



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

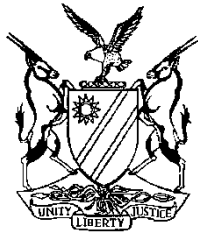
NAMIBIA TOURISM BOARD

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Published by authority

Price (Vat excluded) N\$ 27.34
Report no 2006

REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

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

WINDHOEK, September 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
NAMIBIA TOURISM BOARD
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

1. INTRODUCTION

The accounts of the Namibia Tourism Board ("The Board") for the year ended 31 March 2011 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Namibia Tourism Board Act, 2000 (Act 21 of 2000).

The firm Grand Namibia has been appointed in terms of Section 26 (2) of the State Finance Act, 1991, to audit the accounts of the Board on behalf of the Auditor-General and under his supervision.

Figures in the report are rounded off to the nearest Namibia Dollar.

2. ESTABLISHMENT

The Namibia Tourism Board was established in terms of Section 2 of the Namibia Tourism Board Act.

3. FINANCIAL STATEMENTS

The Board's annual financial statements referred to in Section 15(1) of the Act and other statements in respect of the financial year were audited in terms of Section 15(3) of the Act and are filed in the Office of the Auditor-General. Those published in this report are:

- Annexure A : Report of the Board
- Annexure B : Balance sheet
- Annexure C : Income statement
- Annexure D : Cash flow statement
- Annexure E : Notes to the annual financial statements

4. SCOPE OF THE AUDIT

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

The audit included:

- a) examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements;
- b) assessment of the significant estimates and judgments made by the Accounting Officer of the Board in the preparation of the financial statements and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed; and
- c) evaluation of the overall adequacy of the presentation of information in the financial statements.

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

- the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;

- in all material respects, the expenditure and income have been applied for the purposes intended; and
- the financial transactions conform to the authorities which govern them.

5. AUDIT OBSERVATIONS AND COMMENTS

No material issues have been left unresolved. Some minor detail issues have been identified which have been reported to management.

5.1 GOING CONCERN

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

The ability of the Board to continue as a going concern remains dependent on continued funding from the Ministry of Environment and Tourism.

6. ACKNOWLEDGEMENT

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

7. AUDIT OPINION

The accounts of the Namibia Tourism Board for the financial year ended 31 March 2011, were audited in accordance with the provisions of Section 15(2) of the Namibia Tourism Board Act read with Section 25(1)(b) of the State Finance Act, 1991.

In my opinion, the annual financial statements present fairly, in all material respects, the financial position of the Namibia Tourism Board as of 31 March 2011, and of its financial performance and its cash flows for the year then ended.

WINDHOEK, September 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

NAMIBIA TOURISM BOARD

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2011

The Board presents its report for the year ended 31 March 2011. This report forms part of the audited financial statements.

1. BUSINESS AND OPERATIONS

The Board's business and operations and the results thereof are clearly reflected in the attached financial statements. No material fact or circumstance has occurred between the accounting date and the date of this report.

The Board carries on the business of promoting tourism in Namibia according to statutory agreements.

2. STATEMENT OF RESPONSIBILITY**Directors' responsibility for the financial statements**

The Board's Directors are responsible for the preparation and fair presentation of these annual financial statements and for ensuring regularity of the financial transactions. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual 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.

The Board is also responsible for the system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatements and losses. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the Board has every reason to believe that it has adequate resources in place to continue its operations for the foreseeable future.

Auditors' Responsibility

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

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

NAMIBIA TOURISM BOARD

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2011

Auditors' responsibility (continued)

The auditors believe that the audit evidence obtained is sufficient and appropriate to provide a basis for the audit opinion.

3. FINANCIAL RESULTS

The Board's surplus on ordinary activities for the year amounted to N\$ 13 517 425 (2010: N\$ 14 407 457).

