



Case 3: Merger between International SOS Namibia (Pty) Ltd ("ISOS") and Namibia Rescue Services (Pty) Ltd t/a E-Med Rescue 24 ("E-Med")

The Commission prohibited the proposed merger between E-Med and ISOS, a move in which the companies intended to transfer all their emergency medical services business to Newco as a going concern. The Commission reasoned as follows:

- The merger would result in an increased level of concentration in the relevant market.
- The merger involved the removal of an effective competitor in the relevant market, leaving the merged undertaking without a formidable competitor post-merger.
- The merger would result in the undertakings involved in this transaction acquiring and strengthening a dominant position in the relevant market.
- The alleged benefits to the public (an increased national footprint) did not outweigh the detriment which was likely to result from the undertaking to the transaction acquiring a dominant position in the market, and
- Barriers to entry in the relevant market are high and small undertakings, particularly those owned or controlled by historically disadvantaged persons were not likely to gain access to or be competitive in the relevant market.



RESTRICTIVE BUSINESS PRACTICES

Bottom row: Martha Hawanga (Admin Assistant) and Vivienne Katjiuongua (Director)

Top row: Paulus Hangula (Economist), Bernhard Tjatjara (Law Officer), Cynthia Mukendwa (Economist) Dartago Liswaniso (Senior Law Officer)

Absent: Justine Shikulo (Law Officer)



This Division is responsible for the enforcement of Chapter 3 of the Competition Act. The Division investigates and prosecutes anti-competitive practices, and assesses applications for exemptions from certain restrictive practices in accordance with the Act.

Chapter 3 of the Act prohibits two basic classes of anti-competitive conduct:

- Part I deals with restrictive agreements, practices and decisions, and
- Part II deals with abuse of a dominant position in the market.

Part I of Chapter 3 defines the treatment of horizontal and vertical agreements as being similar as they may both benefit from broad exemptions from restrictive business practices. As such, Chapter 3 includes both the investigative function of alleged contraventions of this part of the Act as well as the assessment of exemption applications by undertakings wishing to benefit from the exemption provisions in the Act.

Part II of Chapter 3 prohibits the abuse of a dominant position in the market.

Part III of Chapter 3 deals with applications for exemptions from the provisions of Parts I and II. Depending on the merits of the case in question, the Commission may grant or decline approval of the application.

Anyone who believes that an undertaking should be investigated for a possible contravention of the provisions of Parts I and II of the Act can lodge a complaint with the Commission. Indeed, complaints can also be initiated by the Commission itself. Where a practice is found to be prohibited, the matter is referred to the Board of Commissioners for adjudication.

Complaints received during the reporting period

The Commission received 54 complaints of alleged contraventions of the Act. Of these, 24 complaints were finalised, while 30 remain active as at the end of the review period.

The cases vary in respect not only of the nature of the alleged contravention, but also the economic sector where anti-competitive practices are alleged to have occurred. In some instances, the investigations cut across more than one economic sector; the short-term insurance sector is a case in point, because it feeds or services other economic sectors. Sectors reviewed by the Division included agriculture, agronomy, short- and long-term insurance, medical insurance, information technology, communications and telecommunications, auto repair and panel-beating, transport, mining, electricity, sports and recreation, glass manufacturing, cement, services, and shipping. The Division also received an application for exemption from sections 27 and 31 of the Act. The section 31 application pertains to the legal practitioners' profession and is under consideration.

Investigations into anti-competitive agreements

Agreements between undertakings are prohibited in terms of section 23 of the Act if they have the object or effect of preventing or substantially reducing competition in Namibia.

Section 23 of the Competition Act: Restrictive practices prohibited

- "23.(1) Agreements between undertakings, decisions by associations of undertakings or concerted practices by undertakings which have as their object or effect the prevention or substantial lessening of competition in trade in any goods or services in Namibia, or a part of Namibia, are prohibited, unless they are exempt in accordance with the provisions of Part III of this Chapter.
- (2) Agreements and concerted practices contemplated in subsection (1), include agreements concluded between –
- (a) parties in a horizontal relationship, being undertakings trading in competition; or
 - (b) parties in a vertical relationship, being an undertaking and its suppliers or customers or both.
- (3) Without prejudice to the generality of the provisions of subsection (1), that subsection applies in particular to any agreement, decision or concerted practice which –
- (a) directly or indirectly fixes purchase or selling prices or any other trading conditions;
 - (b) divides markets by allocating customers, suppliers, areas or specific types of goods or services;
 - (c) involves collusive tendering;
 - (d) involves a practice of minimum resale price maintenance;
 - (e) limits or controls production, market outlets or access, technical development or investment;
 - (f) applies dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;
 - (g) makes the conclusion of contracts subject to acceptance by other parties of supplementary conditions which by their nature or according to commercial usage have no connection with the subject of the contracts.
- (4) Paragraph (d) of subsection (3) does not prevent a supplier or producer of goods or services from recommending a resale price to a reseller of the goods or a provider of the service, provided –
- (a) it is expressly stipulated by the supplier or producer to the reseller or provider that the recommended price is not binding; and
 - (b) if any product, or any document or thing relating to any product or service, bears a price affixed or applied by the supplier or producer, the words "recommended price" appear next to the price so affixed or applied.

- (5) It is presumed that an agreement or a concerted practice of the nature prohibited by subsection (1) exists between two or more undertakings if –
 - (a) any one of the undertakings owns a significant interest in the other or they have at least one director or one substantial shareholder in common; and
 - (b) any combination of the undertakings engages in any of the practices mentioned in subsection (3).
- (6) The presumption created by subsection (5) may be rebutted if an undertaking or a director or shareholder concerned establishes that a reasonable basis exists to conclude that any practice in which any of the undertakings engaged was a normal commercial response to conditions prevailing in the market.
- (7) For the purposes of subsection (5), "director" includes –
 - (a) a director of a company as defined in the Companies Act, 1973 (Act No. 61 of 1973)
 - (b) a member of a close corporation as defined in the Close Corporations Act, 1988 (Act No. 26 of 1988);
 - (c) a trustee of a trust; or
 - (d) in relation to an undertaking conducted by an individual or a partnership, the owner of the undertaking or a partner of the partnership.
- (8) Subsection (1) does not apply in respect of an agreement entered into between, or a practice engaged in by –
 - (a) a company and its wholly owned subsidiary, as contemplated in section 1 of the Companies Act, 1973, or a wholly owned subsidiary of that subsidiary company; or
 - (b) undertakings other than companies, each of which is owned or controlled by the same person or persons."

Anti-competitive agreements that are prohibited under the Act may be either horizontal, i.e. between undertakings in actual or potential competition with each other, or vertical, i.e. between undertakings in a supplier/customer relationship. Most horizontal agreements are prohibited per se if they are equated with the formation of cartels or collusion for the purpose of entering into price-fixing arrangements, market-sharing arrangements, bid-rigging arrangements, and production-limitation arrangements.

Most vertical agreements are evaluated using the rule-of-reason approach. Common vertical restraints include resale price maintenance, exclusive distribution and dealings, and tied and conditional selling.

Investigations into the abuse of a dominant position

Abuse of a dominant position in the market is prohibited in terms of section 26 of the Act. The criteria applied in determining such a position are provided in Rule 36 of the Rules to the Act, as follows:

- 36.(1) An undertaking has, or two or more undertakings have, a dominant position in a market if –
 - (a) it has or they have at least 45% of that market;
 - (b) it has or they have at least 35%, but less than 45%, of that market, unless it can show that it does not have market power; or
 - (c) it has or they have less than 35% of that market, but has or have market [sic] power.

- (2) For the purposes of this rule “market power” means the power of an undertaking or undertakings to control prices, to exclude competition or to behave to an appreciable extent independently of its competitors, customers or suppliers.

Section 26, Competition Act: Abuse of dominant position

- “26. (1) Any conduct on the part of one or more undertakings which amounts to the abuse of a dominant position in a market in Namibia, or a part of Namibia, is prohibited.
- (2) Without prejudice to the generality of subsection (1), abuse of a dominant position includes –
- (a) or indirectly imposing unfair purchase or selling prices or other unfair trading conditions;
 - (b) limiting or restricting production, market outlets or market access, investment, technical development or technological progress;
 - (c) applying dissimilar conditions to equivalent transactions with other trading parties; and
 - (d) making the conclusion of contracts subject to acceptance by other parties of supplementary conditions which by their nature or according to commercial usage have no connection with the subject-matter of the contracts.”

The abusive practices that are prohibited under the Act are of an exploitative or exclusionary nature.

Exemptions

Section 27(1) of Chapter 3 of the Act stipulates that –

27. (1) Any undertaking or association of undertakings may apply to the Commission to be exempted from the provisions of Part I or Part II of this Chapter in respect of –
- (a) any agreement or category of agreements;
 - (b) any decision or category of decisions;
 - (c) any concerted practice or category of concerted practices.

In granting an exemption, in terms of section 28(3) of the Act, the Commission takes into account the extent to which the agreement, decision or concerted practice, or the category of agreements, decisions or concerted practices concerned, contributes to or results in, or will be likely to contribute to or result in, the following:

- (a) maintaining or promoting exports;
- (b) enabling small undertakings owned or controlled by historically disadvantaged persons, to become competitive;
- (c) improving, or preventing decline in, the production or distribution of goods or the provision of services;
- (d) promoting technical or economic progress or stability in any industry designated by the Minister, after consultation with the Minister responsible for that industry;
- (e) obtaining a benefit for the public which outweighs or would outweigh the lessening in competition that would result, or would be likely to result, from the agreement, decision or concerted practice or the category of agreements, decisions or concerted practices.

Section 30 of the Act contains specific provisions on exemptions related to intellectual property rights, while section 31 deals with requests for exemptions by professional bodies whose rules may contain anti-competitive measures which are nonetheless required to uphold professional standards.

Table 4 summarises the number of different types of restrictive business practices that were investigated and decided on by the Commission during the period under review.

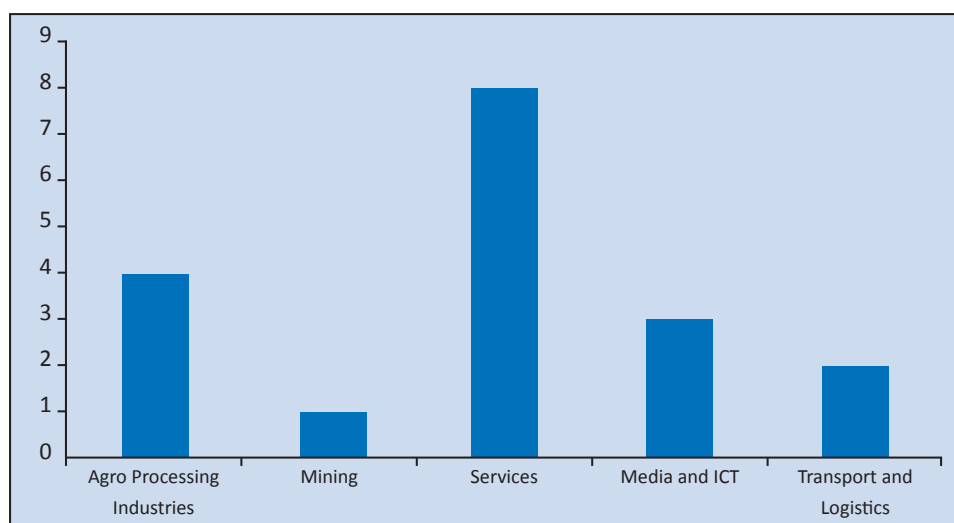
Table 4: Number of restrictive business practices investigated and decided on during the period under review

Year	Type of restrictive business practice		Exemption of restrictive practices	Total
	Anti-competitive agreements	Abuse of dominant position		
2009/10	1	2	1	4
2010/11	6	1	0	7
2011/12	6	0	0	6
2012/13	3	3	1	7
Total	16	6	2	24

Advisory opinions issued during the review period

Most enquiries were on whether or not the activities or conduct of the requesting undertakings contravened the Act. Figure 5 shows the volume of requests in terms of the economic sector from which they emanated.

Figure 5: Volume and source of advisory opinions issued



Prominent cases assessed during the review period

Case 1: Allegations of unfair competition in the meat export market

This matter concerned the export of bovine meat from Namibia to Norway. The exporting of bovine meat was being facilitated through an international trade agreement between the Southern African Customs Union on behalf of Namibia, and the European Free Trade Association on behalf of Norway.

The complaint lodged with the Commission alleged that the deal involved unfair trade and competition practices by way of an abuse of market dominance. There was also an issue regarding whether or not the matter fell within the Commission's jurisdiction, namely any economic activity within or having an effect in Namibia, as provided in section 3 of the Competition Act. In this instance, the economic activity involved was the export of meat to Norway. This activity could be said to have an effect in Namibia, i.e. by its contribution to the Namibian labour market and the impact of foreign income on the Namibian economy.

