

# Financial Report June 2010/2011

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## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### CORPORATE INFORMATION

DIRECTORS	Mr. David Ssebabi Mr. Robert Kabushenga Mr. Orono Otweyo Mrs. Christine Guwatudde Kintu Mr. Gad Gasaatura Mr. Steven Bamwanga Mr. Oode Obella Dr. Monica Chibita Ms. Grace Dwonga Mr. Charles Tukacungurwa	- Chairman - Managing Director / CEO - Non Executive Director - Non Executive Director - Non Executive Director - Non Executive Director - Non Executive Director - Non Executive Director - Non Executive Director - Non Executive Director
BOARD AUDIT COMMITTEE	Mr. Orono Otweyo (Chairman) Mr. Oode Obella Ms. Grace Dwonga Mr. Charles Tukacungurwa	
COMPANY SECRETARY	Mr. Gervase Ndyanabo Plot 19/21, 1st Street Industrial Area P. O. Box 9815 Kampala, Uganda	
REGISTERED OFFICE	Plot 19/21, First Street Industrial Area P.O. Box 9815 Kampala, Uganda	
AUDITORS	Auditor General Ministry of Finance Building Plot 2/12 Appolo Kagwa Road P. O. Box 7083 Kampala, Uganda	
DELEGATED AUDITORS	Deloitte & Touche Certified Public Accountants (Uganda) 3rd Floor Rwenzori House 1 Lumumba Avenue P. O. Box 10314 Kampala, Uganda	
BANKERS	Standard Chartered Bank Uganda Limited P. O. Box 7111 Kampala, Uganda  Stanbic Bank Uganda Limited P.O Box 7131 Kampala, Uganda	
LEGAL ADVISORS	Lex Uganda Advocates and Solicitors P. O. Box 22490 Kampala, Uganda  Kiwanuka and Karugire Advocates & Solicitors P. O. Box 6160 Kampala, Uganda  Kimuli and Sozi Advocates P. O. Box 22593 Kampala, Uganda  Okae, Basalirwa, Kakerewe and Company Advocates P. O. Box 1876 Lira, Uganda	

# NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

## REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 30 June 2011.

### PRINCIPAL ACTIVITY

The principal activities of the company are printing and publishing of newspapers and magazines and radio and television broadcasting. The current publications include; The New Vision, Saturday Vision, Sunday Vision, Bukedde, Bukedde Lwamukaaga, Bukedde Ku Ssande, Orumuri, Etop and Rupiny Newspapers.

FINANCIAL RESULTS	Ushs' 000
Profit before taxation	4,685,859
Taxation credit	(1,682,179)
	<hr/>
Profit for the year transferred to retained earnings	<u>3,003,680</u>

### DIVIDEND

The directors recommend the payment of a final dividend of Ushs 30 per share amounting to Ushs 2,295,000,000 for the year (2010: Ushs 15 per share amounting to Ushs 1,147,500,000).

### DIRECTORS

The present membership of the board is set out on page 2.

- Ms. Grace Akello resigned on 14 September 2010
- Mr. Henry Mutefu retired on 14 September 2010
- Mr. Patrick Bitature retired on 30 October, 2010
- Mr. Steven Bamwanga was appointed on 28 October, 2010
- Mr. Oode Obella was appointed on 28 October, 2010
- Dr. Monica Chibita was appointed on 28 October, 2010.
- Ms. Grace Dwonga was appointed on 28 October, 2010
- Mr. Charles Tukacungurwa was appointed on 29 April, 2011

### AUDITORS

In accordance with sections 23 and 24 of the National Audit Act, the financial statements of the Company shall be audited once every year by the Auditor General or an Auditor appointed by him to act on his behalf.

The Auditors, Deloitte & Touche, were appointed by the Auditor General's office to act on its behalf and have expressed their willingness to continue in office.

### BY ORDER OF THE BOARD



Secretary  
Kampala  
22-09-2011

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES


The Ugandan Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results of the company for that year. It also requires the directors to ensure that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Ugandan Companies Act, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Ugandan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

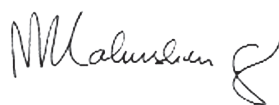
The directors certify that, to the best of their knowledge, the information furnished to the auditors for the purpose of the audit was correct and is an accurate representation of the company's financial transactions.



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Director

22-09-2011



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Director

22-09-2011

**REPORT AND OPINION OF THE AUDITOR GENERAL**  
**ON THE FINANCIAL STATEMENTS OF**  
**NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED FOR**  
**THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE 2011**

I have audited the financial statements of New Vision Printing and Publishing Company Limited, for the year ended 30<sup>th</sup> June 2011, as set out on pages 7 to 40. These financial statements, comprise of the Statement of Financial Position as at 30<sup>th</sup> June 2011, the Statement of Comprehensive Income, Statement of changes in Equity Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Director's responsibility for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Reporting Standards and the requirements of the Companies Act (Cap 110). This responsibility includes designing, implementing and maintaining internal controls 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**

My responsibility is to express an opinion on the Financial Statements, based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that the audit is planned and performed to obtain reasonable assurance as to 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 the internal controls 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 purposes 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. I believe that the audit evidence obtained was sufficient and appropriate to provide a basis for my opinion.

## **OPINION**

In my opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the company as at 30<sup>th</sup> June, 2011 and of its profit and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Ugandan Companies Act.

## **Report on the other Legal Requirements**

As required by the Companies Act, I report based on the audit that;

- i. All information and explanations which was necessary for the purposes of the audit was obtained.
- ii. In my opinion proper books of account have been kept by the Company, so far as appears from our examination of those books, and
- iii. The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.



John F.S. Muwanga

**AUDITOR GENERAL**

**KAMPALA**

22<sup>nd</sup> September 2011.

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 Ushs '000	2010 Ushs '000
REVENUE	8	61,819,630	49,953,106
DIRECT COSTS		(43,670,234)	(35,606,222)
<b>GROSS PROFIT</b>		<b>18,149,396</b>	<b>14,346,884</b>
OTHER OPERATING INCOME	9	415,301	886,749
DISTRIBUTION COSTS		(1,254,442)	(1,157,785)
ADMINISTRATIVE EXPENSES		(12,225,114)	(10,077,477)
GAIN/(LOSS) ON DISPOSAL OF ASSETS		58,082	(1,439,441)
LOSS ON INVESTMENTS		(34,064)	(23,103)
FINANCE COSTS	10	(423,300)	(636,864)
<b>PROFIT BEFORE TAXATION</b>	11 (a)	<b>4,685,859</b>	<b>1,898,963</b>
TAXATION CHARGE	12 (a)	(1,682,179)	(1,164,177)
<b>PROFIT FOR THE YEAR</b>		<b>3,003,680</b>	<b>734,786</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>3,003,680</b>	<b>734,786</b>
		Ushs	Ushs
<b>EARNINGS PER SHARE - (basic and diluted)</b>	13 (a)	<b>39</b>	<b>10</b>

**NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION  
30 JUNE 2011**

	Notes	2011 Ushs '000	2010 Ushs '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	34,866,599	34,144,551
Prepaid operating lease rentals	15	2,476,673	2,550,606
Intangible assets	16	134,706	134,706
Investments	17	-	327,126
		<u>37,477,978</u>	<u>37,156,989</u>
<b>Current assets</b>			
Inventories	18	7,634,536	4,222,099
Trade and other receivables	19	9,802,465	9,084,555
Investments	17	1,492,456	3,871,558
Corporate tax recoverable	12 (c)	1,564,022	2,881,298
Cash and bank balances	21	4,023,778	2,545,746
		<u>24,517,257</u>	<u>22,605,256</u>
<b>Total assets</b>		<u><u>61,995,235</u></u>	<u><u>59,762,245</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	22	1,503,990	1,503,990
Share premium	23	27,158,864	27,158,864
Revaluation reserve		267,830	374,605
Retained earnings		20,966,704	19,003,749
		<u>49,897,388</u>	<u>48,041,208</u>
Shareholders' funds		<u>49,897,388</u>	<u>48,041,208</u>
<b>Non-current liabilities</b>			
Borrowings	24	-	395,196
Deferred tax liability	12 (d)	5,152,123	4,801,097
		<u>5,152,123</u>	<u>5,196,293</u>
<b>Current liabilities</b>			
Borrowings	24	286,410	1,265,434
Trade and other payables	25	6,217,684	4,611,633
Dividends payable	26	441,630	647,677
		<u>6,945,724</u>	<u>6,524,744</u>
<b>Total equity and liabilities</b>		<u><u>61,995,235</u></u>	<u><u>59,762,245</u></u>

