

**INSTITUTE FOR PUBLIC POLICY
RESEARCH**

FINANCIAL STATEMENTS

28 FEBRUARY 2011

**INSTITUTE FOR PUBLIC POLICY RESEARCH
(Incorporated association not for gain)**

FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

General Information

Nature of business	The organisation is a not-for-profit organisation with a mission to deliver independent, analytical, critical yet constructive research on social, political and economic issues, which affect development in Namibia.
Board of directors	MMC Koep P Hailonga van Dijk D Motinga A du Pisani RCD Sherbourne W Lindeke
Business address	14 Nachtigal Street Ausspannplatz Windhoek
Postal address	P. O. Box 6566 Ausspannplatz Windhoek NAMIBIA
Bankers	Standard Bank of Namibia Ltd
Auditors	Grand Namibia Public Accountants and Auditors 38 Church Street Windhoek NAMIBIA
Company registration number	21/2000/468

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STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The external auditors are responsible for independently auditing and reporting on the fair presentation of financial statements in conformity with International Standards on Auditing.

The financial statements have been prepared on the going-concern basis, since the directors have every reason to believe that the organisation has adequate resources in place to continue in operation for the foreseeable future.

Approval of annual financial statements

The annual financial statements, which appear on pages 6 to 14 were approved by the Board of directors and are signed on its behalf by:

.....
Monica Koep
Chairperson

.....
Graham Hopwood
Director

.....
Date

.....
Date

**REPORT OF THE INDEPENDENT AUDITORS TO THE DIRECTORS OF
INSTITUTE FOR PUBLIC POLICY RESEARCH
(Incorporated association not for gain)**

We have audited the financial statements of The Institute for Public Policy Research , which comprise the report of the directors, the statement of financial position at 28 February 2011, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes, set out on pages 6 to 14.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium Sized Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

Qualification

In common with similar organisations, it is not feasible for the organisation to institute accounting controls over collections of donations prior to the initial entry of the collections in the accounting records. Accordingly it was impractical for us to extend our examination beyond the receipts actually recorded.

**REPORT OF THE INDEPENDENT AUDITORS TO THE DIRECTORS OF
INSTITUTE FOR PUBLIC POLICY RESEARCH(Continued)
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Opinion

In our opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of the organisations at 28 February 2011 and its financial performance and its cash flows for the year then ended in accordance with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium Sized Entities.

Departure From Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium Sized Entities.

Without further qualifying our opinion, we draw your attention to the fact that property, plant and equipment and revenue is not recognised in accordance with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium Sized Entities.

As stated in note 1.1 to the financial statements, property, plant and equipment is expensed in the year of acquisition. Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium Sized Entities requires that property, plant and equipment is capitalised and depreciated over the estimated useful lives of the assets.

As stated in note 1.3 to the financial statements, revenue is recognised at the earlier of being received or become receivable. Grants and Projects income should be recognised in the income statement on a systematic basis over the term of the grant agreement or project.

.....
GRAND NAMIBIA
Registered Accountants and Auditors(Namibia)
Chartered Accountants (Namibia)

.....
Date
Windhoek

**INSTITUTE FOR PUBLIC POLICY RESEARCH
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REPORT OF THE DIRECTORS

The directors present their annual report, which forms part of the audited financial statements of the organisation, for the year ended 28 February 2011.

Main Business and operations

The organisation is a not-for-profit organisation with a mission to deliver independent, analytical, critical yet constructive research on social, political and economic issues, which affect development in Namibia and operates principally in Namibia. The IPPR has been established in the belief that development is best promoted through free and critical debate informed by research.

The financial results and state of affairs of the organisation are set out in the accompanying financial statements and do not, in our opinion, require further comments.

Surplus of the organisation was N\$ 462 064 (2010: N\$ 36 825)

Directors

The directors of the organisation during the accounting period and up to the date of this report are as stated on page 2 of the annual financial statements.

Going Concern

The organisation's operations and the ability to continue as a going concern is dependant on the continued support from the Donor organisations.

Events subsequent to the year-end

There have been no facts or circumstances of a material nature that have occurred between the accounting date and the date of this report.