Annual results can be summarised as follows:

	2011	2010
	N\$	N\$
Revenue	54 684 857	50 581 628
Interest received	3 604 821	2 479 690
Finance costs	(2 178)	(2 129)
	<u>58 287 500</u>	<u>53 059 189</u>
Other income	1 330 082	7 201 783
Expenditure	<u>(46 100 157)</u>	<u>(45 853 515)</u>
Net surplus for the year	<u>13 517 425</u>	<u>14 407 457</u>
Cash and cash investments	<u>53 815 424</u>	<u>46 816 476</u>

NAMIBIA TOURISM BOARD

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2011

4. PROPERTY, PLANT AND EQUIPMENT

There have been no major changes in the property, plant and equipment during the period, except for the additions, or any changes in the policy relating to their use.

5. 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.

6. DIRECTORS

The Board consisted of the following members during the accounting period:

- | | |
|--------------------|------------------------------------|
| - Ms. E.K. Akuenje | (Re-appointed – 01 November 2010) |
| - Mr. G. Howard | (Re-appointed – 01 November 2010) |
| - Mr. A. Goliath | (Appointed – 01 November 2010) |
| - Ms. B. Herma | (Appointed – 01 November 2010) |
| - Mr. W. Nashandi | (Appointed – 01 November 2010) |

7. APPROVAL

The financial statements were approved by the Board on 23 June 2012 and signed by the Chief Executive Officer:

Mr Digu //Naobeb
Chief Executive Officer

NAMIBIA TOURISM BOARD

BALANCE SHEET AS AT 31 MARCH 2011

	Notes	2011 N\$	2010 N\$
ASSETS			
NON CURRENT ASSETS			
Intangible assets	2.1	2 460 345	-
Property, plant and equipment	2	4 430 865	961 512
		6 891 210	961 512
CURRENT ASSETS			
		55 812 237	48 555 372
Trade and other receivables	3	1 996 813	1 738 896
Cash and cash equivalents	4	53 815 424	46 816 476
		62 703 447	49 516 884
FUNDS AND LIABILITIES			
FUNDS AND RESERVES			
Accumulated funds		44 475 529	30 958 104
CURRENT LIABILITIES			
		18 227 918	18 558 780
Trade and other payables	5	4 602 189	5 310 383
Deferred income	6	12 701 329	12 446 050
Provisions – leave and bonuses	7	924 400	802 347
		62 703 447	49 516 884
TOTAL FUNDS AND LIABILITIES			
		62 703 447	49 516 884

NAMIBIA TOURISM BOARD

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 N\$	2010 N\$
REVENUE	8	54 684 857	50 581 628
OTHER INCOME		1 330 082	7 201 783
STAFF COSTS		(16 030 596)	(14 972 987)
DEPRECIATION		(646 514)	(350 960)
OTHER OPERATING EXPENSES		(29 423 047)	(30 529 568)
OPERATING SURPLUS	9	9 914 782	11 929 896
INTEREST RECEIVED	10	3 604 821	2 479 690
INTEREST PAID	10	(2 178)	(2 129)
NET SURPLUS FOR THE YEAR		13 517 425	14 407 457
RESTATED OPENING BALANCE		30 958 104	16 550 647
PREVIOUS OPENING BALANCE		30 958 104	17 318 585
PRIOR YEAR ADJUSTMENT	13	-	(767 938)
RESTATED CLOSING BALANCE		44 475 529	30 958 104

NAMIBIA TOURISM BOARD

CASH FLOW STATEMENT AS AT 31 MARCH 2011

	<u>Notes</u>	<u>2011</u> N\$	<u>2010</u> N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated by operations	12	9 972 517	19 193 188
Interest received		3 604 821	2 479 690
Interest paid		(2 178)	(2 129)
Net cash inflow from operating activities		<u>13 575 160</u>	<u>21 670 749</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(6 228 704)	(509 775)
Disposal of property, plant and equipment		(347 508)	-
		<u>(6 576 212)</u>	<u>(509 775)</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		6 998 948	21 160 974
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR		<u>46 816 476</u>	<u>25 655 502</u>
CASH AND CASH EQUIVALENTS - END OF THE YEAR	4	<u>53 815 424</u>	<u>46 816 476</u>

NAMIBIA TOURISM BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES**1.1 Introduction**

The annual financial statements set out in Annexures A to D were prepared on the historical cost basis and incorporate the following principal accounting policies, which are consistent in all material aspects with those applied in the previous year.