The financial statements on pages 32 to 68 were approved by the board of directors on 22-09-2011 and were signed on its behalf by:

Director

Director

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Share capital Ushs '000	Share premium Ushs '000	Revaluation reserve* Ushs '000	Retained earnings Ushs '000	Total Ushs '000
At 1 July 2009	1,503,990	27,158,864	758,419	19,032,649	48,453,922
Transfer of excess depreciation	-	-	(108,371)	108,371	-
Deferred tax on excess depreciation	-	-	32,511	(32,511)	-
Transfer of surplus on disposal	-	-	(439,935)	439,935	-
Deferred tax on transfer	-	-	131,981	(131,981)	-
Dividend declared for year 2009	-	-	-	(1,147,500)	(1,147,500)
Total comprehensive income for the year	-	-	-	734,786	734,786
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2010	<u>1,503,990</u>	<u>27,158,864</u>	<u>374,605</u>	<u>19,003,749</u>	<u>48,041,208</u>
At 1 July 2010	1,503,990	27,158,864	374,605	19,003,749	48,041,208
Transfer of excess depreciation	-	-	(95,752)	95,752	-
Deferred tax on excess depreciation	-	-	28,726	(28,726)	-
Transfer of surplus on disposal	-	-	(56,785)	56,785	-
Deferred tax on disposal	-	-	17,036	(17,036)	-
Dividend declared for year 2010	-	-	-	(1,147,500)	(1,147,500)
Total comprehensive income for the year	-	-	-	3,003,680	3,003,680
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2011	<u>1,503,990</u>	<u>27,158,864</u>	<u>267,830</u>	<u>20,966,704</u>	<u>49,897,388</u>

\*The revaluation reserve represents the carrying value cumulative surplus arising from the revaluation of property, plant and equipment.



## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 UShs '000	2010 UShs '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	27	6,716,588	22,140,564
Interest received	9	148,070	346,521
Interest paid	10	(151,560)	(296,191)
Tax paid	11 (c)	(13,877)	(5,139)
		<hr/>	<hr/>
Net cash generated from operating activities		<u>6,699,221</u>	<u>22,185,755</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	13	(5,566,381)	(24,978,257)
Prepayment of operating leases	15	-	(196,000)
Sale/(purchase) of investments		224,228	(412,064)
Proceeds from disposal of property, plant and equipment		366,731	1,017,255
		<hr/>	<hr/>
Net cash used in investing activities		<u>(4,975,422)</u>	<u>(24,569,066)</u>
<b>Cash flows from financing activities</b>			
Finance lease principal repayments		(1,374,220)	(564,270)
Dividends paid	25	(1,353,547)	(534,944)
		<hr/>	<hr/>
Net cash used in financing activities		<u>(2,727,767)</u>	<u>(1,099,214)</u>
<b>Net increase in cash and cash equivalents</b>		<b>(1,003,968)</b>	<b>(3,482,525)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>6,027,746</b>	<b>9,510,271</b>
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	27	<u><u>5,023,778</u></u>	<u><u>6,027,746</u></u>
Represented by:			
Cash and cash equivalents	27	<u><u>5,023,778</u></u>	<u><u>6,027,746</u></u>

# NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### 1 REPORTING ENTITY

New Vision Printing and Publishing Company Limited ("the company") is incorporated in the Republic of Uganda as a limited liability company under the Ugandan Companies Act. The company is listed on the Uganda Securities Exchange.

For purposes of the Ugandan Companies Act, the balance sheet is equivalent to the statement of financial position while the profit and loss account is represented by the statement of comprehensive income.

### 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

a) New standards and amendments to published standards effective for the year ended 30 June, 2011.

	Effective for annual periods beginning on or after
Amendments and revised standards	
IFRS 1, First-time adoption of International Financial Reporting Standards – amendments relating to oil and gas assets and determining whether an arrangement contains a lease.	1 January, 2010
IFRS 2, Share-based payment – amendments relating to group cash-settled share-based payment transactions.	1 January, 2010
Various improvements resulting from May 2010 Annual Improvements to IFRSs	1 January 2010
IFRS 1, First-time Adoption of International Financial Reporting Standards – limited exemption from comparative IFRS 7 disclosures for first-time adopters.	1 July, 2010
IAS 32, Financial Instruments: Presentation – amendments relating to classification of rights issues.	1 February, 2010

#### *New interpretations*

IFRIC 17, Distributions of Non-cash Assets to Owners	1 July, 2009
IFRIC 18, Transfers of Assets from Customers	1 July, 2009
IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments.	1 July, 2010

b) New and amended interpretations in issue but not yet effective in the year ended 30 June, 2011

	Effective for annual periods beginning on or after
New and Amendments to standards	
IFRS 1, First-time Adoption of International Financial Reporting Standards – replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'; and additional exemption for entities ceasing to suffer from severe hyperinflation	1 July, 2011
IFRS 7, Financial Instruments: Disclosures – amendments enhancing disclosures about transfers of financial assets	1 January, 2011

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

#### 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

b) New and amended interpretations in issue but not yet effective in the year ended 30 June, 2011  
(Continued)

Effective for annual  
periods beginning  
on or after

New and Amendments to standards (Continued)

IFRS 9, Financial Instruments – Classification and Measurement	1 January, 2015
IAS 12, Income Taxes – limited scope amendment (recovery of underlying assets)	1 January, 2012
IAS 24, Related Party Disclosures – revised definition of related parties	1 January, 2011
Various improvements resulting from May 2010 Annual Improvements to IFRSs	1 January 2011
IAS 27 consolidated and separate financial statements - reissued as IAS 27 separate financial statements (as amended in 2011)	1 January 2013
IFRS 10, Consolidated financial statements	1 January 2013
IFRS 11, Joint arrangements	1 January 2013
IFRS 12, Disclosure of interests in other entities	1 January 2013
IFRS 13, Fair value measurements	1 January 2013
IAS 19, Employee benefits - amended standard resulting from the post employee benefits and termination benefits project	1 January 2013

c ) Impact of new and amended standards and interpretations on the financial statements or the year ended 30 June, 2011 and future annual periods.

#### **Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2009)**

The amendments to IAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or noncurrent.

#### **Amendments to IAS 7 Statement of Cash Flows (as part of Improvements to IFRSs issued in 2009)**

The amendments to IAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

*The application of the amendments to IAS 7 has resulted in a change in the presentation of cash outflows in respect of investments in securities.*

#### **Amendments to IFRS 7 Financial Instruments: Disclosures (as part of Improvements to IFRSs issued in 2010)**

The amendments to IFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

- 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)  
(Continued)

c ) Impact of new and amended standards and interpretations on the financial statements or the year ended 30 June, 2011 and future annual periods (continued).

#### **Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)**

The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

#### **Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters**

The amendments provide two exemptions when adopting IFRSs for the first time relating to oil and gas assets, and the determination as to whether an arrangement contains a lease.

#### **Amendments to IFRS 2 Share-based Payment – Group Cash-settled -based Payment Transactions**

The amendments clarify the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

#### **Improvements to IFRSs issued in 2009 and 2010**

Except for the amendments to IFRS 5, IAS 1 and IAS 7 described earlier, the application of Improvements to IFRSs issued in 2009 and 2010 has not had any material effect on amounts reported in the financial statements.