INSTITUTE FOR PUBLIC POLICY RESEARCH
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STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2011

ASSETS	<u>Notes</u>	<u>2011</u> <u>N\$</u>	<u>2010</u> <u>N\$</u>
Current-assets			
Trade and other receivables	2	1,574,419	1,101,397
Cash and bank balances	3	31,681	15,117
		1,542,738	1,086,280
		1,574,419	1,101,397
Total assets		1,574,419	1,101,397
 FUNDS AND LIABILITIES			
Funds			
Funds for the year		1,538,943	1,076,879
Liabilities			
Current liabilities			
Trade and other payables	4	35,476	24,518
		1,574,419	1,101,397
Total funds and liabilities		1,574,419	1,101,397

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2011

	<u>2011</u> <u>N\$</u>	<u>2010</u> <u>N\$</u>
Total Income	2,280,208	1,878,894
Operating costs	<u>(1,818,144)</u>	<u>(1,842,069)</u>
Surplus for the year	<u>462,064</u>	<u>36,825</u>

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STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 28 FEBRUARY 2011

	<u>Funds</u> <u>N\$</u>	<u>Total</u> <u>N\$</u>
Balance as at 1 March 2010	1,040,054	1,040,054
Surplus for the year	36,825	36,825
	<hr/>	<hr/>
Balance as at 28 February 2010	<u>1,076,879</u>	<u>1,076,879</u>
Balance as at 1 March 2010	1,076,879	1,076,879
Surplus for the year	462,064	462,064
	<hr/>	<hr/>
Balance as at 28 February 2011	<u>1,538,943</u>	<u>1,538,943</u>

INSTITUTE FOR PUBLIC POLICY RESEARCH
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2011

	<u>Notes</u>	<u>2011</u> <u>N\$</u>
Cash flows from operating activities		
Cash generated by operating activities	5.1	465,859
Cash and Cash equivalents at the beginning of the year		1,076,879
Cash and cash equivalents at the end of the year	3	<u>1,542,738</u>

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium Sized Entities.

1.1 Property, plant and equipment

Property, plant and equipment is expensed in the year of acquisition.

1.2 Financial instruments

1.2.1 Initial recognition

The organisation 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 assets and financial liabilities are recognised on the organisation's statement of financial position when the organisation becomes party to the contractual provisions of the instrument.

1.2.2 Subsequent recognition

Trade and other receivables

Trade and other receivables are carried at amortised cost less any accumulated impairment.

Trade and other payables

Trade and other payables are carried at amortised cost.

Cash and cash equivalents

Initially and subsequently recorded at fair value.

1.3 Revenue

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the organisation
- the stage of completion of the transaction at the statement of comprehensive income date can be measured reliably; and
- the costs incurred for the transaction and the cost to complete the transaction can be measured reliably.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011
(Continued)

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised at the earlier of being received or become receivable.

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

1.4 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibian Dollars, applying to the foreign currency amount the spot exchange rate between the functional currency at the date of the transaction.

At each statement of financial position date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date of when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in the profit or loss.

Cash flows arising from transactions on a foreign currency are recorded in Namibian Dollars by applying to the foreign currency amount, the exchange rate between the Namibian Dollars and the foreign currency amount at the date of the cash flow.

1.5 Taxation

The organisation is exempt from Income Tax, in terms of Section 16 (i) of the Namibian Income Tax Act of 1981.

2. TRADE AND OTHER RECEIVABLES	<u>2011</u> <u>N\$</u>	<u>2010</u> <u>N\$</u>
Trade and other receivables are made up of the following:		
Security deposits	14,125	14,125
Other receivables	17,556	992
	<u>31,681</u>	<u>15,117</u>

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011
(continued)

3. CASH AND CASH EQUIVALENTS	<u>2011</u> <u>N\$</u>	<u>2010</u> <u>N\$</u>
Cash and cash equivalents consist of:		
Standard bank - Core	245,176	652,865
Standard bank - Governance	325,401	171,623
Standard bank - Finland	314,456	-
Standard bank - Freedom House	336,721	-
Standard bank - Project One	313,179	259,908
Petty cash - Governance	7,805	1,884
	<u>1,542,738</u>	<u>1,086,280</u>
4. TRADE AND OTHER PAYABLES	<u>2011</u> <u>N\$</u>	<u>2010</u> <u>N\$</u>
Trade and other payables are made up of the following		
Receiver of Revenue (PAYE)	17,328	10,088
Trade Creditors	18,148	14,430
	<u>35,476</u>	<u>24,518</u>
5. NOTES TO THE CASH FLOW STATEMENT		
5.1 Cash generated by operating activities	<u>2011</u> <u>N\$</u>	<u>2010</u> <u>N\$</u>
Surplus	462,064	36,835
Adjustments for:		
Movement in Working capital		
Increase/(decrease) in accounts receivables	(31,680)	25,308
Increase in accounts payables	35,476	12,135
	<u>465,859</u>	<u>74,278</u>
6. RELATED PARTY TRANSACTION	<u>2011</u> <u>N\$</u>	<u>2010</u> <u>N\$</u>
Consulting fees paid to:		
RCD Sherbourne (Director)	74,750	74,750
B Lindeke (Director)	-	21,050
	<u>74,750</u>	<u>95,800</u>
7. DIRECTOR'S RENUMERATION	<u>2011</u> <u>N\$</u>	<u>2010</u> <u>N\$</u>
For services as director:		
G. Hopwood	<u>431,662</u>	<u>370,171</u>

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011
(continued)

7. RISK MANAGEMENT

Financial risk management

The organisation's overall risk management seeks to minimise potential adverse effects on the organisation's financial performance.