The Commission investigated the matter based on the allegation of dominance, and made a determination in terms of the purpose of the Act as set out in section 2(d)–(f)

It found that no breach of section 26(2) (a) or (b) of the Act could be established, as no direct link existed between the price Meatco had offered to its Namibian producers (farmers) and its dominant position in the Namibian market. Thus, allegations that Meatco had offered and paid high prices for Namibian produce (cattle) to foreclose competitors could not be substantiated, as there were other factors which invariably impacted the price paid to producers. In other words, Meatco's allegedly high prices could not be attributed to conduct solely on its part.

The investigation further revealed that the complaint did not constitute a prohibition provided for in either Part I (restrictive agreements, practices and decisions) or Part II (abuse of dominant position) of the Act.

In addition, the matter fell outside the scope of the Act's application as set out in section 3 therein. The issues identified through the investigation concerned trade policy, and therefore fell within the ambit of the Ministry of Trade and Industry's portfolio for its amicable resolution.

Case 2: Allegations of restrictive business practices by the Abattoir Association of Namibia and its members

The Commission investigated alleged restrictive business practices in the market in respect of the slaughter of sheep and/or lambs at Grade A (export) abattoirs in the Erongo, Hardap, Karas, Khomas, Omaheke, Otjozondjupa and southern Oshikoto Regions. The investigation was based on information provided to the Commission by a third party in terms of Rule 13 of the Rules made under the Act. The information concerned allegedly restrictive business practices as a result of a Small Stock Marketing Scheme ("Scheme") and the manner of its implementation by the Abattoir Association of Namibia (herein after referred to as "AAN") and its members (herein after referred to as "the Export Abattoirs").

The Commission's investigation yielded that the relationship between South African and Namibian prices suggested that the change in price behaviour since 2010 for most grades was due to changes in underlying drivers, specifically the South African prices. In other words, the volatility of South African prices had increased, and this had translated into more volatile prices in Namibia. There was, therefore, no evidence that the abattoirs had acted in a manner that had the effect of preventing or substantially lessening competition in the relevant market in terms of either Part I (section 23) or Part II (section 26) of the Act.



Case 3: Allegations of collusion between the Municipality of Swakopmund, DMA Holdings CC, Precision Construction CC, Pandora Construction, and Elite Construction

This case, involving a local authority and four other undertakings, concerned a complaint about their alleged practice of tender collusion/bid-rigging under sections 23(1), 23(2)(a) and 23(3)(c) of the Act. The respondents were all undertakings as defined in section 1 of the Act, as they are businesses carried on for gain, being in a horizontal relationship. The case dealt with collusive tendering to provide for the construction of road traffic signs, and the paving and interlocking of roadways and parking lots, including kerbing.

The Commission investigated a number of construction quotations submitted by various undertakings on a tender call by the Municipality of Swakopmund. The undertakings that tendered for the contract submitted individual quotations.

In its analysis of evidence, the Commission noted the effect of the procurement process on competition in the relevant market. Firstly, the Commission recognised that construction services in that market were procured through a tendering process which mainly involved the local authority and construction companies. This meant that any undertaking with expertise in the construction of road traffic signs and the paving and interlocking of roadways and parking lots (including kerbing) within a reasonable distance of the contract location could feasibly tender for a contract. However, the Commission found that the local authority had, as it usually did in such cases, already shortlisted a number of undertakings from their standing list of suitable contractors.

When the local authority requested proposals for the construction works in question, four undertakings submitted bids, namely DMA Holdings CC, Precision Construction CC, Pandora Construction, and Elite Construction. Information submitted to the Commission as part of the complaint alleged that the undertakings had entered into agreements and submitted bids with identical tender prices. Indeed, all the quotations had been completed by the same person, applied to the same construction period, and offered identical rates, with an identical page indicating a list of previous work done. This was clear evidence of the existence of concerted practice among the undertakings. Therefore, in the process of investigating the complaint, the Commission found that section 23(8) (b) of the Act was relevant, namely that subsection 23(1) “does not apply in respect of an agreement entered into between, or a practice engaged in by ... (b) undertakings other than companies, each of which is owned or controlled by the same person or persons”.

From their structure alone, it was evident that the undertakings were all owned by and controlled by the same persons because the undertakings were run to benefit a specific family. However, section 23(1) of the Act does not apply to the conduct in which the undertakings were alleged to have engaged as they were excluded by the provisions of section 23(8) therein. The concept of a concerted practice refers to a form of coordination between undertakings by means of which, without it having reached the stage of an agreement, practical cooperation between them is knowingly substituted for the risks of competition. This concept did not apply to the case in point as the undertakings were either owned or controlled by the same persons.

Although the evidence at hand in this matter indicated possible tender collusion, the ownership structure of the undertakings did not allow the Commission to pursue the case further as doing so would have been contrary to the provisions of section 23(8) of the Act.



ECONOMICS AND SECTOR RESEARCH

Bottom row: Dr. Michael Humavindu (Director), Alina Haireka (Admin Assistant)

Top row: Lovisa Hashikutuva (Economist) Josef Hausiku (Economist)

Absent: Taimi Amunkete (Senior Economist)



This Division, established in 2012, is responsible not only for economic analysis, but also for evaluating the economic impact of competition cases and policy initiatives. These duties entail the rigorous economic analysis of various cases as well ancillary research on investigations into mergers and restrictive business practices. The Division also provides independent guidance on methodological issues for economics in the application of Namibian competition rules.

Other responsibilities borne by the Division involve the conducting of market investigations or enquiries for the informed enforcement of competition law. General monitoring of the market and generating knowledge from a competition perspective also fall within the Division's ambit. In addition, the Division explores emerging issues in the area of competition law and renders advice on any revisions required in the Act. Moreover, it ensures that the Commission can tap into reliable strategic alliances and networks to glean information on best practices employed by other competition authorities and similar institutions. Finally, the Division also coordinates the Commission's work on national competition policy as well as consumer protection issues.

During the period under review, the Division undertook several market investigations in its quest to fulfil its mandate. Some of these are elaborated below.

Competition and Consumer Week

As part of an advocacy drive spearheaded by the Economics and Sector Research Division, the Commission resolved to have an annual Competition and Consumer Week, beginning in 2012. The aim of the Week is to sensitise the public on the importance of complying with the Competition Act, as well as the importance of fair competition to the economy. The activities of the week include media talks, workshops and public lectures at tertiary institutions. Each year has a different theme of focus, and stakeholders are invited to attend workshops on each respective theme.

In 2012 the Week had two workshops: one on competition and competitiveness, and one on competition law, policy and consumer protection. Both events attracted many stakeholders with an interest in the subject matter. The workshop on competition and competitiveness invited Mr Chunlin Zhang, the World Bank's Lead Private Sector Development Specialist, as its guest speaker. Mr Zhang spoke on the international perspectives of competition policy and competitiveness. Mr Sampa Chilufya, Executive Director of the Zambian Competition and Consumer Protection Commission, was the guest speaker at the workshop on competition law, policy and consumer protection. His address dealt with consumer protection and best practice lessons for Namibia.

The 2013 Competition Week also involved two workshops, but included a student essay competition, talk shows and a media briefing. The themes of the two 2013 workshops were "Ensured effective cooperation in competition and sectoral regulation" and "Detection and prevention of bid rigging/collusive tendering in Namibia". The first workshop deliberated on existing issues in regulation, and

discussed the role of and interaction among different regulators, while the second workshop offered an opportunity for regulating bodies and other stakeholders to discuss the finer points of spotting and preventing collusion among tenderers.

Market Investigation and Research Output

Table 5 shows an outline of the market investigations and research outputs undertaken by the Economics and Sector Research Division during the review period.

Table 5: Projects undertaken during the period under review

Project name	Project description	Outcome
ACF project on poultry	Poultry and cement studies were part of the Research Programme on Competition dynamics and regional trade flows conducted under the African Competition Forum.	The study found that commercial poultry was well-established in the countries studied, with activities in breeding, animal feed and broiler production.
ACF project on cement		Most of the cement producers in the SADC region are vertically integrated in the production of cement, which poses a high chance of anti-competitive effects such as foreclosures and also the potential to facilitate collusion.
Retail sector study	This study was aimed at providing a comprehensive analytical assessment of the Namibian retail sector which will help uncover any anti-competitive practices in the distribution of goods, such as exclusive dealing arrangements and the creation of barriers to market entry.	The retail sector is dominated by South African giants who source bundles of goods to reduce unit logistical costs and deliver a wide range of products to consumers at low prices. The study did not reveal explicit evidence or engagement in anti – competitive practices by participants in the retail sector, however there are elements of problematic buyer power which must be rectified with an appropriate code of practice that the Economics & Sector Research Division is busy developing.
Sector prioritisation Framework	This internal work aimed to point out the importance of sector prioritisation and make appropriate decisions on which sectors and cases the Commission has to focus in pursuit of its mandate.	Enhance efficiency and ensure fulfilment of the Commission's mandate.

Project name	Project description	Outcome
Walmart supplier development programme	As part of the Walmart and Massmart merger conditions, the MTI, together with the NaCC, recognised the importance of having a supply development programme in place to promote the activities of SME's and other local suppliers. Such a programme would create an avenue for local suppliers to provide services to multinational corporations, and would eventually improve production efficiency and competitiveness among local suppliers, resulting in employment creation and economic growth.	Establish a supply development programme aimed to enhance the supply chain of SME's and local suppliers, and ensure equitable opportunities to participate in the Namibian economy.
Ensured effective cooperation between the NaCC and sector regulators	Economic discussion papers are aimed at broadening economic and competition research on issues that are relevant, though with different degrees of immediacy, to the various tasks and functions of the NaCC.	Create awareness and promote a culture of collaboration with various institutions in order to coordinate and harmonise the exercise of jurisdiction over competition matters within the relevant industries or sectors.
The link between competition policy and consumer protection		
Competition law and policy, and competitiveness		



CORPORATE SERVICES

Bottom row: Claudia Konjore (Receptionist) Gideon //Garoeb (Director)

Top row: Valentina Schaneck (Senior HR Officer) Sophia !Haoses (Finance Officer), Marius Eichab (Office Assistant) Dina Gowases (Communications Officer)

Absent: Roswindis Amushila (Administration Officer), Bernatus Goreseb (Transport Officer)



This Division provides human resources, administrative, financial and corporate communications support services to the Commission's various Divisions.

Human capital

The Commission regards its human capital as its most valuable asset. We strive to employ best practice at all times in the management of our human resources, and believe that building capacities and capabilities and developing talent are the most important aspects of our resource allocation.

The Commission also believes that, due to the nature of our mandate and the shortage of the skills required in its successful execution, we should remain vigilant to the dynamics of unnatural labour turnover. To this end, the application of best practice is essential in retaining, motivating and rewarding staff.

Staff complement

Staff recruitment in the Commission commenced in September 2009 with the appointment of the Secretary to the Commission. At the end of the period under review, the Commission's staff complement was 29. This includes 75% of highly skilled employees in mainly law and economics.

Since research on competition economics soon became critical, the Board approved the creation of an additional Division for the Commission that could deal with economics and sector research. The necessary addition was made in 2012. Another notable change approved by the Board involved the designations of senior managers, whose titles of Assistant Secretary were amended to Director. These structural changes aimed at streamlining the Commission to ensure its operational efficiency, optimum utilisation of human capital, and alignment with comparable entities regionally and overseas.

The overall staff complement increased by 54.6% from September 2009 to March 2013. By the end of the reporting period, the Commission had completed its recruitment to a level of 74%. Ten positions were not filled during the reporting period. One employee resigned and the institution sadly lost another due to death.

Table 6 depicts the structural evolution the Commission has undergone since its formation.

Table 6: Post establishment as at 31 March 2013

Office/Division	Positions	No. of posts provided for	No. of posts filled
Office of the Secretary	• Chief Executive Officer • Corporate Secretary/Legal Advisor • Technical Advisor to the CEO • Executive Assistant to the CEO • Risk, Compliance and Governance Officer	5	3
Restrictive Business Practices Division	• Director • Senior Law Officer • Senior Economist • Law Officer (2) • Economist (2) • Administrative Assistant	8	8
Mergers and Acquisitions Division	• Director • Senior Law Officer • Senior Economist • Law Officer (2) • Economist (2) • Administrative Assistant	8	6
Economics and Sector Research Division	• Director • Senior Researcher • Researcher (2) • Administrative Assistant	5	3
Corporate Services Division	• Director • Finance Officer • Senior Human Resources Practitioner • Human Resources Officer • Administration Officer • Information Technology and Security Officer • Corporate Communications Officer • Assistant Accountant • Records and Documentation Clerk • Administrative Assistant • Receptionist • Driver/Messenger • Office Assistant	13	9
Total		39	29

Learning and development

In addition to building capacity and conducting training in the Commission's core operational business, namely competition, the year under review also saw staff training and development in the Commission's other activity areas.

Given the technical orientation of the Commission's work, staff development is considered as a key priority area. Thus, the training and development programme adopted in 2012 offers training

interventions on, among other things, internal capacity-building, besides study grants, sabbatical assistance and other tailored training in identified priority areas.

Staff training and development are seen as an essential and continuous endeavour aimed at ensuring that the Commission carries out its mandate in the most effective, efficient and professional manner.

Through this programme the Commission aims to enable and empower employees to perform their duties effectively, efficiently and professionally, whilst supporting the retention of the organisation's skilled and professional staff complement.