#### **IFRS 9, Financial Instruments**

IFRS 9 *Financial Instruments* issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

## **EW VISION PRINTING AND PUBLISHING COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS OR THE YEAR ENDED 30 JUNE 2011 (Continued)**

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)  
(Continued)

c.) Impact of new and amended standards and interpretations on the financial statements or the year ended 30 June, 2011 and future annual periods (continued).

#### **IFRS 9, Financial Instruments (continued)**

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 9 that will be adopted in the company's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard will have a significant impact on amounts reported in respect of the company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

#### **The amendments to IFRS 7 titled Disclosures – Transfers of Financial Assets**

These increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to IFRS 7 will have a significant effect on the company's disclosures regarding transfers of financial assets. However, if the company enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

#### **IAS 24 Related Party Disclosures (as revised in 2009)**

This modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in IAS 24 (as revised in 2009) do not affect the company because the company is not a government-related entity. However, disclosures regarding related party transactions and balances in these financial statements may be affected when the revised version of the Standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

#### **The amendments to IAS 32 titled Classification of Rights Issues**

These address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. If the company does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to IAS 32 will have an impact on the classification of those rights issues.

## **NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)**

#### **2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)**

c ) Impact of new and amended standards and interpretations on the financial statements for the year ended 30 June, 2011 and future annual periods (continued).

#### **IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments**

This provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the company has not entered into transactions of this nature. However, if the company does enter into any such transactions in the future, IFRIC 19 will affect the required accounting. In particular, under IFRIC 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss. Except as indicated, these amendments have had no effect on the amounts reported by the company.

#### **3 SIGNIFICANT ACCOUNTING POLICIES**

##### **STATEMENT OF COMPLIANCE**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

##### **BASIS OF PREPARATION**

The financial statements have been prepared on the historical cost basis of accounting as modified by the revaluation of certain items of property, plant and equipment and financial instruments which are accounted for at fair value.

##### **FUNCTIONAL AND PRESENTATION CURRENCY**

The financial statements are presented in Uganda Shillings (UShs), which is also the company's functional currency. Except as indicated, financial information presented in Uganda Shillings has been rounded to the nearest thousand.

##### **USE OF ESTIMATES AND JUDGMENTS**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

During the period, the areas involving a higher degree of judgment or complexity or where assumptions and estimates are significant to the financial statements are disclosed in note 4 .

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the year and are consistent with prior year.

##### **REVENUE RECOGNITION**

Revenue from the sale of newspapers, magazines, scrap and commercial printing is recognised upon the delivery of goods to customers or when title has passed to customers. Advertisement revenue is recognised when advertisements are published in the newspaper or aired on radio or television. All revenue is stated net of Value Added Tax and discounts.

Interest income is recognised as it accrues, unless its collectability is in doubt.

Other income is recognised on an accrual basis.

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

#### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### SEGMENTAL REPORTING

Operating segments are identified on the basis of internal reports about components of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The company's reportable segments under IFRS 8 are therefore; publishing, broadcasting, commercial printing and others. For more details on key segments (or business clusters) see note 5.

##### PROPERTY, PLANT AND EQUIPMENT

Plant and machinery held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such plant and machinery is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued plant and machinery is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Land, buildings, fixtures and other equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

##### DEPRECIATION

Depreciation on property, plant and equipment is calculated on the straight line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life. The rates in use are:

Buildings	4%
Plant and machinery	8%
Furniture and office equipment	12.5%
Motor vehicles and motor cycles	25%
Computers and digital cameras	40%
Pre-press equipment	25%
Radio transmission and studio equipment	12.5%
Radio electronic equipment	20%
Television studio equipment	12.5%
Television transmission equipment	<u>8%</u>

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

#### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### INTANGIBLE ASSETS

Intangible assets relating to software and website are initially measured at purchase cost and amortised on a straight-line basis over their estimated useful lives.

Goodwill arising in a business combination is recognised as an intangible asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is not amortised but is reviewed for impairment on an annual basis.

##### IMPAIRMENT OF ASSETS

At the end of each reporting period, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### LEASES

Leases of property, plant and equipment, where the company assumes substantially all the risks and rewards of ownership, are classified as finance leases. Assets acquired under finance leases are capitalised at the inception of the lease at the lower of their fair value and the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in non-current liabilities. The interest element of the finance charge is charged to the statement of comprehensive income over the lease period.

Rentals payable under operating leases are amortised on a straight line basis over the term of the relevant lease.

##### INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is determined by weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.



## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

#### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### TRADE RECEIVABLES

Trade receivables are carried at an anticipated realisable value. Provisions are made against doubtful receivables based on a review of all outstanding amounts at the year-end. The provision is based on the difference between the carrying amount and the present fair value of the expected cash flows, discounted at the effective interest rate. Receivables not collectible are written off against the provision. Subsequent recoveries of amounts previously written off are credited to profit or loss for the year under other operating income in the year of their recovery.

##### PROVISIONS

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

##### PENSION AND NATIONAL SOCIAL SECURITY FUND CONTRIBUTION

The company makes contributions to the statutory National Social Security Fund (NSSF) on behalf of its national employees. The company's contribution amounts to 10% of the employees' salaries and is charged to the statement of comprehensive income as it falls due.

Gratuity payments are recognised for staff whose contracts contain gratuity benefits in specific contributions as specified by their contracts and after the contract term has elapsed.

##### FOREIGN CURRENCIES

The financial statements have been prepared in Uganda Shillings (Ushs' 000). Monetary assets and liabilities expressed in foreign currencies are translated into Uganda Shillings at the rate of exchange ruling at the reporting date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are charged to profit or loss for the year.

##### TAXATION

Current taxation is provided on the basis of the results for the year as shown in the financial statements adjusted in accordance with the tax legislation. The tax liability is calculated on the taxable profit at currently enacted tax rates.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

##### DIVIDENDS PAYABLE

Dividends payable on ordinary shares are charged to retained earnings in the year in which they are declared. Proposed dividends are not accrued for until ratified at an Annual General Meeting.

##### FINANCIAL INSTRUMENTS

A financial asset or liability is recognised when the company becomes party to the contractual provisions of the instrument.

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

#### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### FINANCIAL INSTRUMENTS (continued)

##### **Financial assets**

##### *i) Classification*

The company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale assets. Management determines the appropriate classification of its investments at initial recognition.

##### Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the company intends to sell in the short term or those that it has designated as at fair value through profit or loss or available-for-sale.

##### Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs other than an insignificant amount of held-to-maturity assets, the entire category is classified as available for sale.

##### Available-for-sale financial assets

These are financial assets that are not financial assets at fair value through profit or loss, loans, advances and receivables, or financial assets held to maturity.

##### *(ii) Recognition and derecognition*

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of "financial assets at fair value through profit or loss" are charged or credited to profit or loss for the year. Gains and losses arising from changes in the fair value of available-for-sale financial assets are dealt with through other comprehensive income and accumulated under a separate heading in the statement of changes in equity, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised through other comprehensive income is recycled to profit or loss for the year.

Fair values of quoted investments in active markets are based on quoted bid prices. Equity securities for which fair values cannot be measured reliably are measured at cost less impairment.

##### *(iii) Impairment and uncollectability of financial assets*

At the end of each reporting period, all financial assets are subject to review for impairment.

If it is probable that the company will not be able to collect all amounts due (principal and interest) according to the contractual terms of loans, receivables, or held-to-maturity investments carried at amortised cost, an impairment loss has occurred. The amount of the loss is the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate (recoverable amount). The carrying amount of the asset is reduced to its estimated recoverable amount. The amount of the loss incurred is included in the profit or loss for the year.

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

#### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### FINANCIAL INSTRUMENTS (Continued)

##### **Financial assets (Continued)**

##### *(iii) Impairment and uncollectability of financial assets (continued)*

If a loss on a financial asset carried at fair value (recoverable amount is below original acquisition cost) has been recognised through other comprehensive income and there is objective evidence that the asset is impaired, the cumulative net loss that had been recognised directly in equity is removed from equity and recycled through profit or loss for the year even though the financial asset has not been derecognised.

