



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

## NAMIBIA TOURISM BOARD

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

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**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 2012, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, February 2014**

**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 2012**

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**1. INTRODUCTION**

The accounts of the Namibia Tourism Board ( "The Board" ) for the year ended 31 March 2012 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. Deficits are indicated in brackets.

**2. ESTABLISHMENT**

The Namibia Tourism Board was established in terms of Section 2 of the Namibia Tourism Board Act, 2000 (Act 21 of 2000)

**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**

***Management's responsibility for the financial statements***

The Accounting Officer of the Town Council is responsible for the preparation and fair presentation of the financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material 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***

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 said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm complies with ethical requirements and plans and performs the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## **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 2012, 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 2012, and of its financial performance and its cash flows for the year then ended.

**WINDHOEK, February 2014**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## NAMIBIA TOURISM BOARD

**REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2012**

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The Board presents its report for the year ended 31 March 2012. 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 circumstances 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 controls 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 controls 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 2012

**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\$ 33 597 532 (2011: N\$ 13 517 425).

Annual results can be summarised as follows:

	<b>2012</b>	<b>2011</b>
	N\$	N\$
Revenue	93 622 854	54 684 857
Interest received	2 923 225	3 604 821
Finance costs	-	(2 178)
	<u>96 546 079</u>	<u>58 287 500</u>
Other income	626 568	1 330 082
Expenditure	<u>(63 575 116)</u>	<u>(46 100 157)</u>
Net surplus for the year	<b><u>33 597 532</u></b>	<b><u>13 517 425</u></b>
Cash and cash investments	<b><u>69 303 176</u></b>	<b><u>53 815 424</u></b>

## NAMIBIA TOURISM BOARD

**REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2012**

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**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 2012

	Notes	2012 N\$	2011 N\$
<b>ASSETS</b>			
NON CURRENT ASSETS			
Intangible assets	2.1	6 327 976	2 460 345
Property, plant and equipment	2	6 793 292	4 430 865
		13 121 268	6 891 210
CURRENT ASSETS			
		72 286 219	55 812 237
Trade and other receivables	3	2 983 043	1 996 813
Cash and cash equivalents	4	69 303 176	53 815 424
		85 407 487	62 703 447
<b>FUNDS AND LIABILITIES</b>			
FUNDS AND RESERVES			
Accumulated funds		78 073 061	44 475 529
CURRENT LIABILITIES			
		7 334 423	18 227 918
Trade and other payables	5	6 105 622	4 602 189
Deferred income	6	273 514	12 701 329
Provisions – leave and bonuses	7	955 287	924 400
		85 407 484	62 703 447



## NAMIBIA TOURISM BOARD

## INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 N\$	2011 N\$
REVENUE	8	93 622 854	54 684 857
OTHER INCOME		626 568	1 330 082
STAFF COSTS		(18 195 445)	(16 030 596)
DEPRECIATION		(1 214 109)	(646 514)
OTHER OPERATING EXPENSES		(44 165 562)	(29 423 047)
OPERATING SURPLUS	9	30 674 307	9 914 782
INTEREST RECEIVED	10	2 923 225	3 604 821
INTEREST PAID	10	-	(2 178)
NET SURPLUS FOR THE YEAR		33 597 532	13 517 425
<b>RESTATED OPENING BALANCE</b>		<b>44 475 529</b>	<b>30 958 104</b>
PREVIOUS OPENING BALANCE		44 475 529	30 958 104
<b>RESTATED CLOSING BALANCE</b>		<b>78 073 061</b>	<b>44 475 529</b>

## NAMIBIA TOURISM BOARD

## CASH FLOW STATEMENT AS AT 31 MARCH 2012

	Notes	2012 N\$	2011 N\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated by operations	12	20 025 856	9 972 517
Interest received		2 923 225	3 604 821
Interest paid		-	(2 178)
Net cash inflow from operating activities		22 949 081	13 575 160
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(7 986 933)	(6 228 704)
Disposal of property, plant and equipment		-	(347 508)
Proceeds from disposal of assets		525 604	-
		(7 461 329)	(6 576 212)
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		15 487 752	6 998 948
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR</b>		53 815 424	46 816 476
<b>CASH AND CASH EQUIVALENTS - END OF THE YEAR</b>	4	<b>69 303 176</b>	<b>53 815 424</b>

## NAMIBIA TOURISM BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**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 2012  
(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 live 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 2012  
(continued)

## 2. PROPERTY, PLANT AND EQUIPMENT

	2012			2011		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	N\$	N\$	N\$	N\$	N\$	N\$
<b>Owned assets</b>						
Land	1 720 158	-	1 720 158	1 674 956	-	1 674 956
Building	727 335	-	727 335	85 045	-	85 045
Motor vehicles	3 763 151	(1 352 747)	2 410 404	2 513 780	(1 199 811)	1 313 969
Furniture and fittings	1 497 662	(1 260 770)	236 892	1 366 820	(1 167 261)	199 559
Office equipment	365 767	(157 258)	208 508	255 877	(110 152)	145 725
Computer equipment	4 336 247	(2 846 253)	1 489 994	3 151 881	(2 140 270)	1 011 611
	<b>12 410 321</b>	<b>(5 617 029)</b>	<b>6 793 292</b>	<b>9 048 359</b>	<b>(4 617 494)</b>	<b>4 430 865</b>