Communications and advocacy

The Commission recognises that one of the most important strategic challenges for any competition authority is to ensure effective public outreach, encourage competition compliance, and communication of its law enforcement decisions. The Commission reinforced these efforts with the establishment of a communications sub-unit. Through this sub-unit the Commission is able to create clear and consistent communication mechanisms aimed at stimulating awareness about the Act in general and the Commission's role in particular.

The primary function of the communications and advocacy drive is to provide a full marketing communications service and non-enforcement programmes and activities to industry stakeholders, comprising focus areas on media relations, marketing, design services and internal communication and advocacy.

To this end, among other things the Commission produces 1,000 printed copies of its quarterly newsletter, while a digital version is distributed to stakeholders via e-mail. Of each edition, 20 copies are distributed to the National Library of Namibia. An allocated number of newsletter copies are also used for distribution at the various trade fairs and other outreach platforms.





**Namibian
Competition
Commission**

*Namibia Competition
Commission
Annual Financial Statements*

2008-2010



REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Namibia Competition Commission for the financial years ended 31 March 2009 and 2010 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, JUNE 2011

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

1. INTRODUCTION

The Namibia Competition Commission was established in terms of Section 4 of the Competition Act, (Act 2 of 2003), to safeguard and promote competition in the Namibian Market. The Commission's income consists of (a) money appropriated by parliament for the purpose of the Commission; (b) fees payable to the Commission in terms of this Act; (c) money vesting in or accruing to the Commission from any other source; and (d) interest derived from the investment of funds of the Commission.

The objectives of the Commission are stipulated in terms of Section 2 of the Competition Act (Act 2 of 2003) in order to:

- (a) Promote the efficiency, adaptability and development of the Namibian economy;
- (b) Provide consumers with competitive prices and product choices;
- (c) Promote employment and advance the social and economic welfare of Namibians;
- (d) Expand opportunities for Namibian participation in world markets while recognizing the role of foreign competition in Namibia;
- (e) Ensure that small undertakings have an equitable opportunity to participate in the Namibian economy; and
- (f) promote a greater spread of ownership, in particular to increase ownership stakes of historically disadvantaged persons.

2. FINANCIAL STATEMENTS

The financial statements published in this report are filed in the Office of the Auditor-General and comprise the following:

Annexure A:	Balance Sheet
Annexure B:	Comprehensive Income Statement
Annexure C:	Statement of Changes in Equity
Annexure D:	Cash Flow Statement
Annexure E:	Notes to the Financial Statements
Annexure F:	Detailed Income Statement

3. SCOPE OF THE AUDIT

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

The audit included:

- (a) examination, on a test basis, of evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements;
- (b) assessment of the significant estimates and judgements made by the Accounting Officer of the Commission in the accounting of the transactions, his determination of and decision on relevance of the transactions to the Commission and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed; and

- (c) Evaluation of the overall adequacy of the presentation of information for its inclusion in the financial statements.

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

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

4. AUDIT OBSERVATIONS

As per section 20 (3) of the Competition Act, Act No. 2 of 2003, the Secretary shall prepare and submit annual financial statements for the year in question to the Commission for approval. This should be done as soon as practicable, but not later than three months after the end of the financial year. It was noted that the Secretary submitted the annual financial statements for the year ended 31 March 2009 on the 20th of October 2010 which was nineteen months after the year end.

Recommendation

It is recommended that the Secretary adheres to Section 20 (3) of the Competition Act, Act No. 2 of 2003 and submits the annual financial statements timeously.

5. ACKNOWLEDGEMENT

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

6. AUDIT OPINION

The financial statements of the Namibia Competition Commission for the financial year ended 31 March 2009 and 2010 were audited by me in accordance with the provisions of Section 25 (1) of the State Finance Act, 1991 read with Section 20 (4) of the Competition Act, (Act 2 of 2003).

I certify that, in my opinion the financial statements fairly reflect the transactions and the financial position of the Commission for the financial year ended 31 March 2009 and 2010; and in all material respects the income and expenditure have been applied to the purposes intended and conform to the authorities that govern them.

WINDHOEK, JUNE 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

Namibian Competition Commission
Annual Financial Statements for the years ended 31 March 2009 & 2010
GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	The Commission is tasked with promoting competitive market conditions through investigations and prosecutions of anti-competitive activities, reviewing and approving mergers and exemption applications, and disseminating information to businesses, consumers and other stakeholders.
Secretary	H.M. Gaomab
Business address	NO.14 BPI House Mezzanine Floor Independence Avenue Windhoek
Postal address	PO Box 2104 Windhoek Namibia
Bankers	Bank Windhoek Limited
Compiler	PricewaterhouseCoopers Chartered Accountants (Namibia) Registered Accountants and Auditors

Namibian Competition Commission
Annual Financial Statements for the years ended 31 March 2009 & 2010
CONTENTS

The reports and statements set out below comprise the annual financial statements presented to the commission:

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Namibian Competition Commission
Annual Financial Statements for the years ended 31 March 2009 & 2010
COMMISSION'S RESPONSIBILITIES AND APPROVAL

The Commission is required by the Competition Act (Act No. 2 of 2003), to maintain adequate accounting records and is 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 Commission as at the end of the financial years and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and the Competition Act of Namibia (Act No.2 of 2003).

The annual financial statements are prepared in accordance with International Financial Reporting Standards and the Competition Act (Act No.2 of 2003) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The Commission is 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 Commission have reviewed it's cash flow forecast for the 12 months to 31 March 2011 and, in the light of this review and the current financial position, they are satisfied that the Commission has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 57 to 72, which have been prepared on the going concern basis, were approved by the Commission and were signed on its behalf by:

.....
CHAIRMAN OF THE COMMISSION

.....
COMMISSIONER

Namibian Competition Commission
Annual Financial Statements for the years ended 31 March 2009 & 2010
SECRETARY'S REPORT

The Secretary submits his report for the financial years ended 31 March 2009 & 2010.

1. INCORPORATION

The Commission was incorporated on 24 April 2003 in accordance with the promulgation of the Competition Act (Act No.2 of 2003).

2. REVIEW OF ACTIVITIES

Main business and operations

The Commission is tasked with promoting competitive market conditions through investigations and prosecutions of anti-competitive activities, reviewing and approving mergers and exemption applications and disseminating information to businesses, consumers and other stakeholders and operates principally in Namibia.

The operating results and state of affairs of the Commission are fully set out in the attached annual financial Statements and do not in our opinion require any further comment.

Net surplus of the Commission was N\$ 5 465 541 (2009: surplus N\$ 7 698 335).

3. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. POST BALANCE SHEET EVENTS

The Secretary is not aware of any matter or circumstance arising since the end of the financial years.

5. MEMBERS OF THE COMMISSION

Members	Date appointed	Nationality
Mr. Daniel Nghidinua	01 February 2010	Namibian
Mr. Lucius Murorua	01 February 2010	Namibian
Mr. Festus Hangula	19 December 2008	Namibian
Ms. Nelago Saima Kasuto	19 December 2008	Namibian
Dr. Omu Kakuja-Matundu	19 December 2008	Namibian

The Secretary of the Commission during the date of this report is as follows:

Members	Date Appointed	Nationality
Mr. Heinrich M. Gaomab	01 September 2009	Namibian

Namibian Competition Commission
Annual Financial Statements for the years ended 31 March 2009 & 2010
BALANCE SHEET

	Note(s)	2010 N\$	2009 N\$
Non-Current Assets			
Property, plant and equipment	4	593 755	-
Current Assets			
Trade and other receivables	5	167 801	-
Cash and cash equivalents	6	12 404 127	7 698 335
		12 571 928	7 698 335
Total Assets		13 165 683	7 698 335
Equity and Liabilities			
Accumulated surplus		13 163 876	7 698 335
Current Liabilities			
Trade and other payables	7	1 807	
Total Equity and Liabilities		13 165 683	7 698 335

Namibian Competition Commission
Annual Financial Statements for the years ended 31 March 2009 & 2010
COMPREHENSIVE INCOME STATEMENT

	Note(s)	<u>2010</u> N\$	<u>2009</u> N\$
Revenue	8	5 987 000	7 229 500
Operating Expenses		(1 132 999)	(302)
Operating profit		4 854 001	7 229 198
Investment revenue	9	611 656	469 137
Finance costs		(116)	
Total comprehensive income for the 12 Months		5 465 541	7 698 335

Namibian Competition Commission
Annual Financial Statements for the years ended 31 March 2009 & 2010
STATEMENT OF CHANGES IN EQUITY

	Accumulated Surplus N\$	Total Equity N\$
Balance at 01 March 2008		
Changes in equity	<u>7 698 335</u>	<u>7 698 335</u>
Total comprehensive income for the 13 months	<u>7 698 335</u>	<u>7 698 335</u>
Total changes	<u>7 698 335</u>	<u>7 698 335</u>
Balance at 01 April 2009		
Changes in equity		
Total comprehensive income for the 12 months	<u>5 465 541</u>	<u>5 465 541</u>
Total changes	<u>5 465 541</u>	<u>5 465 541</u>
Balance at 31 March 2010	<u>13 163 876</u>	<u>13 163 876</u>

Namibian Competition Commission
Annual Financial Statements for the years ended 31 March 2009 & 2010
CASH FLOW STATEMENT

	Note(s)	<u>2010</u> N\$	<u>2009</u> N\$
Cash receipts from customers and government grants		5 987 000	7 229 500
Cash paid to suppliers and employees		(1 222 442)	(302)
Cash generated from operations	10	4 764 558	7 229 198
Interest income	9	611 656	469 137
Finance costs		(116)	-
Net cash from operating activities		5 376 097	7 698 335
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(670 305)	-
Total cash movement for the 12 months		4 705 792	7 698 335
Cash at the beginning of the 12 months		7 698 335	-
Total cash at end of the 12 months	6	12 404 127	7 698 335

Namibian Competition Commission
Annual Financial Statements for the years ended 31 March 2009 & 2010
ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International financial Reporting Standards, and the Competition Act (Act no. 2 of 2003). The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. The annual financial statements are prepared in conformity with International Financial Reporting Standards and the requirements of the Competition Act of Namibia, appropriate to the business of the commission. The annual financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties where appropriate, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as adopted by the International Accounting Standards Board (IASB) and the requirements of the Competition Act of Namibia.

1.2 Significant judgements

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:

Loans and receivables

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

Taxation

The Commission has interpreted the Competition Act and tax laws and concluded that the Commission is exempt from taxation.

1.3 Property, plant and equipment

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 commission; and the cost of the item can be measured reliably.

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.

1.3 Property, plant and equipment (continued)

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Item	Average useful life
Furniture and fixtures	3 years
Motor vehicles	5 years
IT equipment	3 years
Other property, plant and equipment	3 years

The residual value and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of property plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

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.

1.4 Financial instruments

Initial recognition and measurement

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

The Commission 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.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Commission establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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 30 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.

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 and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.5 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 - lessee

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.

1.6 Impairment of assets

The Commission assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Commission 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.

1.6 Impairment of assets (continued)

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

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

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

1.7 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

Contingent assets and contingent liabilities are not recognized.

1.8 Government grants

Government grants are unconditional and are recognized upon receipt in terms of the Competition Act (Act No.2 of 2003) of Namibia.

1.9 Revenue

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, net of trade discounts and volume rebates, and value added tax.

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

Namibian Competition Commission
Annual Financial Statements for the years ended 31 March 2009 & 2010
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. International Financial Reporting Standards and amendments issued but not effective for your March 2009 & 2010 year-end:

Title	Number	Effective date
Business Combinations - Revised	IFRS 3	01-Jul-09
Financial Instruments	IFRS 9	01-Jan-13
Related Party Disclosures	IAS 24	01-Jan-11
Consolidated and Separate Financial Statements - Revised	IAD 27	01-Jul-09
Amendments to IAS 39 Financial Instruments: Recognition and Measurement Eligible Hedged Items	IAS 39	01-Jul-09
First time Adoption of International Financial Reporting Standards - Revised	IFRS 1	01-Jan-09
Amendment to IFRS 2: Group cash – settled share-based payment transactions	IFRS 2	01-Jan-10
Amendment to IAS 32 – Classification of rights issues	IAS 32	01-Feb-10
Distributions of non-cash Assets to Owners	IFRIC 17	01-Jul-09
Repayments of a minimum funding requirement	IFRIC 14	01-Jan-11
Extinguishing financial liabilities with equity instruments	IFRIC 19	01-Jul-10

Namibian Competition Commission
Annual Financial Statements for the years ended 31 March 2009 & 2010
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Standards and Interpretations of International Financial Reporting Standards effective for the first time for your March 2010 year-end:

Customer Loyalty Programmes	IFRIC 13	01-Jul-08
Hedges of a Net Investment in a Foreign Operation	IFRIC 16	01-Oct-08
Transfers of assets from customers	IFRIC 18	01-Jul-09
Operating Segments	IFRS 8	01-Jan-09
Borrowing costs-Revised	IAS 23	01-Jan-09
Presentation of Financial Statements - Revised	IAS 1	01-Jan-09
Financial Instruments Disclosure	IFRS 7	01-Jan-09
Agreements for construction and real estates	IFRIC 15	01-Jan-09
Amendments to IFRIC 9 - Reassessment of Embedded Derivatives and IAS 39 - Financial Instruments: Recognition and Measurement	Amendment to IFRIC 9 and IAS 39	01-Jul-08
Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of financial statements - uttable Financial Instruments and Obligations Arising on Liquidation	Amendment to IAS 32 and IAS 1	01-Jan-09
Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations	Amendment to IFRS 2	01-Jul-09
Amendment to IFRS 1 'First time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements' on the 'Cost of an investment in a subsidiary, jointly controlled entity or associate'	Amendment to IFRS 1 and IAS 27	01-Jan-09

Namibian Competition Commission
Annual Financial Statements for the years ended 31 March 2009 & 2010
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4. Property, plant and equipment

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
	N\$	N\$	N\$	N\$	N\$	N\$
Furniture and fittings	219 379	(26 645)	192 734	-	-	-
Motor vehicles	179 942	(28 791)	151 151	-	-	-
IT equipment	262 872	(20 690)	242 182	-	-	-
Other property, plant and equipment	8 112	(424)	7 688	-	-	-
Total	670 305	(76 550)	593 755	-	-	-

Reconciliation of property, plant and equipment – 2010

	Opening balance	Additions	Depreciation	Total
	N\$	N\$	N\$	N\$
Furniture and fixtures		219 379	(26 645)	192 734
Motor vehicles		179 942	(28 791)	151 151
IT equipment		262 872	(20 690)	242 182
Other property, plant and equipment		8 112	(424)	7 688
		<u>671 305</u>	<u>(76 550)</u>	<u>593 755</u>

Reconciliation of property, plant and equipment - 2009

Pledged as security

No assets were pledged as security.