##### **Financial liabilities**

After initial recognition, the company measures all financial liabilities other than liabilities held for trading at amortised cost. Liabilities held for trading (financial liabilities acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin) are subsequently measured at their fair values.

##### CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and investments in money market instruments.

##### COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

In the process of applying the entity's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

These are dealt with below:

##### **i) Critical judgements in applying the company's accounting policies**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *Fair values of financial instruments*

The fair value of financial instruments that are not traded in an active market (for example, investments held for trading) is determined by using valuation techniques. The company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES (continued)

##### ii) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year:

##### *Property, plant and equipment*

Critical estimates are made by the directors in determining the useful lives and depreciation rates of items of property, plant and equipment.

##### *Impairment*

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

#### 5 SEGMENT REPORTING

##### a) Adoption of IFRS 8 Operating Segments

The operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

##### b) Segment information

	PRINT MEDIA		ELECTRONIC MEDIA		COMMERCIAL PRINTING		OTHERS		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Revenue	44,738,631	38,773,025	7,471,774	3,968,367	9,203,496	6,817,940	405,729	393,774	61,819,630	49,953,106
Other operating income	-	-	-	-	-	-	415,301	886,749	415,301	886,749
Total Sales	44,738,631	38,773,025	7,471,774	3,968,367	9,203,496	6,817,940	821,030	1,280,523	62,234,931	50,839,855
Segment profit before taxation	7,194,602	4,409,761	(1,824,496)	(1,170,655)	(981,214)	(896,779)	296,967	(443,364)	4,685,859	1,898,963
Income tax expense	(2,582,794)	(2,703,445)	654,977	717,681	352,247	549,779	(106,608)	271,808	(1,682,179)	(1,164,177)
Profit after taxation	4,611,808	1,706,316	(1,169,519)	(452,974)	(628,967)	(347,000)	190,359	(171,556)	3,003,680	734,786
OTHER INFORMATION										
Segment Assets	41,443,540	30,474,788	6,612,222	2,980,857	6,246,429	3,374,218	6,129,022	20,051,084	60,431,213	56,880,947
Segment Liabilities	5,041,967	3,707,457	797,512	362,641	1,027,155	410,496	79,090	2,439,346	6,945,724	6,919,940
Capital Expenditure	2,687,412	20,208,223	1,589,067	1,565,368	70,115	3,416,289	1,219,787	-	5,566,381	25,189,880
Depreciation & amortisation expense	2,598,060	2,973,979	645,750	374,131	417,968	522,950	947,839	-	4,609,617	3,871,060

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than tax assets. Goodwill is also allocated to the applicable reportable segment.
- all liabilities are allocated to reportable segments other than current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.
- Income tax expense is allocated to reportable segments based on their share of profit before tax.

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

#### 6 FINANCIAL RISK MANAGEMENT

The company has exposure to the following financial risks:

- Credit Risk
- Liquidity Risk
- Market Risk - interest rate and foreign currency fluctuations
- Capital Management

The principal activities of the company continue to be printing, publishing and broadcasting in the media industry. The company's activities expose it to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Management has put in place elaborate policies in all its functions as a control against risk exposures.

Risk management is carried out by the finance department under policies approved by the Board of Directors. Finance department identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity. The policies and procedures established for this purpose are continuously benchmarked with the industry best practices.

The financial management objectives and policies are as outlined below:

##### **(a) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company's credit risk is primarily attributable to its trade and other receivables and amounts due from related parties. Provision for doubtful debts is estimated by the company's finance departments based on prior experience, existing financial and economic factors faced by the debtor and the exit options available.

The credit risk on trade and other receivables is limited because the company has adopted a policy of only dealing with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults.

The credit risk on liquid funds with financial institutions is low, because the institutions are banks with high credit-ratings

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

#### 6 FINANCIAL RISK MANAGEMENT (Continued)

##### (a) Credit risk (Continued)

The amounts that represent the company's maximum exposure to credit as at 30 June 2011 are as follows:

<b>As at 30 June 2011</b>	Total	Fully	Past due	Impaired
	Ushs '000	Performing	not impaired	Ushs '000
		Ushs '000	Ushs '000	
<b>Financial assets</b>				
Bank balances	3,597,985	3,597,985	-	-
Investments	1,492,456	1,492,456	-	-
Trade and other receivables (net of prepayments and staff advances)	8,954,144	6,026,884	2,247,111	680,149
Due from related parties	34,913	34,913	-	-
	<u>14,079,498</u>	<u>11,152,238</u>	<u>2,247,111</u>	<u>680,149</u>
<b>As at 30 June 2010</b>				
	Total	Fully	Past due	Impaired
	Ushs '000	Performing	not impaired	Ushs '000
		Ushs '000	Ushs '000	
<b>Financial assets</b>				
Bank balances	2,244,358	2,244,358	-	-
Investments	4,198,684	4,198,684	-	-
Trade and other receivables (net of prepayments and staff advances)	8,267,072	5,767,049	1,791,794	708,229
Due from related parties	81,429	81,429	-	-
	<u>14,791,543</u>	<u>12,291,520</u>	<u>1,791,794</u>	<u>708,229</u>
<b>Total</b>				
	<u>14,791,543</u>	<u>12,291,520</u>	<u>1,791,794</u>	<u>708,229</u>

The customers under the fully performing category are paying their debts as they continue trading.

The debtors that are impaired relate to amounts that have been outstanding for more than 1 year and have been fully provided for.

The amounts that are past due but not impaired are expected to be collected in ordinary course of business.

##### (b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements.

The company manages liquidity risk through continuously monitoring forecasts and matching the maturity profiles of financial liabilities and ongoing review of future commitments and credit facilities available to the company.

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

#### 6 FINANCIAL RISK MANAGEMENT (Continued)

##### (b) Liquidity risk management (Continued)

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

<b>As at 30 June 2011</b>	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
<b>Financial assets</b>					
Cash and bank balances	4,023,778	4,023,778	-	-	-
Investments	1,492,456	1,492,456	-	-	-
Trade and other receivables (net of prepayments)	9,512,691	9,512,691	-	-	-
Due from related parties	34,913	34,913	-	-	-
	<u>15,063,838</u>	<u>15,063,838</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>					
Borrowings	286,410	286,410	-	-	-
Trade and other payables	6,217,684	6,217,684	-	-	-
	<u>6,504,094</u>	<u>6,504,094</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net undiscounted financial assets</b>	<u>8,559,744</u>	<u>8,559,744</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>As at 30 June 2010</b>	Total	Less than 1	Between 1	Between 2	Over 5
	Ushs '000	Ushs '000	and 2 years	and 5 years	years
			Ushs '000	Ushs '000	Ushs '000
<b>Financial assets</b>					
Cash and bank balances	2,545,746	2,545,746	-	-	-
Investments	4,198,684	3,871,558	327,126	-	-
Trade and other receivables (net of prepayments)	8,772,658	8,772,658	-	-	-
Due from related parties	81,429	81,429	-	-	-
	<u>15,598,517</u>	<u>15,271,391</u>	<u>327,126</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>					
Borrowings	1,660,630	1,265,434	395,196	-	-
Trade and other payables	4,611,633	4,611,633	-	-	-
	<u>6,272,263</u>	<u>5,877,067</u>	<u>395,196</u>	<u>-</u>	<u>-</u>
<b>Net undiscounted financial assets/(liabilities)</b>	<u>9,326,254</u>	<u>9,394,324</u>	<u>(68,070)</u>	<u>-</u>	<u>-</u>



**NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)**

6 FINANCIAL RISK MANAGEMENT (Continued)

**(c) Fair value measurements recognized in the statement of financial position**

The company specifies a hierarchy of fair valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, unobservable inputs reflect the company's market assumptions.

