



REPUBLIC OF NAMIBIA



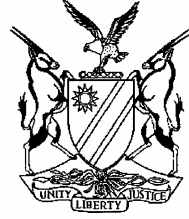
**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

# **NAMIBIA TOURISM BOARD**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008**

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**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 2008, 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, March 2009**

**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 2008**

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**1. INTRODUCTION**

The accounts of the Namibia Tourism Board ( "The Board" ) for the year ended 31 March 2008 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 BDO Spencer Steward (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 Namibian 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 judgements 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 to 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 are being reported to management.

### **5.1 DEBTORS/INCOME**

The Board reported levy income of N\$ 12 390 320 (2007: N\$ 10 803 392). The completeness of this income could not be verified by any audit means. The levy is levied on accommodation establishments based on the revenue generated per given period. The Board has no rights or access to the financial statements of these establishments of which an accommodation establishment may misstate its revenue generated per given period.

No provision could be made for outstanding debtors other than those received after year-end that related to the previous year.

### **5.2 CONTINGENT ASSET / LIABILITY**

The directors are not aware of any other matter or circumstance arising other than the one stated below since the end of the financial year.

The High Court of the Republic of Namibia passed a judgement in favour of a dismissed certain employee who was relinquished of her duties in October 2004. It was the court's judgement that the dismissed employee be reinstated and the Board has to compensate her for loss of income totaling N\$ 538 732. The Board made an appeal to the High Court and kept the money in a Trust account. Subsequent to year end the Board won the appeal but the case is still open to a further appeal by the plaintiff.

### **5.3 PROFIT AND LOSS ON FOREIGN EXCHANGE**

The auditors established that some of the income statement foreign currency transactions have not been at the spot exchange rate. This could result in a material misstatement of the profit and loss on foreign exchange accounts and the other income statement accounts. However the overall profit or loss for the year will not be affected.

### **5.4 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 2008, were audited in accordance with the provisions of Section 15(2) of the Act read with Section 25(1)(b) of the State Finance Act, 1991.

Without qualifying my opinion, attention is drawn to the uncertainty regarding the completeness of levies received from accommodation establishments mentioned in paragraph 5.1. In my opinion, the financial statements fairly present in all material respects, the financial position of the Namibia Tourism Board at 31 March 2008 and the results of its operations and cash flows for the year then ended.

**WINDHOEK, March 2009**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**NAMIBIA TOURISM BOARD****REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2008**

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The Board presents its report for the year ended 31 March 2008. 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 in accordance with Namibian Generally Accepted Accounting Practice- NAC 001: Financial Reporting for Small and Medium Sized Entities, and in the manner required by the Namibia Tourism Board Act 21 of 2000. 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**

It is the Auditor-General's responsibility to express an opinion on these annual financial statements based on the audit. The audit was conducted in accordance with International Standards on Auditing. Those standards require that the 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 2008

**Auditors' Responsibility (continued)**

The auditors believe that the audit evidence they have 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\$ 7 957 203 (2007: N\$ 3,804,220).

Annual results can be summarised as follows:

	<b>2008</b>	<b>2007</b>
	N\$	N\$
Revenue	43 819 357	39 198 047
Interest received	717 682	481 777
Finance costs	(20 890)	(56 557)
	<hr/>	<hr/>
Other income	44 516 149	39 623 261
Expenditure	991 991	767 415
	<hr/>	<hr/>
Net surplus/(deficit) for the year	<b>7 957 203</b>	<b>3 804 220</b>
	<hr/>	<hr/>
Cash and cash investments	<b>17 616 257</b>	<b>10 434 813</b>
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**NAMIBIA TOURISM BOARD****REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2008**

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**4. PROPERTY, PLANT AND EQUIPMENT**

There have been no major changes in the property, plant and equipment during the period 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	( Appointed - August 2007 )	
- Mr. G. Howard	( Appointed - August 2007 )	
- Mr. C. Claasen	( Appointed - June 2004 )	
- Ms. I. Sechogele	( Appointed - August 2007 )	
- Ms. A. Mwanyangapo	( Appointed - June 2004 )	
- Ms. B. Herma	( Appointed – June 2004 )	( Resigned – August 2007 )
- Mr. F. Heger	( Appointed – June 2004 )	( Resigned – August 2007 )

**7. APPROVAL**

The financial statements were approved by the Board on 8 December 2008 and signed by the Chief Executive Officer:

**Mr Digu //Naobeb**  
**Chief Executive Officer**

**Windhoek**  
**8 December 2008**



## ANNEXURE B

## NAMIBIA TOURISM BOARD

## BALANCE SHEET AS AT 31 MARCH 2008

	Notes	2008 N\$	2007 N\$
<b>ASSETS</b>			
NON CURRENT ASSETS			
		725 959	1 065 515
Property, plant and equipment	2	725 959	1 065 515
CURRENT ASSETS			
		20 265 651	13 239 930
Trade and other receivables	3	2 649 394	2 805 117
Cash and cash equivalents	4	17 616 257	10 434 813
TOTAL ASSETS		<b>20 991 610</b>	<b>14 305 445</b>
<b>FUNDS AND LIABILITIES</b>			
FUNDS AND RESERVES			
Accumulated funds		13 666 920	5 709 717
CURRENT LIABILITIES			
		7 324 690	8 595 728
Trade and other payables	5	4 657 856	4 570 280
Deferred income	6	2 000 000	3 400 000
Provisions – Leave and bonuses	7	666 834	625 448
TOTAL FUNDS AND LIABILITIES		<b>20 991 610</b>	<b>14 305 445</b>

## NAMIBIA TOURISM BOARD

## INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 N\$	2007 N\$
REVENUE	8	43 819 357	39 198 047
OTHER INCOME		991 991	767 415
OTHER COSTS		-	-
STAFF COSTS		(11 932 721)	(9 979 676)
DEPRECIATION		(698 351)	(822 685)
OTHER OPERATING EXPENSES		(24 919 866)	(25 784 101)
OPERATING SURPLUS / (DEFICIT)	9	7 260 410	3 379 000
INTEREST RECEIVED	10	717 682	481 777
INTEREST PAID	10	(20 890)	(56 557)
NET SURPLUS / (DEFICIT) FOR THE YEAR		7 957 202	3 804 220
BALANCE - BEGINNING OF THE YEAR		5 709 718	1 905 498
BALANCE - END OF THE YEAR		<b>13 666 920</b>	<b>5 709 718</b>

## NAMIBIA TOURISM BOARD

## CASH FLOW STATEMENT AS AT 31 MARCH 2008

	Note	2008 N\$	2007 N\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated/(utilised) by operations	12	6 848 063	7 831 970
Interest received		717 682	481 777
Interest paid		(20 890)	(56 557)
Net cash inflow/(outflow) from operating activities		<u>7 544 855</u>	<u>8 257 190</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(363 411)	(160 730)
Proceeds from disposal of assets		-	64
		<u>(363 411)</u>	<u>(160 666)</u>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		7 181 444	8 096 524
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>		<u>10 434 813</u>	<u>2 338 289</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	4	<u><b>17 616 257</b></u>	<u><b>10 434 813</b></u>

**NAMIBIA TOURISM BOARD**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008**

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**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 Provisions**

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 instalments.

**NAMIBIA TOURISM BOARD****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008  
(continued)**

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**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 Namibian 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 Software**

Computer software programs are expensed in the year in which they are acquired.

## ANNEXURE E

## NAMIBIA TOURISM BOARD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008(continued)

## 2. PROPERTY, PLANT AND EQUIPMENT

	2008			2007		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	N\$	N\$	N\$	N\$	N\$	N\$
<b>Owned assets</b>						
Motor vehicles	1 736 300	(1 528 692)	207 608	1 736 300	(1 181 432)	554 868
Furniture and fittings	1 203 613	(904 014)	299 599	961 032	(697 257)	263 775
Office equipment	83 919	(69 617)	14 302	84 441	(53 908)	30 533
Computer equipment	1 725 909	(1 521 459)	204 450	1 609 174	(1 392 835)	216 339
	<b>4 749 741</b>	<b>(4 023 782)</b>	<b>725 959</b>	<b>4 390 947</b>	<b>(3 325 432)</b>	<b>1 065 515</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\$
<b>2008</b>					
<i>Owned assets</i>					
Motor vehicles	554 868	-	-	(347 260)	207 608
Furniture and fittings	263 775	242 581	-	(206 757)	299 599
Office equipment	30 533	4 095	(4 617)	(15 709)	14 302
Computer equipment	216 339	116 735	-	(128 624)	204 450
	<b>1 065 515</b>	<b>363 411</b>	<b>(4 617)</b>	<b>(698 350)</b>	<b>725 959</b>
<b>2007</b>					
<i>Owned assets</i>					
Motor vehicles	902 128	-	-	(347 260)	554 868
Furniture and fittings	417 481	34 894	-	(188 600)	263 775
Office equipment	49 879	4 786	(5 523)	(18 609)	30 533
Computer equipment	363 504	121 051	-	(268 216)	216 339
	<b>1 732 992</b>	<b>160 731</b>	<b>(5 523)</b>	<b>(822 685)</b>	<b>1 065 515</b>