5. Trade and other receivables

	2010
	N\$
Trade receivables	1
Deposits	167 800
	<u>167 801</u>

6. Cash and cash equivalents

Cash and cash equivalents consist of:

	2010	2009
	N\$	N\$
Cash on hand	27	
Bank balance – Cheque account	5 784 785	7 698 335
Bank balance – Call account	6 622 315	
	<u>12 404 127</u>	<u>7 698 335</u>

Namibian Competition Commission
Annual Financial Statements for the years ended 31 March 2009 & 2010
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6. Cash and cash equivalents (continued)

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

	2010	2010
	N\$	N\$
Credit rating		
A1+	12 367 804	7 698 335

7. Trade and other payables

Accrued expense – PAYE: Penalties & interest	1 807	-
--	-------	---

8. Revenue

Government grants	5 450 000	7 100 000
Rendering of services – Fee income	537 000	129 500
	5 987 000	7 229 500

9. Investment revenue

Interest revenue		
Bank	611 656	469 137

10. Cash generated form operations

Profit before taxation	5 465 541	7 698 335
Adjustments for:		
Depreciation and amortization	76 550	-
Interest received	(611 656)	(469 137)
Finance costs	116	-
Changes in working capital:		
Trade and other receivables	(167 800)	-
Trade and other payables	1 807	-
	4 764 558	7 229 198

Namibian Competition Commission
Annual Financial Statements for the years ended 31 March 2009 & 2010
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due

- Within one year	954 264	-
- Om second to fifth inclusive	1 823 174	-
	2 777 438	-

Operating lease payments represent rentals payable by the Commission for certain of its office properties.

The Lease was negotiated for a term of three years and rentals are fixed for the three years. No contingent rent is payable.

12. Risk management

Capital risk management

The Commission is not exposed to Capital risk.

There are no externally imposed capital requirements.

Financial risk management

Liquidity risk

The Commission's risk to liquidity is a result of the funds available to cover future commitments. The Commission manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the commission's financial liabilities and net-settled derivative financial liabilities 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.

At 31 March 2010

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	N\$	N\$	N\$	N\$
Trade and other payables	1 807	-	-	-

Interest rate risk

The Commission is not exposed to interest rate risk.

As the Commission has no significant interest-bearing assets, the commission's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Commission only deposits cash with major banks with high quality credit standing and limits exposure to anyone counter-party.

Foreign exchange risk

The Commission is not exposed to foreign exchange risk.

Price risk

The Commission is not exposed to Price risk.

Namibian Competition Commission
Annual Financial Statements for the years ended 31 March 2009 & 2010
DETAILED INCOME STATEMENT

		2010	2009
	Note (s)	N\$	N\$
Revenue			
	8	5 987 000	7 229 500
Rendering of services		537 000	129 500
Revenue – Government grants received		5 450 000	7 100 000
Other Income			
Interest received	9	611 656	469 137
Operating expenses			
Advertising		(109 130)	-
Bank charges		(2 299)	(302)
Cleaning		(406)	-
Committee seating fees		(16 400)	-
Computer expenses		(26 970)	-
Consulting and professional fees		(64 166)	-
Depreciation, amortization and impairments		(76 550)	-
Employee costs		(496 691)	-
Entertainment		(17 756)	-
Fines and penalties		(1 807)	-
Insurance		(14 019)	-
Lease rentals on operating lease		(98 304)	-
Motor vehicle expenses		(2 309)	-
Postage		(2 820)	-
Printing and stationary		(36 018)	-
Repairs and maintenance		(10 384)	-
Security		(2 240)	-
Staff welfare		(3 715)	-
Subscriptions		(350)	-
Telephone and fax		(32 382)	-
Training		(25 500)	-
Travel – local		(92 783)	-
		(1 132 999)	
Finance costs		(116)	-
Surplus for the year		5 465 541	7 698 335



**Namibian
Competition
Commission**

*Namibia Competition
Commission
Annual Financial Statements*

2010-2011



REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Namibian Competition Commission for the financial years ended 31 March 2011 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, May 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. INTRODUCTION

The Namibian Competition Commission was established in terms of Section 4 of the Competition Act, (Act 2 of 2003), to safeguard and promote competition in the Namibian Market. The Commission's income consists of (a) money appropriated by Parliament for the purpose of the Commission; (b) Fees payable to the Commission in terms of this Act; (c) Money vesting in or accruing to the Commission from any other source; and (d) Interest derived from the investment of funds of the Commission.

The objectives of the Commission are stipulated in terms of Section 2 of the Competition Act (Act 2 of 2003) in order to:

- (a) Promote the efficiency, adaptability and development of the Namibian economy;
- (b) Provide consumers with competitive prices and product choices;
- (c) Promote employment and advance the social and economic welfare of Namibians;
- (d) Expand opportunities for Namibian participation in world markets while recognizing the role of foreign competition in Namibia;
- (e) Ensure that small undertakings have an equitable opportunity to participate in the Namibian economy; and
- (f) promote a greater spread of ownership, in particular to increase ownership stakes of historically disadvantaged persons.

2. FINANCIAL STATEMENTS

The financial statements published in this report are filed in the Office of the Auditor-General and comprise the following:

- Annexure A: Balance Sheet
- Annexure B: Comprehensive Income Statement
- Annexure C: Statement of Changes in Equity
- Annexure D: Cash Flow Statement
- Annexure E: Notes to the Financial Statements
- Annexure F: Detailed Income Statement

3. SCOPE OF THE AUDIT

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

The audit included:

- (a) examination, on a test basis, of evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements;

- (b) assessment of the significant estimates and judgements made by the Accounting Officer of the Commission in the accounting of the transactions, his determination of and decision on relevance of the transactions to the Commission and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed; and
- (c) Evaluation of the overall adequacy of the presentation of information for its inclusion in the financial statements.

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

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

4. ACKNOWLEDGEMENT

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

5. AUDIT OPINION

The financial statements of the Namibian Competition Commission for the financial year ended 31 March 2011 were audited by me in accordance with the provisions of Section 25 (1) of the State Finance Act, 1991 read with Section 20 (4) of the Competition Act, (Act 2 of 2003).

I certify that, in my opinion the financial statements fairly reflect the transactions and the financial position of the Commission for the financial year ended 31 March 2011; and in all material respects the income and expenditure have been applied to the purposes intended and conform to the authorities that govern them.

WINDHOEK, May 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	The Commission is tasked with promoting competitive market conditions through investigations and prosecutions of anti- competitive activities, reviewing and approving mergers and exemption applications, and disseminating information to businesses, consumers and other stakeholders.
Secretary	H.M. Gaomab
Business address	NO.14 BPI House Mezzanine Floor Independence Avenue Windhoek
Postal address	PO Box 2104 Windhoek Namibia
Bankers	Bank Windhoek Limited
Compiler	Auditor-General

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
GENERAL INFORMATION

The reports and statements set out below comprise the annual financial statements

Presented to the Commission:

Contents	Page
Commission's Responsibilities and Approval	79
Secretary's Report	81
Balance Sheet	82
Comprehensive Income Statement	83
Statement of Change in Equity	84
Cash Flow Statement	85
Accounting Policies	86 - 89
Notes to the Annual Financial Statements	90 - 95
Detailed Income Statement	96

The Commission is required by the Competition Act (Act No. 2 of 2003), to maintain adequate accounting records and is 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 Commission as at the end of the financial 12 months and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and the Competition Act of Namibia (Act No. 2 of 2003).

The annual financial statements are prepared in accordance with International Financial Reporting Standards and Competition Act (Act No. 2 of 2003) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

The Commission is 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 Commission have reviewed its cash flow forecast for the 12 months to 31 March 2011 and, in light of this review and the current financial position, they are satisfied that the Commission has or has access to adequate resources to continues in operational existence for the foreseeable future.

The annual financial statements set out on page 9 to 22 , which have been prepared on the going concern basis, were approved by the Commission and were signed on its behalf by:

Chairman of the Commission
Windhoek

Commissioner

Office of the Auditor-General

Auditor's Report

To the Namibian Competition Commission

On the basis of financial statements and related information provided by the secretary my staff have audited, in accordance with the Government Audit Standard on related services applicable to audit engagements, the Balance Sheet of the Namibian Commission as at 31 March 2011 and the related statement of Income and Expenditure, statement of Change in Equity and the Cash Flow Statement for the year then ended as set out on page 9 to 12. The Commission is responsible for these annual financial statements.

Auditor-General

Windhoek

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
SECRETARY'S REPORT

The Secretary submits his report for the 12 months ended 31 March 2011.

1. INCORPORATION

The Commission was incorporated on 24 April 2003 in accordance with the promulgation of the Competition Act (Act 2 of 2003).

2. REVIEW OF ACTIVITIES

Main business and operations

The Commission is tasked with promoting competitive market conditions through investigations and prosecutions of anti-competitive activities, reviewing and approving mergers and exemption applications and disseminating information to businesses, consumers and other stakeholders and operates principally in Namibia.

The operating results and state of affair of the Commission are fully set out in the attached annual financial statements and do not in our opinion require any further comments.

Net surplus of the Commission was N\$ 5 105 719 (2010: surplus N\$ 5 465 541).

3. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. POST BALANCE SHEET EVENTS

The Secretary informs the Commission that they received a legal suit from Wal-Mart on the 6th of April 2011 and anticipate the case to consume significant amount of Commission's resources.

5. MEMBERS OF THE COMMISSION

Members	Date Appointed	Nationality
Mr Lucius Murorua	01 February 2010	Namibian
Mr Festus Hangula	19 December 2008	Namibian
Ms Nelago Saima Kasuto	19 December 2008	Namibian
Dr Omu Kakujaha- Matundu	19 December 2008	Namibian
Mr Daniel Nghidinwa	01 February 2010	Namibian

6. SECRETARY

The Secretary of the Commission during the date of this report is as follows:

Name	Date Appointed	Nationality
Mr Heinrich M. Gaomab	01 September 2009	Namibian

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
BALANCE SHEET

	Notes	2011 N\$	2010 N\$
ASSETS			
Non-current assets			
Property, plant and equipment	4	1 019 347	593 755
Current assets			
Trade and other receivables	5	4 236 221	167 801
Cash and cash equivalents	6	13 158 792	12 404 127
Total assets		18 414 360	13 165 683
EQUITY AND LIABILITIES			
Accumulated surplus		18 269 595	13 163 876
Current liabilities			
Trade and other payables	7	144 765	1 807
		18 414 360	13 165 683

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
COMPREHENSIVE INCOME STATEMENT

	Notes	2011	2010
		N\$	N\$
Revenue	8	11 117 544	5 987 000
Operating expenses		(6 760 723)	(1 132 999)
Operating profit		4 356 821	4 854 001
Investments revenue	9	748 898	611 656
Finance cost		-	(116)
Total comprehensive income for the 12 months		5 105 719	5 465 541

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
STATEMENT OF CHANGES IN EQUITY

	Accumulated surplus	Total equity
	N\$	N\$
Balance as at 01 April 2009	7 698 335	7 698 335
Change in equity		
Total comprehensive income for the 12 months	5 465 541	5 465 541
Balance as at 01 April 2010	13 163 876	13 163 876
Change in equity		
Total comprehensive income for the 12 months	5 105 719	5 105 719
Total charges	5 105 719	5 105 719
Balance as at 31 March 2011	18 269 595	18 269 594

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
CASH FLOW STATEMENT

	Notes	2011	2010
		N\$	N\$
Cash received from customers and Government grants		11 117 544	5 987 000
Cash paid to suppliers and employees		(10 448 819)	(1 222 442)
Cash generated from operations	10	668 725	4 764 558
Interest income		748 898	611 656
Finance costs		-	(116)
		1 417 623	5 376 098
Cash flow from investing activities			
Purchase of property, plant and equipment	4	(662 958)	(670 305)
Total cash movement for the 12 months		754 665	4 705 792
Cash at beginning of the 12 months		12 404 127	7 698 335
Cash at the end of the 12 months		13 158 792	12 404 127

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Competition Act (Act No. 2 of 2003). The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

The annual financial statements are prepared in conformity with International Reporting Standards and the requirements of the Competition Act of Namibia, appropriate to the business of the Commission. The annual financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties where appropriate, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as adopted by the International Accounting Standard Board (IASB) and the requirements of the Competition Act of Namibia.