The following table provided an analysis of the financial instruments that are measure subsequent to initial recognition at fair value grouped into Levels 1 to 3 based on the degree to which the fair value is observable

- (i) Level 1 fair value measurements are those that are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- (ii) Level 2 fair value measurement are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

**As at 30 June, 2011**

	Level 1 Ushs. '000	Level 2 Ushs. '000	Level 3 Ushs. '000	Total Ushs. '000
<b>Financial assets at FVTPL</b>				
Investments with African Alliance	-	492,456	-	492,456
	<u>-</u>	<u>492,456</u>	<u>-</u>	<u>492,456</u>
<b>Financial Liabilities at FVTPL</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**As at 30 June, 2010**

**Financial assets at FVTPL**

Investments with African Alliance	-	716,684	-	716,684
	<u>-</u>	<u>716,684</u>	<u>-</u>	<u>716,684</u>
<b>Financial Liabilities at FVTPL</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)**

6 FINANCIAL RISK MANAGEMENT (Continued)

**(d) Market risk**

Market risk relates to exposure to adverse movements in market variables, including interest rates, prices and exchange rates.

**(i) Interest rate risk**

Interest rate risks arise from fluctuations in the bank borrowing rates. The interest rates vary from time to time depending on the prevailing economic circumstances. The company closely monitors the interest rate trends to minimize the potential adverse impact of interest rate changes. The table below summarises the exposure to interest rate risk at the end of each reporting period. Included in the table are the company's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

	Up to 1 year
	Ushs' 000
<b>At 30 June 2011</b>	
<b>Financial assets</b>	
Bank balances	3,597,985
Held to maturity investments	1,492,456
	<hr/>
Total financial assets	<u>5,090,441</u>
<b>Financial liabilities</b>	
Borrowings	286,410
	<hr/>
Total financial liabilities	<u>286,410</u>
Interest sensitivity gap	<u><u>4,804,031</u></u>
<b>At 30 June 2010</b>	
Total financial assets	6,115,916
Total financial liabilities	1,660,630
	<hr/>
Interest sensitivity gap	<u><u>4,455,286</u></u>

*Interest rate risks – increase / decrease of 1% in net interest margin*

The following sensitivity analysis shows how profit would change if the market risk variables had been different at the end of the reporting period with all other variables held constant.

	Ushs' 000	Ushs' 000
	Effect on profit	Effect on profit
	2011	2010
- one percentage point movement	349	(5,033)
+ one percentage point movement	<u>(349)</u>	<u>5,033</u>

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

#### 6 FINANCIAL RISK MANAGEMENT (Continued)

##### (i) Interest rate risk (Continued)

<b>As at 30 June 2011</b>	Weighted average effective	3 months to 1 year Ushs'000	1 to 5 years Ushs'000	Total Ushs'000
Variable interest rate financial assets	11.25%	1,492,456	-	1,492,456
Variable interest rate financial liabilities	15.57%	286,410	-	286,410

##### (ii) Currency risk

The company's operations are predominantly in Uganda where the currency has been relatively unstable against the major convertible currencies. Majority of the purchases are denominated in foreign currency and therefore a mismatch exists between sales and purchases in terms of non-uniformity in currency of trade.

The company's foreign currency dominated financial assets and liabilities are predominantly in USD and Euros. The carrying amounts of the company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	USD Ushs' 000	GBP Ushs' 000	EURO Ushs' 000	Total Ushs' 000
<b>2011</b>				
<b>Assets</b>				
Bank balances	200,872	-	22,836	223,708
Trade receivables	29,645	-	17,182	46,827
<b>Total assets</b>	<b>230,517</b>	<b>-</b>	<b>40,018</b>	<b>270,535</b>
<b>Liabilities</b>				
Trade payables	917,084	48,398	546,195	1,511,677
<b>Total liabilities</b>	<b>917,084</b>	<b>48,398</b>	<b>546,195</b>	<b>1,511,677</b>
<b>2010</b>				
<b>Assets</b>				
Bank balances	649,387	-	29,672	679,059
Trade receivables	336,149	134,261	368,921	839,331
<b>Total assets</b>	<b>985,536</b>	<b>134,261</b>	<b>398,593</b>	<b>1,518,390</b>
<b>Liabilities</b>				
Trade payables	1,042,375	-	-	1,042,375
<b>Total liabilities</b>	<b>1,042,375</b>	<b>-</b>	<b>-</b>	<b>1,042,375</b>

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

#### 6 FINANCIAL RISK MANAGEMENT (Continued)

##### (ii) Currency risk (continued)

*Foreign exchange risk – appreciation/depreciation of Ushs against other currencies by 5%.*

The following sensitivity analysis shows how profit would be affected if the market risk variables had been different at reporting date with all other variables held constant.

	2011 Ushs' 000	2010 Ushs' 000
	Effect on profit	Effect on profit
Currency - US Dollars		
+ 5% Ushs Movement	(34,328)	2,845
- 5% Ushs Movement	<u>34,328</u>	<u>(2,845)</u>
Currency - Euros		
+ 5% Ushs Movement	(25,309)	19,929
- 5% Ushs Movement	<u>25,309</u>	<u>(19,929)</u>
Currency - British pounds		
+ 5% Ushs Movement	(2,386)	6,713
- 5% Ushs Movement	<u>2,386</u>	<u>(6,713)</u>

#### 7 CAPITAL MANAGEMENT

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

Consistent with other players in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The company manages its capital to ensure that it is able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The company's overall strategy remains at maximizing shareholders value.

The gearing ratio at year end was as follows

	2011 Ushs '000	2010 Ushs '000
Debt (includes short term borrowings)	286,410	1,660,630
Cash and bank balances	(4,023,778)	(2,545,746)
Net debt	<u>(3,737,368)</u>	<u>(885,116)</u>
Equity (includes all capital and reserves)	<u>49,897,388</u>	<u>48,041,208</u>
Net debt to equity ratio	<u>-7%</u>	<u>-2%</u>

# NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

	2011	2010
	Ushs '000	Ushs '000
8 REVENUE		
Advertising revenue	36,501,193	28,652,042
Circulation sales	15,805,605	14,094,880
Commercial printing revenue	9,203,496	6,817,940
Scrap sales	309,336	388,244
	<u>61,819,630</u>	<u>49,953,106</u>
9 OTHER OPERATING INCOME		
Bad debts recovered	46,812	5,804
Interest income	148,070	346,521
Other income	50,216	494,627
Foreign exchange gains	170,203	39,797
	<u>415,301</u>	<u>886,749</u>
10 FINANCE COSTS		
Interest expense on finance leases	151,560	296,191
Finance lease charge	271,740	340,673
	<u>423,300</u>	<u>636,864</u>
11 (a) PROFIT BEFORE TAXATION		
The profit before taxation is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	4,535,684	3,797,127
Amortisation of prepaid operating leases	73,933	73,933
Staff costs (Note 10 (b))	16,361,724	13,734,095
Provision for doubtful debts	298,384	446,464
Provision for obsolete inventories	115,895	211,498
Auditors' remuneration	62,914	46,500
Finance lease charge	271,740	340,673
Directors' fees	207,959	38,334
(Gain)/loss on disposal of assets	(58,082)	1,439,441
	<u>13,143,987</u>	<u>11,036,932</u>
(b) STAFF COSTS		
Salaries and wages	13,143,987	11,036,932
Terminal benefits	25,472	8,286
National Social Security Fund contributions	1,231,793	1,027,448
Gratuity expenses - (note 28)	469,296	395,737
Other staff costs	1,491,176	1,265,692
	<u>16,361,724</u>	<u>13,734,095</u>

**NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)**

12 TAXATION	2011 Ushs '000	2010 Ushs '000
<b>(a) Taxation charge</b>		
Current taxation	1,331,153	(2,568,746)
Deferred taxation charge - note (d)	351,026	3,732,923
	<u>1,682,179</u>	<u>1,164,177</u>
<b>(b) Reconciliation of taxation charge to expected tax based on accounting profit</b>		
Profit before taxation	<u>4,685,859</u>	<u>1,898,963</u>
Tax at applicable rate of 30%	1,405,758	569,689
Tax effect of non-deductible expenses	(74,605)	1,933,644
Deferred tax not recognised	-	(1,339,156)
	<u>1,331,153</u>	<u>1,164,177</u>
<b>(c) Corporate tax recoverable</b>		
At beginning of year	(2,881,298)	(307,413)
Charge / (credit) for the year - note (a)	1,331,153	(2,568,746)
Tax paid during the year	(13,877)	(5,139)
	<u>(1,564,022)</u>	<u>(2,881,298)</u>
<b>(d) Deferred tax liability</b>		
The deferred income tax liability comprises;		
Accelerated capital allowances	5,490,646	5,011,012
Deferred tax on revaluation	114,785	160,546
Provisions	(453,308)	(370,461)
	<u>5,152,123</u>	<u>4,801,097</u>
Movement in dererred tax account		
At beginning of year	4,801,097	1,068,174
Charge profit or loss - note (a)	351,026	3,732,923
	<u>5,152,123</u>	<u>4,801,097</u>
<b>13 (a) EARNINGS PER SHARE – BASIC &amp; DILUTED</b>		
Profit attributable to ordinary shareholders – Ushs'000	<u>3,003,680</u>	<u>734,786</u>
	No.	No.
Shares in issue during the year	<u>76,500,000</u>	<u>76,500,000</u>
	Ushs	Ushs
Basic earnings per share – Ushs	<u>39</u>	<u>10</u>

The basic and diluted earnings per share were the same as at 30 June 2011 and 30 June 2010 since there were no potentially dilutive shares.

**b) DIVIDENDS PER SHARE**

During the year, a dividend of Ushs 15 per share amounting to Ushs 1,147,500,000 was paid in respect of 2010 financial year (2010 – Ushs 15 amounting to Ushs 1,147,500,000 in respect of 2009 financial year). Payment of dividends is subject to withholding tax at a rate of 15% for non individuals and 10% for individuals.

**NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)**

**14 PROPERTY, PLANT AND EQUIPMENT**

**a) For the year ended 30 June 2011**

**COST AND VALUATION**

	Freehold land Us\$'s '000	Buildings Us\$'s '000	Plant and machinery Us\$'s '000	Motor vehicles Us\$'s '000	Furniture and equipment Us\$'s '000	Radio transmission equipment Us\$'s '000	Computers Us\$'s '000	Radio studio equipment Us\$'s '000	Radio studio electronics Us\$'s '000	Cameras pre-press Us\$'s '000	Television studio equipment and electronics Us\$'s '000	Television transmission equipment Us\$'s '000	Total Us\$'s '000
At 1 July 2010	27,000	11,036,479	22,324,589	547,421	1,789,697	1,008,332	3,673,611	361,862	131,242	1,792,111	198,513	320,873	43,211,730
Additions	-	193,716	1,883,643	788,762	391,447	134,807	947,679	-	7,153	86,088	701,874	431,212	5,566,381
Disposals	-	-	(116,757)	(294,203)	(26,724)	(52,107)	(102,760)	-	-	(386,802)	-	-	(979,353)
At 30 June 2011	27,000	11,230,195	24,091,475	1,041,980	2,154,420	1,091,032	4,518,530	361,862	138,395	1,491,397	900,387	752,085	47,798,758
At cost	27,000	11,230,195	23,231,210	1,041,980	2,154,420	1,091,032	4,518,530	361,862	138,395	1,491,397	900,387	752,085	46,938,493
At valuation - 2007	-	-	860,265	-	-	-	-	-	-	-	-	-	860,265

**DEPRECIATION**

At 1 July 2010	-	750,048	2,403,999	506,091	1,059,151	140,473	3,168,070	125,578	33,306	826,132	25,224	29,107	9,067,179
Eliminated on disposal	-	-	(43,809)	(188,276)	(16,076)	(10,393)	(102,760)	-	-	(309,390)	-	-	(670,704)
Charge for the year	-	449,467	1,994,734	221,049	370,877	78,582	693,034	59,377	21,382	445,836	142,749	58,597	4,535,684
At 30 June 2011	-	1,199,515	4,354,924	538,864	1,413,952	208,662	3,758,344	184,955	54,688	962,578	167,973	87,704	12,932,159
At cost	-	1,199,515	3,877,275	538,864	1,413,952	208,662	3,758,344	184,955	54,688	962,578	167,973	87,704	12,454,510
At valuation - 2007	-	-	477,649	-	-	-	-	-	-	-	-	-	477,649

**NET BOOK VALUE**

At 30 June 2011	27,000	10,030,680	19,736,551	503,116	740,468	882,370	760,186	176,907	83,707	528,819	732,414	664,381	34,866,599
At cost	27,000	10,030,680	19,353,935	503,116	740,468	882,370	760,186	176,907	83,707	528,819	732,414	664,381	34,483,983
At valuation - 2007	-	-	382,616	-	-	-	-	-	-	-	-	-	382,616
At 30 June 2011	27,000	10,030,680	19,736,551	503,116	740,468	882,370	760,186	176,907	83,707	528,819	732,414	664,381	34,866,599

Buildings, plant and machinery were last re-valued during the year ended 30 June 2007, by Bageine and Company, independent valuers. Valuations were made on the basis of open market value. The book values of the revalued assets were adjusted to the revalued amounts and the resultant surplus, net of deferred income tax, was credited to the revaluation reserve in shareholders' equity. The revaluation reserve is non-distributable and is released to retained earnings through use or disposal of the asset.

**NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)**

**14 PROPERTY, PLANT AND EQUIPMENT**

**b) For the year ended 30 June 2010**

**COST AND VALUATION**

	Freehold land Us\$ '000	Buildings Us\$ '000	Plant and machinery Us\$ '000	Motor vehicles Us\$ '000	Furniture and equipment Us\$ '000	Radio transmission equipment Us\$ '000	Computers Us\$ '000	Radio studio equipment Us\$ '000	Radio studio electronics Us\$ '000	Cameras and pre-press Us\$ '000	Television studio equipment Us\$ '000	Television transmission equipment Us\$ '000	Capital work in progress Us\$ '000	Total Us\$ '000
At 1 July 2009	27,000	3,473,031	6,623,698	549,390	1,365,560	614,264	3,122,347	262,480	66,883	1,757,828	198,513	-	3,688,870	21,551,351
Additions	-	7,563,448	10,056	4,148	432,945	394,068	775,288	99,382	64,359	34,283	198,513	320,873	15,096,517	24,993,880
Transfers	-	-	18,785,387	-	-	-	-	-	-	-	-	-	(18,785,387)	-
Disposals	-	-	(3,094,552)	(6,117)	(8,808)	-	(224,024)	-	-	-	-	-	-	(3,333,501)
At 30 June 2010	27,000	11,036,479	22,324,589	547,421	1,789,697	1,008,332	3,673,611	361,862	131,242	1,792,111	198,513	320,873	-	43,211,730
At cost	27,000	11,036,479	21,464,324	547,421	1,789,697	1,006,332	3,673,611	361,862	131,242	1,792,111	198,513	320,873	-	42,351,465
At valuation - 2007	-	-	860,265	-	-	-	-	-	-	-	-	-	-	860,265
At 30 June 2010	27,000	11,036,479	22,324,589	547,421	1,789,697	1,008,332	3,673,611	361,862	131,242	1,792,111	198,513	320,873	-	43,211,730

**DEPRECIATION**

At 1 July 2009	-	299,338	1,344,788	435,796	753,341	59,632	2,691,978	66,230	14,744	481,010	-	-	-	6,146,857
Eliminated on disposal	-	-	(638,732)	(6,117)	(8,808)	-	(223,148)	-	-	-	-	-	-	(878,805)
Charge for the year	-	450,710	1,697,943	76,412	314,618	80,841	699,240	59,348	18,562	345,122	25,224	29,107	-	3,797,127
At 30 June 2010	-	750,048	2,403,999	506,091	1,059,151	140,473	3,168,070	125,578	33,306	826,132	25,224	29,107	-	9,067,179
At cost	-	750,048	2,078,887	506,091	1,059,151	140,473	3,168,070	125,578	33,306	826,132	25,224	29,107	-	8,742,067
At valuation - 2007	-	-	325,112	-	-	-	-	-	-	-	-	-	-	325,112
At 30 June 2010	-	750,048	2,403,999	506,091	1,059,151	140,473	3,168,070	125,578	33,306	826,132	25,224	29,107	-	9,067,179