1.2 Revenue recognition

Revenue comprises grants received from the Government of the Republic of Namibia and from other sources to defray costs necessarily incurred by the Namibia Tourism Board as well as levies and fees collected in terms of the Namibia Tourism Board Act, 2000 (Act 21 of 2000).

1.3 Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investments.

1.4 Property, plant and equipment

All property, plant and equipment are initially recorded at cost and adjusted for any impairment in value.

Impairment losses and reversal of impairment losses are recognised in the income statement.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

- Motor vehicles	20 %
- Furniture and fittings	20 %
- Office equipment	20 %
- Computer equipment	33.3 %

1.5 Provision

Provisions are recognised when the Board 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 of the obligation can be made.

1.6 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis relative to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to the deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual installments.

NAMIBIA TOURISM BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
(continued)**1.7 Translation of foreign currencies*****Transactions***

Foreign currency transactions are recorded, on initial recognition in Namibia dollars, by applying to the foreign currency amount the exchange rate between the Namibia dollars and the foreign currency at the date of the transactions.

At each balance sheet date:

- (a) Foreign currency monetary items are reported using the closing rate,
- (b) non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction, and
- (c) non-monetary items which are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Net investments in a foreign currency

Exchange differences arising on a monetary item that, in substance, forms part of the net investments in a foreign entity are classified as equity in the financial statements until the disposal of the net investment, at which time they are recognised as income or expenses.

Foreign operations that are integral to the operations of the Board

The financial statements of a foreign operation that is integral to the operations of the Board are translated using the same standards and procedures as if the transactions of the foreign operations had been those of the Board itself.

1.8 Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, trade receivables, trade payables, leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

1.9 Intangible assets

Computer software programs are expensed in the year in which they are acquired, unless when it forms part of the cost of an intangible asset that meets the recognition criteria of IAS 38, paragraph 18-67.

After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortization and any accumulated impairment losses.

Computer software has a finite useful life and is amortised over five years on the straight-line method.

NAMIBIA TOURISM BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
(continued)

2. PROPERTY, PLANT AND EQUIPMENT

	2011			2010		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	N\$	N\$	N\$	N\$	N\$	N\$
Owned assets						
Land	1 674 956	-	1 674 956	-	-	-
Building	85 045	-	85 045	-	-	-
Motor vehicles	2 513 780	(1 199 811)	1 313 969	1 736 300	(1 731 648)	4 652
Furniture and fittings	1 366 820	(1 167 261)	199 559	1 273 656	(1 093 034)	180 622
Office equipment	255 877	(110 152)	145 725	157 252	(84 045)	73 207
Computer equipment	3 151 881	(2 140 270)	1 011 611	2 592 941	(1 889 910)	703 031
	9 048 359	(4 617 494)	4 430 865	5 760 149	(4 798 637)	961 512

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
	N\$	N\$	N\$	N\$	N\$
2011					
<i>Owned assets</i>					
Land	-	1 674 956	-	-	1 674 956
Building	-	85 045	-	-	85 045
Motor vehicles	4 652	1 226 091	346 776	(263 550)	1 313 969
Furniture and fittings	180 622	89 630	3 698	(74 391)	199 559
Office equipment	73 207	100 477	(2 963)	(24 996)	145 725
Computer equipment	703 031	592 160	(3)	(283 577)	1 011 611
	961 512	3 768 359	347 508	(646 514)	4 430 865
2010					
<i>Owned assets</i>					
Motor vehicles	49 839	-	-	(45 187)	4 652
Furniture and fittings	221 051	34 172	-	(74 601)	180 622
Office equipment	14 308	60 778	-	(1 880)	73 207
Computer equipment	517 500	414 825	-	(229 293)	703 031
	802 698	509 775	-	(350 961)	961 512