1.2 Significant Judgments

In preparing the annual financial statements, management is required to make estimates and assumptions that affects the amounts represented in annual financial statements and related disclosures. Use of available information and the application of judgment 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 judgments include:

Loans and receivables

The Commission assesses its loans and receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in an income statement, the Commission makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flow from a financial asset.

Taxation

The Commission has interpreted the Competition Act and Tax laws and concluded that the Commission is exempt from taxation.

1.3 Property, plant and equipment

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

- It is probable that future economic benefit associated with the item will flow to the Commission; and
- The cost of the items can be measured reliably.

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Property, plant and equipment (continued)

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

The initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Item	Average useful life
Furniture and Fixture	3 Years
Motor Vehicles	5 Years
IT Equipment and Softwares	3 Years
Other Fixed Asset	3 Years

The residual value and useful life of each asset are reviewed at the end of each financial period.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

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 derecognized. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposable proceeds, if any, and the carrying amount of the item.

1.4 Financial instruments

Initial recognition and measurements

Financial Instruments are recognized initially when the Commission becomes a party to the contractual provisions of the instruments.

The Commission 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.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Fair value determination

The fair values of quoted investments are not based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Commission establishes fair value by using valuation techniques.

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Fair value determination (continued)

These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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 recognized in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowances recognized is measured as the difference the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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 and demand deposits and other short-term highly liquid investments that are readily convertible to 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 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 risks and rewards incidental to ownership.

Operating Leases-lessee

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

1.6 Impairment of assets

The Commission assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Commission estimates the recoverable amount of the asset.

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

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Impairment of assets (continued)

The recoverable amount of an asset or 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 amortization is recognized immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

1.7 Provision and Contingencies

Provisions are recognized when:

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

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

Where some or all of the expenditure required settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognized 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 recognized for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognized for future operating losses.

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

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

1.8 Government grants

Government grants are unconditional and are recognized upon receipt in terms of the Competition Act (Act No. 2 of 2003) of Namibia.

1.9 Revenue

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, net of trade discount and volume rebates and value added tax.

Interest is recognized, in profit or loss, using effective rate method.

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. International Financial Reporting Standards and amendments issued but not effective for the March 2011 year end:

Title	Number	Effective Date
Business Combination- Revised	IFRS 3	01- Jul-09
Financial Instruments	IFRS 9	01-Jan-13
Related Party Disclosures	IFRS 24	01-Jan-11
Consolidated and separate financial statement - revised	IFRS 27	01-Jul-09
Amendments to IAS 39-Financial	IAS 39	01-Jul-09
Instruments: Recognition and measurement eligible hedge items		
First time adoption of international	IFRS 1	01-Jan-09
Financial reporting Standards - revised		
Amendment to IFRS 2: Group cash	IFRS 2	01-Jan-10
Settled share-based Payment transactions		
Amendment to IAS-classification of rights issues	IAS 32	01-Feb-10
Distribution of non-cash Assets to owners	IFRIC 17	01-Jul-09
Prepayment of a minimum funding requirement	IFRIC 14	01-Jan-11
Extinguishing financial liabilities with equity instruments	IFRIC 19	01-Jul-10
Hedges of a Net Investment in a	IFRIC 16	01-Oct-08
annual financial statements for the 12 months ended 31 March 2011		
Transfers of assets form customers	IFRIC 18	01-Jul-09
Operating Segments	IFRS 8	01-Jan-09

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Standard and Interpretations of Internal Financial Reporting standard effective for the first time for your March 2011 year-end

Title	Number	Effective Date
Customer loyalty programmes	IFRIC 13	01-Jul-08
Hedges of a net investment in a foreign operation	IFRIC 16	01-Oct-08
Transfers of assets from customer	IFRIC 18	01 Ju-09
Operating segments	IFRS 8	01-Jan-09
Borrowing costs-Revised	IAS 23	01-Jan-09
Presentation of Financial Statements - revised	IAS 1	01-Jan-09
Financial Instrument disclosure	IFRS 7	01-Jan-09
Agreements for Construction of real estate	IFRIC 15	01-Jan-09
Amendments to IFRIC 9- Reassessment of embedded derivative and IAS 39- finance instruments recognition and measurement	Amendments to IFRIC 9 and IAS 31	01-Jul-08
Amendments to IAS 32 Financial Instruments: presentation and IAS 1 Presentation of financial Statements puttable financial instruments and obligation arising on liquidation	Amendments to IAS 32 and IAS 31	01-Jan-09
Amendments to IFRS 2 Share-based Payments: Vesting Conditions and cancellation	Amendments to IFRS 2	01-Jan-09
Amendments to IFRS 1 fist time adoption of IFRS and IAS 2/ Consolidated and separate financial statements on the Cost of an investment in subsidiary, jointly controlled entity or associate	Amendments to IFRS 1 and IAS 27	01 Jul- 09

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4. Property, plant and equipment

	Cost valuation	Accumulated depreciation	Carrying value	Cost valuation	Accumulated depreciation	Carrying value
	N\$	N\$	N\$	N\$	N\$	N\$
Furniture and fixtures	569 600	(99 036)	470 564	219 379	(26 645)	192 734
Motor vehicles	179 942	(57 582)	122 360	179 942	(28 791)	151 151
IT equipment	523 641	(142 544)	381 097	262 872	(20 690)	242 182
Other fixed asset	32 617	(3 864)	28 752	8 112	(424)	7 688
Office equipment	19 097	(2 523)	16 574	-	-	-
Total	1 324 896	(305 549)	1 019 347	670 305	(176 550)	593 755

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Written Off	Depreciation	Total
	N\$	N\$	N\$	N\$	N\$
Furniture and fixtures	192 734	350 221	-	(72 391)	470 564
Motor vehicles	151 151	-	-	(28 791)	122 360
IT equipment	242 182	269 135	(8 366)	(121 854)	381 096
Other fixed asset	7 688	24 504	-	(3 440)	28 752
Office equipment	-	19 098	-	(2 523)	16 575
Total	593 755	662 958	(8 366)	(228 999)	1 019 347

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Written Off	Depreciation	Total
	N\$	N\$	N\$	N\$	N\$
Furniture and fixtures	-	219 379	-	(26 645)	192 734
Motor vehicles	-	179 942	-	(28 791)	151 151
IT equipment	-	262 872	-	(20 690)	242 182
Other fixed asset	-	8 112	-	(424)	7 688
Total	-	670 305	-	(76 550)	593 755

Pledged as security

No assets were pledge as security

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5. Trade and other receivable

	2011	2010
	N\$	N\$
Trade receivables	-	1
Accrued income	4 000 000	-
Deposits	236 221	167 800
	4 236 221	167 801

6. Cash and cash equivalents

Cash and cash equivalents consist of:

	2011	2010
	N\$	N\$
Cash on hand	542	27
Bank balances – Cheque account	1 184 155	5 781 785
Bank balances – Call account	1 496 061	6 622 315
Bank balances – Call account	3 552 615	-
Bank balances – Fixed account	6 925 419	-
	13 158 792	12 404 127

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 rating (if available) or historical information about counterparty default rate.

	2011	2010
	N\$	N\$
Credit rating	13 158 792	12 367 804
A1+		

7. Trade and other payables

Accrued expense – PAYE: Penalties & interest	2 114	1 807
Accrued expense – Creditors	67 224	-
Leave provision	75 427	-
	144 765	1 807

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011	2010
	N\$	N\$
8. Revenue		
Rendering of services	3 517 544	537 000
Government grants received	7 600 000	5 450 000
	11 117 544	5 987 000
9. Investment revenue		
Interest revenue		
Bank	748 898	611 656
10. Cash generated from operations		
Profit before taxation	5 105 719	5 465 541
Adjustments:		
Depreciation and amortization	231 090	76 550
Loss written off on stolen asset	6 276	-
Interest received	(748 898)	(611 656)
Finance cost	-	116
Changes in working capital"		
(Increase) in trade and other receivables	(4 068 420)	(167 800)
(Increase) in trade and other payables	142 958	1 807
	668 725	4 764 558
11. Commitments		
Operating leases – As lessee (expenses)		
Minimum lease payments due		
- Within one year	1 096 042	954 264
- In second to fifth year inclusive	1 205 647	1 823 174
	2 301 689	2 777 438

Operating lease payments represent rentals payable by the Commission for certain of its office properties. The lease was negotiated for a term of three years and rentals are fixed for the three years. No contingents rent is payable.

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

12. Risk management

Capital risk management

The Commission is not exposed to Capital risk

Financial risk management

Liquidity risk

The Commission's risk to liquidity is a result of the funds available to cover future commitments. The Commission manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the Commission's financial liabilities and net-settled derivative financial liabilities into relevant maturity grouping 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.

At 31 March 2011

	Less than 1 year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years
	N\$	N\$	N\$	N\$
Trade and other payables	144 765	-	-	-

Interest rate risk

The Commission is not exposed to interest rate risk.

As the Commission has no significant interest-bearing assets the Commission's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents derivative financial instruments and trade debtors. The Secretary only deposits cash with major banks with high quality credit standing and limits exposure to anyone counterparty.

Foreign exchange risk

The Commission is not exposed to foreign exchange risk.

Price risk

The Commission is not exposed to price risk.

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
DETAILED INCOME STATEMENT

	Notes	2011 N\$	2010 N\$
Revenue			
		11 117 544	5 987 000
Rendering of services	8	3 517 544	537 000
Government grants received		7 600 000	5 450 000
Other income			
Interest received	9	748 898	611 656
Operating expenses			
Accommodation & meal		(105 045)	-
Advertising		(86 181)	(109 130)
Auditing & accounting fees		(22 080)	-
Bank charges		(13 709)	(2 299)
Cleaning		(3 565)	(406)
Board seating fees		(71 800)	(16 400)
Computer expenses		(100 657)	(26 970)
Consulting and professional fees		(313 294)	(64 166)
Depreciation, amortization and impairments		(231 090)	(76 550)
Donations		(5 000)	-
Loss written off on stolen asset		(6 276)	-
Employees costs		(2 931 687)	(496 691)
Entertainment		(6 178)	(17 756)
Fines and penalties		(307)	(1 807)
Insurance		(13 738)	(14 019)
Lease rental on operating lease		(1 096 042)	(98 304)
Legal fees		(64 860)	-
Levies		(948)	-
Library materials		(3 307)	-
Motor vehicle expenses		(13 380)	(2 309)
Postages		(7 472)	(2 820)
Printing and stationery		(86 703)	(36 018)
Repairs and maintenance		(18 078)	(10 384)
Security		(6 277)	(2 240)
Staff relocation		(1 430)	-
Staff welfare		(30 864)	(3 715)
Subscriptions		(16 139)	(350)
Subsistence and travelling		(316 169)	-
Telephone and fax		(221 349)	(32 382)
Training		(465 923)	(25 500)
Travelling transport		(501 175)	(92 783)
		(6 760 723)	(1 132 999)
Finance cost		-	(116)
Surplus for the year		5 105 719	5 465 541



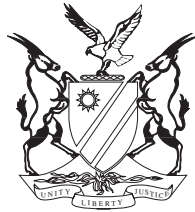
**Namibian
Competition
Commission**

*Namibia Competition
Commission
Annual Financial Statements*

2011-2012



REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Namibian Competition Commission for the financial year ended 31 March 2012, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, May 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. INTRODUCTION

The Namibian Competition Commission was established in terms of Section 4 of the Competition Act, 2003 (Act 2 of 2003), to safeguard and promote competition in the Namibian Market. The Commission's income consists of (a) money appropriated by parliament for the purpose of the Commission; (b) Fees payable to the Commission in terms of this Act; (c) Money vesting in or accruing to the Commission from any other source; and (d) Interest derived from the investment of funds of the Commission.

The objectives of the Commission are stipulated in terms of Section 2 of the Competition Act, 2003 (Act 2 of 2003) in order to:

- (a) Promote the efficiency, adaptability and development of the Namibian economy;
- (b) Provide consumers with competitive prices and product choices;
- (c) Promote employment and advance the social and economic welfare of Namibians;
- (d) Expand opportunities for Namibian participation in world markets while recognizing the role of foreign competition in Namibia;
- (e) Ensure that small undertakings have an equitable opportunity to participate in the Namibian economy; and
- (f) promote a greater spread of ownership, in particular to increase ownership stakes of historically disadvantaged persons.