**NET BOOK VALUE**

At 30 June 2010	27,000	10,286,431	19,920,590	41,330	730,546	867,859	505,541	236,284	97,936	965,979	173,289	291,766	-	34,144,551
At cost	27,000	10,286,431	19,385,437	41,330	730,546	867,859	505,541	236,284	97,936	965,979	173,289	291,766	-	33,609,398
At valuation - 2007	-	-	535,153	-	-	-	-	-	-	-	-	-	-	535,153
At 30 June 2010	27,000	10,286,431	19,920,590	41,330	730,546	867,859	505,541	236,284	97,936	965,979	173,289	291,766	-	34,144,551

Buildings, plant and machinery were last re-valued during the year ended 30 June 2007, by Bageine and Company, independent valuers. Valuations were made on the basis of open market value. The book values of the revalued assets were adjusted to the revalued amounts and the resultant surplus, net of deferred income tax, was credited to the revaluation reserve in shareholders' equity. The revaluation reserve is non-distributable and is released to retained earnings through use or disposal of the asset.



## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

#### 14 PROPERTY, PLANT AND EQUIPMENT (Continued)

No additional asset was acquired under finance lease in the current year. The Net Book Value of all the assets subject to finance leases amount to Ushs 961 million (2010: Ushs 1,171 million).

	2011 Ushs '000	2010 Ushs '000
Cost - capitalised finance leases	1,941,345	3,734,897
Disposals	(386,802)	(1,793,552)
	<u>1,554,543</u>	<u>1,941,345</u>
Depreciation		
At beginning of year	769,959	833,875
Eliminated on disposal	(309,390)	(290,930)
Charge for the year	132,853	227,014
	<u>593,422</u>	<u>769,959</u>
Net Book Value	<u><u>961,121</u></u>	<u><u>1,171,386</u></u>

If the buildings, plant and machinery were stated on the historical cost basis, the amounts would be as follows:

	Buildings 2011 Ushs '000	Buildings 2010 Ushs '000	Plant and machinery 2011 Ushs '000	Plant and machinery 2010 Ushs '000
Cost	11,230,195	11,036,479	23,231,210	21,464,324
Accumulated depreciation	(1,199,515)	(750,048)	(3,877,275)	(2,078,887)
Net Book Value	<u><u>10,030,680</u></u>	<u><u>10,286,431</u></u>	<u><u>19,353,935</u></u>	<u><u>19,385,437</u></u>
			2011 Ushs '000	2010 Ushs '000

#### 15 PREPAID OPERATING LEASE RENTALS

##### COST

At beginning of year	2,914,854	2,718,854
Additions	-	196,000
At end of year	<u>2,914,854</u>	<u>2,914,854</u>

##### AMORTISATION

At beginning of year	364,248	290,315
Charge for the year	73,933	73,933
At end of year	<u>438,181</u>	<u>364,248</u>

##### NET BOOK VALUE

At end of year	<u><u>2,476,673</u></u>	<u><u>2,550,606</u></u>
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**NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)**

	2011	2010
	Ushs '000	Ushs '000
16 INTANGIBLE ASSETS		
<b>a) Computer software and websites</b>		
COST		
At beginning and end of year	<u>42,000</u>	<u>42,000</u>
AMORTISATION		
At beginning and end of year	<u>42,000</u>	<u>42,000</u>
NET BOOK VALUE		
At end of year	<u>-</u>	<u>-</u>
<b>b) Goodwill</b>		
At beginning and end of year	<u>134,706</u>	<u>134,706</u>
TOTAL INTANGIBLE ASSETS	<u><u>134,706</u></u>	<u><u>134,706</u></u>
17 INVESTMENTS		
<b>Short-term Investments</b>		
Fair value through profit or loss: African Alliance Uganda Limited	492,456	389,558
Held to maturity: Stanbic Bank Uganda Limited	1,000,000	3,482,000
	<u>1,492,456</u>	<u>3,871,558</u>
<b>Long-term Investments</b>		
Fair value through profit or loss: African Alliance Uganda Limited	<u>-</u>	<u>327,126</u>
<b>Total Investments</b>	<u><u>1,492,456</u></u>	<u><u>4,198,684</u></u>

The fair value through Profit or loss investments represent funds invested on the company's behalf by African Alliance Uganda Limited.

The Held to maturity investments are term deposits held with Stanbic bank Uganda Limited. The effective interest rate of the term deposits is 11.25% (2010: 1.6%)

**NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011 (Continued)**

	2011	2010
	Ushs '000	Ushs '000
18 INVENTORIES		
News print	4,698,066	1,725,118
Consumables	1,259,587	480,993
Work in progress	225,291	150,942
Printing ink and chemicals	929,550	1,021,569
Films and plates	625,202	974,397
Provision for obsolescence	(103,160)	(130,920)
	<u>7,634,536</u>	<u>4,222,099</u>
19 TRADE AND OTHER RECEIVABLES		
Trade receivables	9,661,850	8,987,679
Less: provision for impairment	(680,149)	(708,229)
	<u>8,981,701</u>	<u>8,279,450</u>
Prepayments	289,774	311,897
Staff advances	383,019	327,281
Other receivables	113,058	84,498
Receivables from related parties (Note 19(b))	34,913	81,429
	<u>9,802,465</u>	<u>9,084,555</u>

20 RELATED PARTY BALANCES AND TRANSACTIONS

(a) **Related parties include:**

- The Government of Uganda
- National Social Security Fund
- National Insurance Corporation
- The Eye Magazine
- Protea Hotel\*
- Simba Telecom\*

The government of Uganda is a majority shareholder through the Minister of Finance, Planning and economic Development and the Minister of state for Finance (privatization). National Social Security Fund and National Insurance Corporation are significant shareholders in the company

The Eye Magazine is owned by a key management personnel.

\*Protea Hotel and Simba Telecom ceased being related parties to the company in the current year following the resignation of Mr. Patrick Bitature from the company's board of directors.

	2011	2010
	Ushs '000	Ushs '000
(b) <b>Due from related parties</b>		
The Eye Magazine	34,913	73,928
Protea Hotel	-	2,727
Simba Telecom	-	8,255
Less: provision for impairment	-	(3,481)
	<u>34,913</u>	<u>81,429</u>
Total due from related parties - note 18	<u>34,913</u>	<u>81,429</u>
(c) <b>Due to related parties</b>		
Protea Hotel - note 24	-	12,502
	<u>-</u>	<u>12,502</u>

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

	2011	2010
	Ushs '000	Ushs '000
20 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)		
(d) <b>Transactions with related parties</b>		
(i) Sales of goods and services		
<i>Advertisements in Newspapers / Magazines / Radio and Television</i>		
Advertisements in newspapers Protea Hotel/ Simba Telecom	-	26,522
Newspapers supplied to Protea Hotel	-	15,258
Commercial printing work with The Eye Magazine	229,521	203,159
	<u>229,521</u>	<u>244,939</u>
ii) Purchase of goods and services		
Meeting services with Protea Hotel	-	36,546
	<u>-</u>	<u>36,546</u>
Sales and purchases to/from related parties were made at terms and conditions similar to those offered to major customers / suppliers.		
(e) <b>Compensation to key management personnel</b>	2011	2010
	Ushs '000	Ushs '000
Salaries and other short term benefits	890,545	903,893
Gratuity	258,585	395,737
	<u>1,149,130</u>	<u>1,299,630</u>
(f) <b>Directors' remuneration</b>		
- Executive Directors	280,680	237,600
- Non Executive Directors - fees	207,959	38,334
	<u>488,639</u>	<u>275,934</u>
21 CASH AND BANK BALANCES		
Cash on hand	425,793	301,388
Cash at bank	3,597,985	2,244,358
	<u>4,023,778</u>	<u>2,545,746</u>

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

22	SHARE CAPITAL	2011	2010
		Ushs '000	Ushs '000
	Authorised:		
	76,500,000 Ordinary shares of Ushs 19.66 each	1,503,990	1,503,990
		<u>1,503,990</u>	<u>1,503,990</u>
	Issued and fully paid:		
	76,500,000 Ordinary shares of Ushs 19.66 each	1,503,990	1,503,990
		<u>1,503,990</u>	<u>1,503,990</u>
23	SHARE PREMIUM		
		<u>27,158,864</u>	<u>27,158,864</u>

The share premium comprises 25,500,000 ordinary shares of Ushs 19.66 each which were issued at a premium of Ushs 1,080.34 per share.