2.1 Intangible assets

	2011			2010		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	N\$	N\$	N\$	N\$	N\$	N\$
Computer software	2 460 345	-	2 460 345	-	-	-

NAMIBIA TOURISM BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
(continued)

3. TRADE AND OTHER RECEIVABLES	2011	2010
	N\$	N\$
Trade receivables	3 769 323	1 738 896
Deposit	96 777	-
Provision for doubtful debts	(2 108 912)	-
Prepayments	239 625	-
	1 996 813	1 738 896

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand balances and with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet accounts :

Overdraft	(1 866 563)	-
Cash on hand	5 544	5 228
Bank balances	3 872 154	2 633 175
Investments	51 804 289	44 178 073
	53 815 424	46 816 476

5. TRADE AND OTHER PAYABLES

Trade payables	4 602 189	5 310 383
----------------	------------------	------------------

6. DEFERRED INCOME

The deferred income represents unutilised funds received from the Ministry of Environment and Tourism, for the 2010 World Cup project and other special project.

The money shall be used for as follows in promoting tourism for the 2010 World Cup and SME development:

	2011	2010
	N\$	N\$
MET: Grant for special projects	10 643 000	10 643 000
2010 World Cup	782 458	1 803 050
SME Development fund	1 275 871	-
	12 701 329	12 446 050

NAMIBIA TOURISM BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
(continued)

7. PROVISIONS	2011	2010
	N\$	N\$
Provision : Leave days	681 706	575 757
Provision : Bonus	242 694	226 590
	924 400	802 347
8. REVENUE		
Revenue comprises turnover, which excludes value-added tax and represents the invoiced value of goods and services supplied.		
Major classes of revenue comprise :		
Brochure advertising income	407 513	-
Government grants	34 350 292	32 000 000
Application fees	638 500	638 375
Levies received	17 458 449	15 639 354
Registration fees	209 840	276 900
Replacement fees	7 400	99 820
Trade fair income	1 612 863	1 927 179
	54 684 857	50 581 628
9. OPERATING SURPLUS		
Operating surplus is stated after :		
<i>Expenditure</i>		
Auditors' remuneration		
- this year	41 204	126 698
Depreciation	646 514	350 960
Operating lease rentals	2 643 879	2 704 118
- Premises	2 326 510	2 285 326
- Motor vehicles	18 767	37 489
- Other assets	298 602	381 303
Loss/(gain) on foreign currency	111 518	(304 215)

NAMIBIA TOURISM BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
(continued)

10. FINANCE INCOME	2011	2010
	N\$	N\$
Interest income	3 604 821	2 479 690
- From outstanding levy	1 249 244	771 870
- From financial institution	2 355 577	1 707 820
Finance charges	(2 178)	(2 129)
11. DIRECTORS' EMOLUMENTS		
Emoluments received		
Directors – Fees as directors in connection with the affairs of the company	215 190	28 000
12. CASH GENERATED BY OPERATIONS		
Net operating surplus for the year	13 517 425	14 407 457
Adjustments for :		
- Depreciation	646 514	350 960
- Interest received	(3 604 821)	(2 479 690)
- Interest paid	2 178	2 129
- Adjustment to opening accumulated surplus	-	(767 938)
OPERATING SURPLUS BEFORE CHANGES IN WORKING CAPITAL	10 561 296	11 512 918
CHANGES IN WORKING CAPITAL	(588 779)	7 680 270
Trade and other receivables – (increase)/decrease	(257 917)	(755 848)
Trade and other payables - increase/(decrease)	(586 141)	1 420 468
Deferred income - increase / (decrease)	255 279	7 015 650
CASH GENERATED BY OPERATIONS	9 972 517	19 193 188

13. PRIOR YEAR ADJUSTMENT

The adjustment relates to the transfer from the Board's Accumulated Funds to Trade Payables in respect of independent project funds which were inaccurately accounted for in the prior year as the Board's funds.