Figures in the report are rounded off to the nearest Namibia dollar. Deficits are indicated in brackets.

2. FINANCIAL STATEMENTS

The financial statements published in this report are filed in the Office of the Auditor-General and comprise the following:

Annexure A: Balance sheet
Annexure B: Comprehensive income statement
Annexure C: Statement of changes in equity
Annexure D: Cash flow statement
Annexure E: Notes to the financial statements
Annexure F: Detailed income statement

3. SCOPE OF THE AUDIT

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

4. AUDIT OBSERVATIONS AND COMMENTS

No observations were observed during the audit.

5. ACKNOWLEDGEMENT

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

6. AUDIT OPINION

The financial statements of the Namibia Competition Commission for the financial year ended 31 March 2012 were audited by me in accordance with the provisions of Section 25 (1) of the State Finance Act, 1991 read with Section 20 (4) of the Competition Act, 2003 (Act 2 of 2003).

I certify that, in my opinion the financial statements fairly reflect the transactions and the financial position of the Commission for the financial year ended 31 March 2012; and in all material respects the income and expenditure have been applied to the purposes intended and conform to the authorities that govern them.

WINDHOEK, May 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2012
GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	The Commission is tasked with promoting competitive market conditions through investigations and prosecutions of anti-competitive activities, reviewing and approving mergers and exemption applications, and disseminating information to businesses, consumers and other stakeholders.
Secretary	H.M. Gaomab
Business address	NO.14 BPI House Mezzanine Floor Independence Avenue Windhoek
Postal address	PO Box 2104 Windhoek Namibia
Bankers	Bank Windhoek Limited
Compiler	Auditor-General

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2012
CONTENTS

The reports and statements set out below comprise the annual financial statements presented to the commission:

Contents	Page
Commission's Responsibilities and Approval	103
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Comprehensive Income Statement	107
Statement of Changes in Equity	108
Cash Flow Statement	109
Notes to the Annual Financial Statements	110 - 118
Detailed Income Statement	119

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2012
COMMISSION'S RESPONSIBILITIES & APPROVAL

The Commission is required by the Competition Act, 2003 (Act No. 2 of 2003), to maintain adequate accounting records and is 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 Commission as 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 and the Competition Act of Namibia (Act No. 2 of 2003).

The annual financial statements are prepared in accordance with International Financial Reporting Standards and Competition Act, 2003 (Act No. 2 of 2003) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The Commission 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 Commission have reviewed its cash flow forecast for the 12 months to 31 March 2012 and, in light of this review and the current financial position, they are satisfied that the Commission has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 8 to 11, which have been prepared on the going concern basis, were approved by the Commission and were signed on its behalf by:

Chairman of Commission
Windhoek

Commissioner

Office of the Auditor General

Auditor's report

To the Namibian Competition Commission

On the basis of financial statements and related information provided by the Secretary we have audited, in accordance with the Government Audit Standard on related services applicable to audit engagements, the balance sheet of the Namibian Competition Commission as at 31 March 2012 and the related statement of income and expenditure, statement of change in equity and the cash flow statement for the year then ended as set out on pages 8 to 11. The Commission is responsible for these annual financial statements.

**Auditor-General
Windhoek**

The Secretary submitted his report for the 12 months ended 31 March 2012.

1. INCORPORATION

The Commission was incorporated on 24 April 2003 in accordance with the promulgation of the Competition Act, 2003 (Act No. 2 of 2003).

2. REVIEW OF ACTIVITIES

Main business and operations

The Commission is tasked with promoting competitive market conditions through investigations and prosecutions of anti- competitive activities, reviewing and approving mergers and exemption applications, and disseminating information to businesses, consumers and other stakeholders, and operates principally in Namibia.

The operating results and state of affairs of the Commission are fully set out in the attached annual financial statements and do not in our opinion require any further comments.

Net surplus of the Commission was N\$ 3 481 497 (2011: surplus N\$ 5 105 719).

3. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. POST BALANCE SHEET EVENTS

The Secretary was not aware of any matter or circumstance arising from the end of the financial year ending 31 March 2012.

5. MEMBERS OF THE COMMISSION

Members	Date Appointed	Nationality
Mr Lucius Murorua	01 February 2010	Namibian
Mr Festus Hangula	19 December 2008	Namibian
Ms Nelago Saima Kasuto	19 December 2008	Namibian
Dr Omu Kakujaha - Matundu	19 December 2008	Namibian
Mr Daniel Nghidinua	01 February 2010	Namibian

6. SECRETARY

The Secretary of the Commission during the date of this report is as follows:

Name	Date Appointed	Nationality
Mr Heinrich M. Gaomab II	01 September 2009	Namibian

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2012
BALANCE SHEET

	Notes	2012	2011
		N\$	N\$
ASSETS			
Non-current assets			
Property, plant and equipment	3	1 309 398	1 019 347
			-
Current assets		21 014 120	17 395 013
Trade and other receivables	4	455 874	4 236 221
Cash and cash equivalents	5	20 558 247	13 158 792
Total assets		22 323 518	18 414 360
		-	-
EQUITY AND LIABILITIES			
			-
			-
Accumulated surplus		21 724 051	18 269 594
			-
Current Liabilities			-
Trade and other payables	6	599 467	144 765
Total Equity and Liabilities		22 323 518	18 414 360

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
INCOME STATEMENT

	Notes	2012	2011
		N\$	N\$
Revenue	7	16 801 575	11 117 544
Operating expenses		(14 238 766)	(6 760 723)
Operating profit		2 562 809	4 356 821
Investment revenue	8	891 648	748 898
Total comprehensive income for the 12 months		3 454 457	5 105 719

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2012
STATEMENT OF CHANGES IN EQUITY

	Accumulated surplus	Total equity
	N\$	N\$
Balance at 01 April 2010		
Changes in equity	13 163 875	13 163 875
Total comprehensive income for the 12 months	5 105 719	5 105 719
Total changes	18 269 594	18 269 594
Balance at 01 April 2011	18 269 594	18 269 594
Changes in equity		
Total comprehensive income for the 12 months	3 454 457	3 454 457
Total changes	3 454 457	3 454 457
Balance at 31 March 2012	21 724 051	21 724 051

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
CASH FLOW STATEMENT

	Notes	2012 N\$	2011 N\$
Cash flow from operating activities			
Cash receipts from customers and government grants		16 801 575	11 117 544
Cash paid to suppliers and employees		(9 621 114)	(10 448 819)
Cash generated from operations	9	7 180 461	668 725
Interest income		891 648	748 898
Net cash from operating activities		8 072 109	1 417 623
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(672 653)	(662 958)
Total cash movement for the 12 months		7 399 456	754 665
Cash at beginning of the 12 months		13 158 792	12 404 127
Total cash at end of the 12 months	5	20 558 248	13 158 792

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2012
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Competition Act (Act No. 2 of 2003). The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

The annual financial statements are prepared in conformity with International Financial Reporting Standards and the requirements of the Competition Act of Namibia, appropriate to the business of the Commission. The annual financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties where appropriate, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1.1 Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standard (IFRS) and Interpretations of those standards, as adopted by the International Accounting Standard Board (IASB) the requirements of the Competition Act of Namibia.

1.1.2 Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affects the amounts represented in 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:

Loans and receivables

The Commission assesses its loans and receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in an income statement, the Commission makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flow from a financial asset.

Taxation

The Commission has interpreted the Competition Act and Tax laws and concluded that the Commission is exempted from taxation.

1.1.3 Property, plant and equipment

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

- it is probable that future economic benefit associated with the item will flow to the Commission; and
- the cost of the item can be measured reliably.

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The residual value and useful life of each asset are reviewed at each financial period-end.

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.

The initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Item	Average useful life
Furniture and fixture	3 Years
Motor vehicles	5 Years
IT equipment and softwares	3 Years
Other fixed asset	3 Years
Office equipment	3 Years
Cell phones	2 Years

The residual value and useful life of each asset are reviewed at the end of each financial period.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The gain or loss arising from the de-recognition 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 de-recognition of an item of property, plant and equipment is determined as the difference between the net disposable proceeds, if any, and the carrying amount of the item.

1.1.4 Financial instruments

Initial recognition and measurements

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

The Commission 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.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Fair value determination

The fair values of quoted investments are not based on current bid prices. If the market for a financial asset is not active (and for utilised securities), the Commission establishes fair value by using valuation techniques. These discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2012
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowances 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.

Cash and cash equivalents

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

1.1.5 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 risks and rewards incidental to ownership.

Operating Leases - lessee

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.

Cash and cash equivalents

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

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 risks and rewards incidental to ownership.

Operating Leases - lessee

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.

1.1.6 Impairment of assets

The Commission assesses at each balance sheet date whether there is any indication that an asset may be impaired.

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Impairment of assets (continued)

If any such indication exists, the Commission 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 cash-generating unit is higher of its fair value less costs to sell and its value in use.

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

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

1.1.7 Provisions and contingencies

Provisions are recognised when:

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settle 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.

1.1.8 Government grants

Government grants are unconditional and are recognized upon receipt in terms of the Competition Act, 2003 (Act No. 2 of 2003) of Namibia.

1.1.9 Revenue

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, net of trade discount and volume rebates, and value added tax.

Interest is recognized, in profit or loss, using effective rate method.

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2012
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS AND AMENDMENTS ISSUED BUT NOT EFFECTIVE FOR THE MARCH 2012 YEAR END:

The following table contains effective dates of new statements/IAS and recently revised statements which have not been early adopted by the Namibian Competition Commission and that might affect future financial periods.

New/Revised International Financial Reporting Standards and interpretations		Effective date
IFRS 7	Financial Instruments: Disclosures – Amendments resulting from May 2011 Annual Improvements to IFRSs.	01-Jan-13
IFRS 7	Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets.	01-Jan-15
IFRS 9	Financial Instruments – Classifications and measurements.	01-Jan-15
IFRS 9	Financial Instruments – Financial Instruments: Accounting for financial liabilities and de-recognition.	01-Jan-15
IFRS 10	Consolidated financial statements.	01-Jan-13
IFRS 11	Joints arrangements.	01-Jan-13
IFRS 12	Disclosure of interests in other entities.	01-Jan-13
IFRS 13	Disclosure of interests in other entities.	01-Jan-13
IFRS for SMEs	International Financial Reporting Standards for Small and Medium-sized entities.	01-Jan-13
IAS 1	Presentation of financial statements – Amendments to revise other comprehensive income.	01-Jan-12
IAS 12	Income Taxes – Limited scope amendment (recovery of underlying assets).	01-Jan-12
IAS 19	Employee benefits – Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects.	01-Jan-13
IAS 27	Consolidated and separate financial statements – Reissued as IAS 27 separate financial statements (as amended in 2011)	01-Jan-13
IAS 28	Investments in Associates – Re-issued as IAS 28 Investment in Associates and Joint Venture (as amended in 2011)	01-Jan-13
IAS 32	Financial Instruments; Amended to application guidance on the offsetting of financial assets and financial liabilities.	01-Jan-14
IFRIC 20	Stripping costs in the production phase of a surface mine.	01-Jan-13

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

	2012			2011		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
	N\$	N\$	N\$	N\$	N\$	N\$
Furniture and fixtures	666 287	(212 428)	453 859	569 600	(99 036)	470 564
Motor vehicle	515 412	(122 156)	393 256	179 942	(57 582)	122 360
IT Equipment	712 521	(323 036)	389 486	523 641	(142 544)	381 097
Other fixed assets	34 128	(9 930)	24 198	32 616	(3 864)	28 752
Office equipment	34 962	(10 509)	24 453	19 098	(2 523)	16 575
Cell phone	34 240	(10 093)	24 147	-	-	-
Total	1 997 550	(688 152)	1 309 399	1 324 897	(305 549)	1 019 348

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Written off	Depreciation	Total
	N\$	N\$	N\$	N\$	N\$
Furniture and fixtures	470 564	96 687	-	(113 392)	453 858
Motor vehicle	122 360	335 470	-	(64 574)	393 256
IT equipment	381 096	188 880	-	(180 491)	389 485
Other fixed assets	28 752	1 512	-	(6 066)	24 198
Office equipment	16 575	15 864	-	(7 986)	24 452
Cell phone	-	34 240	-	(10 093)	24 147
Total	1 019 347	672 653	-	(382 602)	1 309 398

Reconciliation of property, plant and equipment 2011

	Opening balance	Additions	Written off	Depreciation	Total
	N\$	N\$	N\$	N\$	N\$
Furniture and fixtures	192 734	350 221	-	(72 391)	470 564
Motor vehicle	151 151	-	-	(28 791)	122 360
IT equipment	242 182	269 135	(8 366)	(121 854)	381 097
Other fixed assets	7 688	24 504	-	(3 440)	28 752
Office equipment	-	19 098	-	(2 523)	16 575
Total	593 755	662 958	(8 366)	(228 999)	1 019 348

Pledged as security

No assets were pledged as security

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2012
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2012	2011
	N\$	N\$
4. TRADE AND OTHER RECEIVABLES		
Trade receivable	88 085	-
Accrued Income	158 410	4 000 000
Deposit	209 379	236 221
Total	455 874	4 236 221

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalent consist of:

Cash on hand	542	542
Bank balances - Cheques account	6 405 402	1 184 155
Bank balances - Call account	4 893 810	1 496 061
Bank balances - Call account	4 258 492	3 552 614
Bank balances - Fixed account	5 000 000	6 925 419
Total	20 558 247	13 158 792

Credit quality of cash at bank and short term deposit, 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 rating (if available) or historical information about counterparty default rates:

A1 +	20 558 247	13 158 792
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6. TRADE AND OTHER PAYABLES

Accrued expense - PAYE: penalties & Interest	-	2 114
Accrued expense - Creditors	437 200	67 225
Leave provision	162 267	75 427
Total	599 467	144 765

7. REVENUE

Rendering of services	5 101 575	3 517 544
Government grants received	11 700 000	7 600 000
Total	16 801 575	11 117 544

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2012	2011
	N\$	N\$
8. INVESTMENT REVENUE		
Interest revenue		
Bank	891 648	748 898

9. CASH GENERATED FROM OPERATIONS

Profit before taxation	3 454 457	5 105 719
Adjustments for:		
Depreciation and amortisation	382 603	231 090
Loss written off on stolen asset		6 275
Interest received	(891 648)	(748 898)
Finance cost	-	-
Changes in working capital:		
Trade and other receivables	3 780 347	(4 068 420)
Trade and other payables	454 701	142 958
	<u>7 180 460</u>	<u>668 725</u>

10. COMMITMENTS

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	1 164 456	1 096 042
- in second to fifth year inclusive	2 023 203	3 055 036
	<u>3 187 659</u>	<u>1 451 078</u>

Operating lease payments represent rentals payable by the Commission for certain of its office properties. The lease was negotiated for a term of three years and rentals are fixed for the three years.