Liquidity risk

The organisation's risk to liquidity is a result of the funds available to cover future commitments. The organisation manages liquidity risk through an ongoing review of its funding requirements from donors.

Interest rate risk

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

Credit risk

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

Foreign exchange risk

The organisation has foreign donors and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro.

The organisation does not hedge foreign exchange fluctuations.

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DETAILED INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2011

	<u>2011</u> <u>N\$</u>	<u>2010</u> <u>N\$</u>
INCOME	2,280,208	1,878,894
<i>Core Income</i>	2,280,208	1,878,894
Ford Foundation	421,025	1,071,356
South African Institute of International Affairs (SAIIA)	7,685	-
<i>Project income</i>		
Book Sales - Guide to Namibian Economy	40,690	-
Business and Investment Climate Survey - GTZ	131,336	115,000
Canadian High Commission - Election Watch project	-	40,000
Citizens' budget	26,221	-
Consultation income	701	70,000
Dutch Consulate - Poverty project	-	20,000
Dutch Consulate - Housing project	80,000	-
Embassy of Finland - Democracy Report project	410,205	-
Embassy of Finland -Guide to the Economy	-	212,000
Freedom House	337,073	-
Friedrich Ebert Stiftung - Election Watch project	-	24,000
Friedrich Ebert Stiftung - Constitution book	115,000	-
Hanns Seidel Foundation - Election Watch project	-	117,000
Hanns Seidel Foundation - Anti-Corruption conference	30,000	-
Institute for Democracy in South Africa- African Charter workshop	27,727	-
Institute for Democracy in South Africa- Afrobarometer project	-	53,302
International Labour Organisation(ILO)	48,580	-
Namibian Institute for Democracy - Guide to Namibian Politics project	47,355	-
Namibian Institute for Democracy(NID) - Political Finance project	104,962	-
Old Mutual Group - Guide to Namibian Economy	120,000	62,912
Open Budget Survey(OBI)	-	81,700
Population Council Inc.- Demographic Data for Development	181,420	-
Reimbursements - sharing facilities	-	11,624
Rent Received	4,963	-
UNDP African Governance Report	145,266	-
EXPENDITURE	1,818,144	1,842,069
<i>Administrative costs</i>		
Accounting fees	19,249	7,834
Advertising and promotions	-	2,942
Audit fees	15,152	15,840
Bank charges	11,474	11,189
Computer expenses	38,379	61,279
Consulting fees	11,000	54,190
Courier and postage	3,090	1,590
Directors' emoluments	431,662	370,833
Legal fees	2,257	-
Office expenses	13,723	-
Printing and stationery	2,340	10,363
Public and dissemination	7,925	28,279
Salaries	93,844	86,207
Staff refreshments and gifts	5,288	1,618
Subscriptions	3,871	3,023
Sundry expenses	-	5,630
Telephone and fax	31,849	10,465

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DETAILED INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2011
(Continued)

Overheads		
Cleaning expenses	6,694	5,155
Insurance	8,905	7,125
Rent paid	106,576	47,490
Repairs and maintenance	1,387	-
Security expenses	5,772	7,034
Water and electricity	6,618	1,763
Project expenses		
Afrobarometer expenses	-	49,084
Business and Investment Climate Survey - GTZ	110,894	90,000
Canadian High Commission - Election Watch expenses	-	300,000
Citizens budget	12,815	-
Dutch Embassy Housing project	24,150	-
Energy Project expenses	-	300,000
Friedrich Ebert Stiftung expenses	115,000	-
Guide to Namibian Economy	226,551	107,673
Guide to Namibian Economy - Old Mutual Group	-	101,936
Hanns Seidel Foundation - Anti-corruption conference	6,000	-
Hanns Seidel Foundation - Election Watch expenses	16,049	13,260
IDASA - African Charter Expenses	10,588	-
IJG Business Survey expenses	42,144	50,925
International Labour Organisation(ILO)	42,441	-
Land bill analysis paper	10,000	-
Ministry of Gender Equality and Child Welfare - Gender report	3,000	-
Namibian Institute for Democracy	83,000	-
Open Budget Survey(OBI) - launch	3,240	-
Open Budget Survey(OBI) expenses	95,370	58,500
Population council - Demographic Data for Development	88,416	-
Poverty Project expenses	-	22,060
UNDP - African Governance Report	87,940	-
Travel costs and fieldwork	13,492	8,782
Surplus for the year	462,064	36,825