## NAMIBIA TOURISM BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008  
(continued)**3. TRADE AND OTHER RECEIVABLES**

	<u>2008</u>	<u>2007</u>
	N\$	N\$
Trade receivables	2 165 525	2 556 338
Prepayments	483 869	248 779
	<u><b>2 649 394</b></u>	<u><b>2 805 117</b></u>

**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 :

Cash on hand	551	857
Bank balances	17 615 706	10 433 956
	<u><b>17 616 257</b></u>	<u><b>10 434 813</b></u>

**5. TRADE AND OTHER PAYABLES**

Trade payables	<u><b>4 657 856</b></u>	<u><b>4 570 280</b></u>
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**6. DEFERRED INCOME**

The Board received a total of N\$ 2 000 000 from the Ministry of Environment and Tourism, for a project earmarked for the 2008/2009 period.

The money shall be used for tourism promotion for the 2010 World Cup as follows:

	<u>2008</u>	<u>2007</u>
	N\$	N\$
Namibia-China tourism	-	2 500 000
Benelux programme	-	900 000
2010 World Cup	2 000 000	-
	<u><b>2 000 000</b></u>	<u><b>3 400 000</b></u>

**NAMIBIA TOURISM BOARD**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008  
(continued)**

**7. PROVISIONS**

	<b>2008</b>	<b>2007</b>
	N\$	N\$
Provision : Leave days	533 340	452 752
Provision : Bonus	133 494	172 696
	<b>666 834</b>	<b>625 448</b>

**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 :

Government grants	28 200 000	27 400 020
Other grants	1 261 400	-
Application fees	588 805	643 072
Levies received	12 390 320	10 803 192
Registration fees	209 064	348 503
Replacement fees	12 560	3 260
Trade fair income	1 157 208	
	<b>43 819 357</b>	<b>39 198 047</b>

**9. OPERATING SURPLUS/ (DEFICIT)**

Operating surplus/(deficit) is stated after :

*Expenditure*

Auditors' remuneration		
- this year	29 419	20 122
Loss/(profit) on assets sold/written-off	-	5 458
Depreciation	698 351	822 685
Operating lease rentals	<b>1 898 557</b>	<b>1 634 506</b>
- Premises	1 715 424	1 437 752
- Motor vehicles	18 569	6 825
- Other assets	164 564	189 929
Loss on foreign currency	679 916	686 872



## ANNEXURE E

## NAMIBIA TOURISM BOARD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008(continued)

	<b>2008</b>	<b>2007</b>
	N\$	N\$
<b>10. FINANCE INCOME</b>		
Interest income	717 682	481 777
Finance charges	(20 890)	(56 557)
<b>11. DIRECTORS' EMOLUMENTS</b>		
Emoluments received Directors – Fees as directors in connection with the affairs of the company	<b>28 600</b>	<b>30 557</b>
<b>12. CASH GENERATED/(UTILISED) BY OPERATIONS</b>		
Net operating surplus/(deficit) for the year	7 957 203	3 804 220
Adjustments for :		
- Depreciation	698 350	822 685
- Interest received	(717 681)	(481 777)
- Interest paid	20 890	56 557
- Loss/(profit) on asset sold/written-off	4 617	5 458
- Provisions	41 386	104 591
OPERATING SURPLUS/(DEFICIT) BEFORE CHANGES IN WORKING CAPITAL	8 004 765	4 311 734
CHANGES IN WORKING CAPITAL		
Trade and other receivables – (increase)/decrease	155 722	(1 530 247)
Trade and other payables - increase	87 576	1 650 483
Deferred income- increase/(decrease)	(1 400 000)	3 400 000
	(1 156 702)	3 520 236
<b>CASH GENERATED/(UTILISED) BY OPERATIONS</b>	<b>6 848 063</b>	<b>7 831 970</b>
<b>13. COMPARATIVE FIGURES</b>		

## 13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.