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11. RISK MANAGEMENT

Capital risk management

The Commission is not exposed to Capital risk.

There are no externally imposed capital requirements.

Financial risk management

Liquidity risk

The Commission's risk to liquidity is a result of the funds available to cover future commitments. The Commission manages liquidity risk through an on-going review of future commitments and credit facilities

The below table analyses the Commission's financial liabilities and net-settled derivative financial liabilities 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

At 31 March 2012	<i>Less than 1 year</i>	<i>Between 1 and 2 years</i>	<i>Between 2 and 5 years</i>	<i>Between 2 and 5 years</i>	<i>Over 5 years</i>
Trade and other receivables	N\$ 480 865	N\$ -	N\$ -	N\$ -	N\$ -

Interest rate risk

The Commission is not exposed to interest rate risk.

As the Commission has no significant interest-bearing assets the Commission's Income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

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

Foreign exchange risk

The Commission is not exposed to foreign exchange risk.

Price risk

The Commission is not exposed to Price risk.

Namibian Competition Commission
Annual Financial Statements for the year ended 31 March 2011
DETAILED INCOME STATEMENT

	Note	2012 N\$	2011 N\$
Revenue			
Rendering of Services		5 101 575	3 517 544
Government grants received		11 700 000	7 600 000
	7	16 801 575	11 117 544
Other Income			
Interest received	8	891 648	748 898
Operating expenses			
Accommodation & meals		(120 436)	(105 045)
Advertising		(773 503)	(86 181)
Auditing & accounting fees		-	(22 080)
Bank Charges		(18 723)	(13 709)
Cleaning		(9 804)	(3 565)
Board seating fees		(135 933)	(71 800)
Computer expenses		(53 457)	(100 657)
Consulting and professional fees		(1 067 279)	(313 294)
Depreciation, amortisation and impairments		(382 603)	(231 090)
Donations		(5 190)	(5 000)
Loss written off on stolen asset		5 227	(6 275)
Employee costs		(5 750 567)	(2 931 687)
Entertainment		(4 231)	(6 178)
Fines and penalties		-	(307)
Insurance		(33 667)	(13 738)
Lease rental on operating lease		(1 164 456)	(1 096 042)
Legal fees		(1 352 009)	(64 860)
Levies		-	(948)
Library Materials		(16 527)	(3 307)
Motor vehicle expenses		(44 544)	(13 380)
Postages		(2 664)	(7 472)
Printing and stationery		(164 722)	(86 703)
Repairs and maintenance		(74 744)	(18 078)
Security		(5 541)	(6 277)
Staff relocation		(5 582)	(1 430)
Staff welfare		(88 598)	(30 864)
Subscriptions		(86 201)	(16 139)
Subsistence and travelling		(652 103)	(316 169)
Telephone and fax		(257 004)	(221 349)
Training		(917 772)	(465 923)
Travelling Transport		(1 056 135)	(501 175)
		(14 238 766)	(6 760 723)
Surplus for the year		3 454 457	5 105 719

632
21
%
55
87



**Namibian
Competition
Commission**

*Namibia Competition
Commission
Annual Financial Statements*

2012-2013



REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Namibian Competition Commission for the financial year ended 31 March 2013 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (*Act 31 of 1991*) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, June 2014

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

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

**REPORT OF THE AUDITOR- GENERAL
ON THE ACCOUNTS OF THE NAMIBIAN COMPETITION
COMMISSION FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2013**

1. INTRODUCTION

The Namibian Competition Commission was established in terms of Section 4 of the Competition Act, 2003 (Act 2 of 2003), to safeguard and promote competition in the Namibian Market. The Commission's income consists of (a) money appropriated by parliament for the purpose of the Commission; (b) Fees payable to the Commission in terms of this Act; (c) Money vesting in or accruing to the Commission from any other source; and (d) Interest derived from the investment of funds of the Commission.

The objectives of the Commission are stipulated in terms of Section 2 of the Competition Act, 2003 (Act 2 of 2003) in order to:

- (a) Promote the efficiency, adaptability and development of the Namibian economy;
- (b) Provide consumers with competitive prices and product choices;
- (c) Promote employment and advance the social and economic welfare of Namibians;
- (d) Expand opportunities for Namibian participation in world markets while recognizing the role of foreign competition in Namibia;
- (e) Ensure that small undertakings have an equitable opportunity to participate in the Namibian economy; and
- (f) promote a greater spread of ownership, in particular to increase ownership stakes of historically disadvantaged persons.

Figures in the report are rounded off to the nearest Namibia dollar. Deficits are indicated in brackets.

2. FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Namibian Competition Commission for the year ended 31 March 2013. These financial statement comprise the Balance Sheets, Income and expenditure Statements, Cash flow statements and notes to the financial statements for the year's then ended, and a summary of significant accounting policies and other explanatory information. The above mentioned financial statements are attached as follows:

- Annexure A: Financial position
- Annexure B: Financial performance
- Annexure C: Statement of changes of equity
- Annexure D: Cash flow statements
- Annexure E: Notes to the financial statements

**REPORT OF THE AUDITOR- GENERAL
ON THE ACCOUNTS OF THE NAMIBIAN COMPETITION
COMMISSION FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2013**

3. SCOPE OF THE AUDIT

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on our audit. I conducted the audit in accordance with International Standards for Supreme Audit Institutions. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

**REPORT OF THE AUDITOR- GENERAL
ON THE ACCOUNTS OF THE NAMIBIAN COMPETITION
COMMISSION FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2013**

4. AUDIT OBSERVATIONS AND COMMENTS

No mayor findings were observed during the audit.

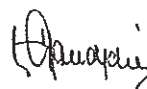
5. ACKNOWLEDGEMENT

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

6. AUDIT OPINION

The financial statements present fairly, in all material respects, the financial position of the Namibian Competition Commission as at 31 March 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

WINDHOEK, June 2014



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013

General Information

Country of Incorporation and domicile	Namibia
Nature of business and principal activities	The Commission is tasked with promoting competitive market conditions through investigations and prosecutions of anti- competitive activities, reviewing and approving mergers and exemption applications, and disseminating information to businesses, consumers and other stakeholders.
Secretary	H M Gaomab
Business address	No. 14 BPI House Mezzanine Floor Independence Avenue Windhoek
Postal address	P. O. Box 2104 Windhoek Namibia
Bankers	Bank Windhoek Limited
Auditors	Auditor General

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013

Contents

The reports and statements set out below comprise the annual financial statements presented to the commission:

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Cash Flow Statement	13
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Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013

Commission's Responsibilities and Approval

The Commission is required by the Competition Act (Act No. 2 of 2003), to maintain adequate accounting records and is 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 Commission as at the end of the financial 12 months and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and the Competition Act of Namibia (Act No. 2 of 2003).

The annual financial statements are prepared in accordance with International Financial Reporting Standards and Competition Act (Act No. 2 of 2003) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The Commission 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 Commission have reviewed its cash flow forecast for the 12 months to 31 March 2013 and, in light of this review and the current financial position, they are satisfied that the Commission has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements which have been prepared on the going concern basis, were approved by the Commission and were signed on its behalf by:

Chairman of the Commission

Commissioner

Windhoek

Office of the Auditor General

Auditor's report

To the Namibian Competition Commission

On the basis of financial statements and related information provided by the Secretary I have audited, in accordance with the Government Audit Standard on related services applicable to audit engagements, the balance sheet of the Namibian Competition Commission as at 31 March 2013 and the related statement of income and expenditure for the year then ended. The Commission is responsible for these annual financial statements.

Auditor-General
Windhoek

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013
Secretary's Report

The Secretary submit his report for the 12 months ended 31 March 2013

1. Incorporation

The commission was incorporation on 24 April 2003, (Act 2 of 2003) in accordance with the promulgation of the Competition Act

2. Review of Activities

Main business and operations

The Commission is tasked with promoting competitive market conditions through investigations and prosecutions of anti- competitive activities, reviewing and approving mergers and exemption applications, and disseminating information to businesses, consumers and other stakeholders that operates principally in Namibia.

The operating results and state of affairs of the Commission are fully set out in the attached annual financial statements and do not in our opinion require any further comments.

Net surplus of the Commission was N\$ 2 932 636 (2012: surplus N\$ 3 456 507).

3. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. Post statement of financial position events

The Secretary informs that the term of office for Chairperson to the Board ended on 28 February 2013.

5. Members of the Committee

Members	Date Appointed	Nationality
Mr. Festus Hangula	19 December 2008	Namibian
Ms Nelago Kasuto	19 December 2008	Namibian
Dr Omu Kakujaha-Matundu	19 December 2008	Namibian
Mr Daniel Nghidinua	01 February 2010	Namibian

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013
Secretary's Report

6. Secretary

The Secretary of the Commission during the date of this report is as follows:

Name	Date Appointed	Nationality
Mr. Heinrich M. Gaomab II	01 September 2009	Namibian

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013

Statement of Financial Position

	Note(s)	31 March 2013 N\$	31 March 2012 N\$
Assets			
Non-Current Assets			
Property, plant and equipment	4	1 936 684	1 309 398
Current Assets			
Trade and other receivables	5	685 477	455 874
Cash and cash equivalents	6	22 932 039	20 558 247
		23 617 516	21 014 120
Total Assets		25 554 200	22 323 518
Equity and Liabilities			
Accumulated surplus		24 656 686	21 724 051
Liabilities			
Current Liabilities			
Trade and other payables	7	897 514	599 468
Total Equity and Liabilities		25 554 200	22 323 518

.....
Chairman of the Commission

.....
Commissioner

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013

Statement of Financial Performance

	Note(s)	31 March 2013	31 March 2012
		N\$	N\$
Revenue	8	24 284 000	16 801 575
Operating expenses		(22 304 113)	(14 238 766)
Operating profit		1 979 887	2 562 809
Investment revenue	9	952 749	891 648
Total comprehensive income for the 12 months		2 932 636	3 454 457

Chairman of the Commission

Commissioner

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013

Statement of Changes in Equity

	Accumulated surplus	Total equity
	N\$	N\$
Balance at 01 April 2011	18 269 594	18 269 594
Changes in equity		
Total comprehensive income for the 12 months	3 454 457	3 454 457
Total changes	21 724 051	21 724 051
Balance at 01 April 2012	21 724 051	21 724 051
Changes in equity		
Total comprehensive income for the 12 months	2 932 636	2 932 636
Total changes	2 932 636	2 932 636
Balance at 31 March 2013	24 656 686	24 656 686

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013

Cash Flow Statement

		12 Months ended	12 Months ended
	Note(s)	31 March 2013 N\$	31 March 2012 N\$
Cash flow from operating activities			
Cash receipts from customers and government grants		24 284 000	16 801 575
Cash paid to suppliers and employees		(21 582 455)	(9 621 114)
Cash generated from operations	10	2 701 545	7 180 460
Interest income		952 749	891 648
Finance costs		-	-
Net cash from operating activities		3 654 294	8 072 109
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(1 280 502)	(672 653)
Total cash movement for the 12 months		2 373 792	7 399 455
Cash at beginning of the 12 months		20 558 247	13 158 792
Total cash at end of the 12 months	6	22 932 039	20 558 247

Chairman of the Commission

Commissioner

Namibian Competition Commission

Annual Financial Statements for the 12 months ended 31 March 2013

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statement has been prepared in accordance with International Financial Reporting Standards, and the Competition Act (Act No. 2 of 2003). The annual financial statements have been prepared on the historical cost basis, and incorporate the principle accounting policies set out below.