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\$
<b>2012</b>					
<i>Owned assets</i>					
Land	1 674 956	45 202	-	-	1 720 158
Building	85 045	642 291	-	-	727 335
Motor vehicles	1 313 969	1 942 549	542 767	(303 346)	2 410 405
Furniture and fittings	199 559	130 841	-	(93 508)	236 892
Office equipment	145 725	109 893	-	(47 110)	208 508
Computer equipment	1 011 611	1 248 527	-	(770 144)	1 489 994
	<b>4 430 865</b>	<b>4 119 302</b>	<b>(542 767)</b>	<b>(1 214 108)</b>	<b>6 793 292</b>
<b>2011</b>					
<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
	<b>961 512</b>	<b>3 768 359</b>	<b>347 508</b>	<b>(646 514)</b>	<b>4 430 865</b>

## 2.1 Intangible assets

	2012			2011		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	N\$	N\$	N\$	N\$	N\$	N\$
Computer software	6 327 976	-	6 327 976	2 460 345	-	2 460 345

	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
	N\$	N\$	N\$	N\$	N\$
<b>2012</b>					
<i>Owned assets</i>					
Computer software	2 460 345	3 867 631	-	-	6 327 976
	<b>2 460 345</b>	<b>3 867 631</b>	-	-	<b>6 327 976</b>
<b>2011</b>					
<i>Owned assets</i>					
Computer software	-	2 460 345	-	-	2 460 345
	-	<b>2 460 345</b>	-	-	<b>2 460 345</b>

## NAMIBIA TOURISM BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012  
(continued)

<b>3. TRADE AND OTHER RECEIVABLES</b>	<b>2012</b>	<b>2011</b>
	N\$	N\$
Trade receivables	5 083 279	3 769 323
Deposit	96 777	96 777
Provision for doubtful debts	(2 108 912)	(2 108 912)
Prepayments	(88 101)	239 625
	<b>2 983 043</b>	<b>1 996 813</b>

**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	(1 107 152)	(1 866 563)
Cash on hand	630	5 544
Bank balances	2 649 263	3 872 154
Investments	67 760 434	51 804 289
	<b>69 303 176</b>	<b>53 815 424</b>

**5. TRADE AND OTHER PAYABLES**

Trade payables	<b>6 105 622</b>	<b>4 602 189</b>
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**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:

	<b>2012</b>	<b>2011</b>
	N\$	N\$
MET: Grant for special projects	273 514	10 643 000
2010 World Cup	-	782 458
SME Development fund	-	1 275 871
	<b>273 514</b>	<b>12 701 329</b>

## NAMIBIA TOURISM BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012  
(continued)

7. PROVISIONS	2012	2011
	N\$	N\$
Provision : Leave days	704 159	681 706
Provision : Bonus	251 129	242 694
	<b>955 287</b>	<b>924 400</b>
<b>8. REVENUE</b>		
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	16 758	407 513
Government grants	70 511 944	34 350 292
Other Grant: SME Development	1 275 871	-
Additions, Renovations and Alterations	112 240	-
Application fees	502 640	638 500
Levies received	17 709 337	58 449
Registration fees	78 335	209 840
Replacement fees	8 740	7 400
Trade fair income	3 406 969	1 612 863
	<b>93 622 834</b>	<b>54 684 857</b>
<b>9. OPERATING SURPLUS</b>		
Operating surplus is stated after :		
<i>Expenditure</i>		
Auditors' remuneration		
- this year	40 803	41 204
Depreciation	1 214 109	646 514
Operating lease rentals	<b>3 111 295</b>	<b>2 643 879</b>
- Premises	2 910 862	2 326 510
- Motor vehicles	15 826	18 767
- Other assets	184 607	298 602
Loss/(gain) on foreign currency	5 432	111 518



## NAMIBIA TOURISM BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012  
(continued)

<b>10. FINANCE INCOME</b>	<b>2012</b>	<b>2011</b>
	N\$	N\$
Interest income	2 923 225	3 604 821
- From outstanding levy	818 612	1 249 244
- From financial institution	2 104 613	2 355 577
Finance charges	-	(2 178)
<b>11. DIRECTORS' EMOLUMENTS</b>		
Emoluments received Directors – Fees as directors in connection with the affairs of the company	773 279	215 190
<b>12. CASH GENERATED BY OPERATIONS</b>		
Net operating surplus for the year	33 597 532	13 517 425
Adjustments for :		
- Depreciation	1 214 109	646 514
- Interest received	(2 923 225)	(3 604 821)
- Interest paid	-	2 178
- Loss on disposal of assets	17 164	-
OPERATING SURPLUS BEFORE CHANGES IN WORKING CAPITAL	31 905 580	10 561 296
CHANGES IN WORKING CAPITAL	(11 879 724)	(588 779)
Trade and other receivables – (increase)/decrease	(986 230)	(257 917)
Trade and other payables - increase/(decrease)	1 534 320	(586 141)
Deferred income - increase / (decrease)	(12 427 815)	255 279
<b>CASH GENERATED BY OPERATIONS</b>	<b>20 025 856</b>	<b>9 972 517</b>

**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.