		2011	2010
		Ushs '000	Ushs '000
24	BORROWINGS		
	Short-term finance leases	286,410	1,265,434
	Long-term finance leases	-	395,196
		<u>286,410</u>	<u>1,660,630</u>
	Finance lease liabilities - minimum lease payments		
	Due within 1 year	367,990	1,564,134
	Due after 1 year but within 5 years	-	415,783
		<u>367,990</u>	<u>1,979,917</u>
	Future finance charges	(81,580)	(319,287)
		<u>286,410</u>	<u>1,660,630</u>

The company entered into a Uganda Shilling denominated finance lease arrangement to finance the purchases of printing equipment worth Ushs 1,465 million from East African Development Bank in the financial year 2007/2008. This lease has a 1% purchase option at expiry and is repayable over a period of five years. The finance lease is secured on the leased assets and the effective interest rate on the lease was 15.57% (2010: 15.57%).

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

	2011 Ushs '000	2010 Ushs '000
25	TRADE AND OTHER PAYABLES	
	3,353,587	2,434,843
	373,170	601,897
	434,964	359,821
	2,055,963	1,202,570
	-	12,502
	<u>6,217,684</u>	<u>4,611,633</u>
26	a) DIVIDENDS PAYABLE	
	647,677	35,121
	1,147,500	1,147,500
	(1,353,547)	(534,944)
	<u>441,630</u>	<u>647,677</u>
	b) DIVIDENDS PER SHARE	
	<p>During the year, a dividend of Ushs 15 per share amounting to Ushs 1,147,500,000 was paid in respect of 2010 financial year (2010 – Ushs 15 amounting to Ushs 1,147,500,000 in respect of 2009 financial year). Payment of dividends is subject to withholding tax at a rate of 15% for non individuals and 10% for individuals.</p>	
	2011 Ushs '000	2010 Ushs '000
27	CASH GENERATED FROM OPERATIONS	
	4,685,859	1,898,963
	Adjustments for:	
	4,535,684	3,797,127
	73,933	73,933
	(58,082)	1,439,441
	151,560	296,191
	(148,070)	(346,521)
	<u>9,240,884</u>	<u>7,159,134</u>
	(3,412,437)	703,771
	(717,910)	13,085,673
	1,606,051	1,191,986
	<u>6,716,588</u>	<u>22,140,564</u>
	Cash generated from operations	

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

#### 28 CASH AND CASH EQUIVALENTS

For cash flow purposes, the cash and cash equivalents comprise:

	2011	2010
	Ushs '000	Ushs '000
Cash on hand (note 20)	425,793	301,388
Cash at bank (note 20)	3,597,985	2,244,358
Held to maturity investments (note 16)	1,000,000	3,482,000
	<u>5,023,778</u>	<u>6,027,746</u>

#### 29 RETIREMENT BENEFIT OBLIGATIONS

During the year, the Company incurred Ushs 469.2 million (2010: Ushs 395.7 million) as gratuity for managers employed on contract terms. The amount has been charged to the statement of comprehensive income.

	2011	2010
	Ushs '000	Ushs '000
30 CAPITAL COMMITMENTS		
Authorised and contracted for	1,630,023	717,376
Authorised but not contracted for	-	125,100
Future lease commitments		
	<u>1,630,023</u>	<u>842,476</u>

#### 31 OPERATING LEASE RENTALS

Minimum lease payments under operating lease recognised in income for the year.

	<u>271,740</u>	<u>340,673</u>
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#### 32 CONTINGENT LIABILITIES

The company is involved in a number of legal and court cases which were yet to be concluded upon by the date of authorisation of these financial statements. The contingent liabilities arising from these cases amount to Ushs 872,498,392 (2010: Ushs 622,737,092 ). However, based on legal advice, the directors have evaluated the pending cases and determined that no material financial liability is likely to crystallise. Consequently, no provisions have been made in these financial statements in respect of these cases.

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

DETAILED STATEMENT OF INCOME  
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 Ushs '000	2010 Ushs '000
Revenue		61,819,630	49,953,106
Direct costs	Appendix II	(43,670,234)	(35,606,222)
<b>Gross Profit</b>		<b>18,149,396</b>	<b>14,346,884</b>
Other operating income		415,301	886,749
Distribution costs	Appendix II	(1,254,442)	(1,157,785)
Administrative expenses	Appendix III	(12,225,114)	(10,077,477)
Gain/(loss) on disposal of assets		58,082	(1,439,441)
Loss on investments		(34,064)	(23,103)
Finance costs		(423,300)	(636,864)
<b>Profit before taxation</b>		<b>4,685,859</b>	<b>1,898,963</b>



## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

DETAILED STATEMENT OF INCOME  
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

	2011	2010
	Ushs '000	Ushs '000
<b>Direct costs</b>		
Material cost	12,818,476	11,332,165
Production salaries and wages	9,995,501	8,322,736
Advertising commission	5,518,544	4,334,805
Depreciation	3,494,291	2,955,384
Promotional expenses	1,880,336	1,674,253
Contributors' payments	1,877,785	1,420,018
TV content	1,508,082	519,021
Other staff costs	1,169,713	930,066
Repairs and maintenance	1,183,680	561,591
Other production costs	882,294	584,673
Utilities	756,882	673,026
Professional fees	566,386	192,445
Motor vehicle running costs	489,006	391,414
Communication costs	452,799	522,095
News services & licenses	379,820	360,778
Insurance	273,533	186,604
Rent and rates	210,626	433,650
Provision for obsolescence	115,895	211,498
Election expenses	95,776	-
Meeting Expense	809	-
	<u>43,670,234</u>	<u>35,606,222</u>
<b>Distribution costs</b>		
Transportation of newspapers	<u>1,254,442</u>	<u>1,157,785</u>

## NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

DETAILED STATEMENT OF INCOME  
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

	2011	2010
	Ushs '000	Ushs '000
<b>Administrative expenses</b>		
Other salaries and wages	3,148,486	2,714,196
NSSF Contribution	1,231,793	1,027,448
Depreciation charge	1,115,326	915,673
Repairs and maintenance	981,105	720,417
Printing and Stationery	542,254	443,338
Rent and office expenses	521,116	629,111
Gratuity	469,296	395,737
Bad debts provision	298,384	446,464
Other operating expenses	632,778	279,410
Staff training	391,720	174,936
Medical expenses	386,057	249,459
Motor vehicle running costs	326,004	260,943
Other staff costs	321,463	335,626
Electricity and water	304,699	326,121
Security	280,225	202,596
Travel and accommodation	234,314	154,433
Directors' expenses	207,959	38,334
Professional fees	203,712	164,113
Entertainment	140,702	144,958
Communication costs	113,200	130,524
General Insurance	107,077	87,064
Bank charges and commission	104,027	90,009
Shareholders' expenses	65,949	70,420
Audit fees	62,914	46,500
Team building	24,777	-
Grants and donations	9,777	29,647
	<u>12,225,114</u>	<u>10,077,477</u>