The annual financial statements are prepared in conformity with International Financial Reporting Standards and the requirements of the Competition Act of Namibia, appropriate to the business of the Commission. The annual financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties where appropriate, and incorporate the principle accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standard (IFRS) and Interpretations of those standards, as adopted by the International Accounting Standard Board (IASB) the requirements of the Competition Act of Namibia.

1.2 Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affects the amounts presented in 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:

Loans and receivables

The Commission assesses its loans and receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in an income statement, the Commission makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flow from a financial asset.

Taxation

The Commission has interpreted the Competition Act and Tax laws and concluded that the Commission is exempt from taxation.

Namibian Competition Commission

Annual Financial Statements for the 12 months ended 31 March 2013

Accounting Policies

1.3 Property, plant and equipment

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

- it is probable that future economic benefit associated with the item will flow to the Commission; and
- the cost of the item can be measured reliably.

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.

The initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Item	Average useful life
Furniture and Fixture	3 Years
Motor Vehicles	5 Years
IT Equipment and Software	3 Years
Other Fixed Assets	3 Years
Office Equipment	3 Years
Cell Phones	2 Years
Minor Assets	0 Years

The residual value and useful life of each asset are reviewed at each financial period-end. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

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 disposable proceeds, if any, and the carrying amount of the item.

1.4 Financial Instruments

Initial recognition and measurements

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

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013

Accounting Policies

1.4 Financial Instruments (continued)

The Commission 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.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Fair value determination

The fair values of quoted investments are not based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the commission establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cashflow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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 debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowances 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.

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.

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013

Accounting Policies

1.4 Financial Instruments (continued)

Cash and cash equivalent

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to 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 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 risks and rewards incidental to ownership.

Operating Leases – lessee

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.

1.6 Impairment of assets

The Commission assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Commission 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 cash-generating unit is the higher of its fair value less costs to sell and its value in use.

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

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

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Accounting Policies

1.7 Provisions and contingencies

Provisions are recognised when:

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settle 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.

Provision 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.

1.8 Government grants

Government grants are unconditional and are recognized upon receipt in terms of the Competition Act (Act No. 2 of 2003) of Namibia.

1.9 Revenue

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, net of trade discount and volume rebates, and value added tax.

Interest is recognized, in profit or loss, using effective rate method.

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013

Notes to the Annual Financial Statements

STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

The following table contains effective dates of new statements / IAS and recently revised statements which have not been early adopted by the Namibian Competition Commission and that might affect future financial periods:

New/Revised International Financial Reporting Standards and interpretations		Effective Date
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from May 2011 Annual Improvements to IFRSs	01-Jan-13
IFRS 7	Financial Instruments: Disclosures - Amendments enhancing disclosures about transfers of financial assets	01-Jan-15
IFRS 9	Financial Instruments - Classification and Measurement	01-Jan-15
IFRS 9	Financial Instruments - Financial Instruments: Accounting for financial liabilities and de-recognition	01-Jan-15
IFRS 10	Consolidated Financial Statements	01-Jan-13
IFRS 11	Joint Arrangements	01-Jan-13
IFRS 12	Disclosure of Interests in Other Entities	01-Jan-13
IFRS 13	Disclosure of Interests in Other Entities	01-Jan-13
IFRS for SMEs	International Financial Reporting Standards for Small and Medium-sized Entities	01-Jan-13
IAS 1	Presentation of Financial Statements – Amendments to revise Other comprehensive income	01-Jul-12
IAS 12	Income Taxes - Limited scope amendment (recovery of underlying assets)	01-Jan-12
IAS 19	Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	01-Jan-13
IAS 27	Consolidated and separate Financial Statements - Reissued as IAS 27 Separate Financial Statements (as amended in 2011)	01-Jan-13

IAS 28	Investments in Associates - Reissued as IAS 28 Investment in Associates and Joint Venture (as amended in 2011)	01-Jan-13
IAS 32	Financial Instruments: Amended to application guidance on the offsetting of financial assets and financial liabilities	01-Jan-14
IFRIC 20	Stripping costs in the production phase of a surface mine	01-Jan-13

The board members anticipate that the adoption of these statements and interpretations will have no material impact on the financial statements in future periods.

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013

Notes to the Annual Financial Statements

3. Standard and Interpretations of International Financial Reporting standard effective for the first time for your March 2011 year-end

Customer Loyalty Programmes	IFRIC 13	01-Jul-08
Hedges of a Net Investment in a Foreign Operation	IFRIC 16	01-Oct-08
Transfers of assets from customers	IFRIC 18	01-Jul-09
Operating Segments	IFRS 8	01-Jan-09
Borrowing costs-Revised	IAS 23	01-Jan-09
Presentation of Financial Statements- Revised	IAS 1	01-Jan-09
Financial Instrument Disclosure	IFRS 7	01-Jan-09
Agreements for Construction of Real Estate	IFRIC 15	01-Jan-09
Amendments to IFRIC 9 – Reassessment of Embedded Derivatives and IAS 39 – Financial Instruments: Recognition and Measurements	Amendments to IFRIC 9 - and IAS 39	01-Jul-08
Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements- Puttable Financial Instruments and Obligation Arising on Liquidation	Amendments to IAS 32 and IAS 31	01-Jan-09
Amendments to IFRS 2 Share-Based Payments: Vesting Conditions and Cancellations	Amendments to IFRS 2	01-Jan-09
Amendments to IFRS 1 'First time adoption of IFRS' and IAS 27 Consolidated and separate financial statements' on the 'Cost of an Investment in a subsidiary, jointly controlled entity or associate	Amendments to IFRS 1 and IAS 27	01-Jul-09

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013

Notes to the Annual Financial Statements

4. Property, plant and equipment

	2013			2012		
	Cost/ Valuation	Accumulated depreciation	Carrying Value	Cost/ Valuation	Accumulated depreciation	Carrying Value
	N\$	N\$	N\$	N\$	N\$	N\$
Furniture and Fixtures	1 447 255	(432 396)	1 014 860	666 287	(212 428)	453 859
Motor Vehicles	530 350	(120 639)	409 710	515 412	(122 156)	393 256
IT equipment	1 016 714	(587 048)	429 666	712 521	(323 036)	389 486
Other Fixed Asset	49 599	(18 522)	31 077	34 128	(9 930)	24 198
Office Equipment	56 333	(25 712)	30 621	34 962	(10 509)	24 453
Cell Phones	48 582	(27 832)	20 750	34 240	(10 093)	24 147
Minor Assets	84 276	(84 276)	-	34 240	(10 093)	24 147
Total	3 233 109	(1 296 425)	1 936 684	2 031 789	(698 245)	1 333 545

Reconciliation of property, plant and equipment - 2013

	Opening Balance	Additions	Written/ off	Depreciation	Total
	N\$	N\$	N\$	N\$	N\$
Furniture and Fixtures	453 858	780 968.20	-	(219 967)	1 014 859
Motor Vehicles	393 256	59 880	41 430	(84 856)	409 710
IT equipment	389 486	304 193	-	(264 013)	429 666
Other Fixed Asset	24 198	15 471	-	(8 592)	31 077
Office Equipment	24 453	21 371	-	(15 203)	30 621
Cell Phones	24 147	14 342	-	(17 739)	20 750
Minor Assets	-	84 276	-	(84 276)	-
	1 309 398	1 280 502	41 430	(694 646)	1 936 684

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013
Notes to the Annual Financial Statements

Reconciliation of property, plant and equipment - 2012

	Opening Balance	Additions	Written/ off	Depreciation	Total
	N\$	N\$	N\$	N\$	N\$
Furniture and Fixtures	470 564	96 686	-	(113 392)	453 858
Motor Vehicles	122 360	335 470	-	(64 574)	393 256
IT equipment	381 096	188 880	-	(180 491)	389 486
Other Fixed Asset	28 752	1 512	-	(6 066)	24 198
Office Equipment	16 574	15 864	-	(7 986)	24 453
	-	34 240		(10 093)	24 147
	1 019 347	672 653	-	(382 603)	1 309 398

Pledged as security

No assets were pledged as security.

5. Trade and other receivable

Trade receivables	256 588	88 085
Accrued Income	41 408	158 410
Deposits	387 481	209 379
	685 477	455 874

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013

Notes to the Annual Financial Statements

	2013	2012
	N\$	N\$
6. Cash and cash equivalents		
Cash and cash equivalent consist of:		
Cash on hand	542	542
Bank balances - Cheques account	580 932	6 405 402
Bank balances - Call account	4 789 019	4 893 810
Bank balances - Call account	7 214 252	4 258 492
Bank balances - Fixed account	10 347 294	5 000 000
	<u>22 932 039</u>	<u>20 558 247</u>
Credit quality of cash at bank and short term deposit, 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 rating (if available) or historical information about counterparty default rates:		
Credit rating		
A1 +	<u>22 932 039</u>	<u>20 558 247</u>
7. Trade and other payables		
Accrued expense - PAYE: penalties & Interest	-	-
Accrued expense - Creditors	536 874	437 200
Leave provision	360 639	162 267
	<u>897 514</u>	<u>599 468</u>
8. Revenue		
Rendering of services	4 722 000	5 101 575
Government grants received	19 562 000	11 700 000
	<u>24 284 000</u>	<u>16 801 575</u>
9. Investment revenue		
Interest revenue		
Bank	<u>952 749</u>	<u>891 648</u>

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013
Notes to the Annual Financial Statements

	2013	2012
	N\$	N\$
10. Cash generated from operations		
Profit before taxation	2 932 636	3 454 457
Adjustments for:		
Depreciation and amortisation	694 646	382 603
Gain on asset written off	(41 430)	-
Interest received	(952 749)	(891 648)
Finance cost	-	-
Changes in working capital:		
Trade and other receivables	(229 603)	3 780 347
Trade and other payables	298 046	454 701
	2 701 545	7 180 460

11. Commitments

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	1 867 924	1 164 456
- in second to fifth year inclusive	2 715 198	2 932 414
	4 583 122	4 096 869

Operating lease payments represent rentals payable by the Commission for certain of its office properties. The lease was negotiated for a term of three years and rentals are fixed for the three years. No contingents rent is payable.

12. Risk management

Capital risk management

The Commission is not exposed to capital risk.

There are no external imposed capital requirements.

Namibian Competition Commission
Annual Financial Statements for the 12 months ended 31 March 2013
Notes to the Annual Financial Statements

Risk management (continue)

Financial risk management

Liquidity risk

The Commission's risk to liquidity is a result of the funds available to cover future commitments. The Commission manages liquidity risk through an ongoing review of future commitments and credit facilities

The below table analyses the Commission's financial liabilities and net-settled derivative financial liabilities 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

At 31 March 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Between 2 and 5 years	Over 5 years
	N\$	N\$	N\$	N\$	N\$
Trade and other receivables	685 477	-	-	-	-

Interest rate risk

The Commission is not exposed to interest rate risk.

As the Commission has no significant interest-bearing assets the Commission's Income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

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

Foreign exchange risk

The Commission is not exposed to foreign exchange risk.

Price risk

The commission is not exposed to Price risk.

Namibian Competition Commission
Draft Annual Financial Statements for the 12 months ended 31 March 2013

Detailed Statement of Financial Performance

		12 Months ended 31 March 2013	12 Months ended 31 March 2012
	Note(s)	N\$	N\$
Revenue			
Rendering of Services		4 722 000	5 101 575
Government grants received		19 562 000	11 700 000
	8	<u>24 284 000</u>	<u>16 801 575</u>
Other Income			
Interest received	9	<u>952 749</u>	<u>891 648</u>
Operating expenses			
Accommodation & meals		(448 313)	(120 436)
Advertising		(1 414 321)	(773 503)
Auditing & accounting fees		-	-
Bank Charges		(39 957)	(18 723)
Cleaning		(25 449)	(9 804)
Board seating fees		(390 383)	(135 933)
Computer expenses		(169 789)	(53 457)
Consulting and professional fees		(846 025)	(1 067 279)
Depreciation, amortisation and impairments		(694 646)	(382 603)
Donations		(56 940)	(5 190)
Gain/(Loss) on written off asset		41 430	5 227
Employee costs		(10 773 531)	(5 750 567)
Entertainment		(22 805)	(4 231)
Fines and penalties		-	-
Insurance		(81 120)	(33 667)
Lease rental on operating lease		(1 867 924)	(1 164 456)
Legal fees		(160 265)	(1 352 009)
Levies		-	-
Library Materials		(34 767)	(16 527)
Motor vehicle expenses		(43 956)	(44 544)
Postages		(9 969)	(2 664)
Printing and stationery		(378 496)	(164 722)
Repairs and maintenance		(327 926)	(74 744)
Security		(3 616)	(5 541)
Staff relocation		(5 101)	(5 582)
Staff welfare		(121 076)	(88 598)
Subscriptions		(207 387)	(86 201)
Subsistence and travelling		(65 040)	(652 103)

	2013	2012
	N\$	N\$
Telephone and fax	(430 634)	(257 004)
Training	(3 044 081)	(917 772)
Travelling Transport	(618 638)	(1 056 135)
Water & Electricity	(63 391)	-
	(22 304 113)	(14 238 766)
Surplus for the year	2 932 636	3 454 457



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