



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

## NAMIBIA TOURISM BOARD

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

Published by authority

Price (Vat excluded) N\$ 27.29  
Report no 964



**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 2010, 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, June 2011**

**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 2010**

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**1. INTRODUCTION**

The accounts of the Namibia Tourism Board ( "The Board" ) for the year ended 31 March 2010 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 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 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 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 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 2010, 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 2010, and of its financial performance and its cash flows for the year then ended

**WINDHOEK, June 2011**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**NAMIBIA TOURISM BOARD****REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2010**

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The Board presents its report for the year ended 31 March 2010. 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 2010

**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\$ 14 407 457 (2009: N\$ 4 941 582).

Annual results can be summarised as follows:

	<b>2010</b>	<b>2009</b>
	N\$	N\$
Revenue	50 581 628	46 302 628
Interest received	2 479 690	2 110 602
Finance costs	(2 129)	-
	<u>53 059 189</u>	<u>48 413 230</u>
Other income	7 201 783	1 088 304
Expenditure	(45 853 515)	(44 559 952)
	<u>14 407 457</u>	<u>4 941 582</u>
Cash and cash investments	<u><u>46 816 476</u></u>	<u><u>25 655 502</u></u>

**NAMIBIA TOURISM BOARD**

**REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2010**

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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)

**7. APPROVAL**

The financial statements were approved by the Board on 07 March 2011 and signed by the Chief Executive Officer:

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

**Windhoek**  
**08 March 2011**

## NAMIBIA TOURISM BOARD

## BALANCE SHEET AS AT 31 MARCH 2010

	Notes	2010 N\$	2009 N\$
<b>ASSETS</b>			
NON CURRENT ASSETS			
Property, plant and equipment	2	961 512	802 698
		961 512	802 698
CURRENT ASSETS			
Trade and other receivables	3	1 738 896	983 048
Cash and cash equivalents	4	46 816 476	25 655 502
		48 555 372	26 638 550
<b>TOTAL ASSETS</b>		<b>49 516 884</b>	<b>27 441 248</b>
<b>FUNDS AND LIABILITIES</b>			
FUNDS AND RESERVES			
Accumulated funds		30 958 104	17 318 585
CURRENT LIABILITIES			
Trade and other payables	5	5 310 383	3 966 573
Deferred income	6	12 446 050	5 430 400
Provisions – leave and bonuses	7	802 347	725 690
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>49 516 884</b>	<b>27 441 248</b>



## NAMIBIA TOURISM BOARD

## INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Note	2010 N\$	2009 N\$
REVENUE	8	50 581 628	46 302 628
OTHER INCOME		7 201 783	1 088 304
STAFF COSTS		(14 972 987)	(13 478 649)
DEPRECIATION		(350 960)	(423 892)
OTHER OPERATING EXPENSES		(30 529 568)	(30 657 411)
OPERATING SURPLUS	9	11 928 162	2 830 980
INTEREST RECEIVED	10	2 479 690	2 110 602
INTEREST PAID	10	(2 129)	-
NET SURPLUS FOR THE YEAR		14 407 457	4 941 582
<b>RESTATED OPENING BALANCE</b>		<b>16 550 647</b>	<b>12 377 003</b>
PREVIOUS OPENING BALANCE		17 318 585	13 666 920
CHANGES IN ACCOUNTING POLICY	13	-	(1 289 917)
PRIOR YEAR ADJUSTMENT	14	(767 938)	-
<b>RESTATED CLOSING BALANCE</b>		<b>30 958 104</b>	<b>17 318 585</b>

## NAMIBIA TOURISM BOARD

## CASH FLOW STATEMENT AS AT 31 MARCH 2010

	Note	2010 N\$	2009 N\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated by operations	12	19 193 188	6 429 274
Interest received		2 479 690	2 110 602
Interest paid		(2 129)	-
Net cash inflow from operating activities		<u>21 670 749</u>	<u>8 539 876</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<u>(509 775)</u>	<u>(500 631)</u>
		<u>(509 775)</u>	<u>(500 631)</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		21 160 974	8 039 245
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		<u>25 655 502</u>	<u>17 616 257</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	4	<u><b>46 816 476</b></u>	<u><b>25 655 502</b></u>

## NAMIBIA TOURISM BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010**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 2010  
(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 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 Software**

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

## NAMIBIA TOURISM BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH  
2010(continued)

## 2. PROPERTY, PLANT AND EQUIPMENT

	2010			2009		
	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	(1 731 648)	4 652	1 736 300	(1 686 461)	49 839
Furniture and fittings	1 273 656	(1 093 034)	180 622	1 239 484	(1 018 433)	221 051
Office equipment	157 252	(84 043)	73 207	96 473	(82 165)	14 308
Computer equipment	2 592 941	(1 889 910)	703 031	2 178 117	(1 660 617)	517 500
	<b>5 760 149</b>	<b>(4 798 636)</b>	<b>961 512</b>	<b>5 250 374</b>	<b>(4 447 676)</b>	<b>802 698</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>2010</b>					
<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	-	(1 879)	73 208
Computer equipment	517 500	414 825	-	(229 293)	703 031
	<b>802 698</b>	<b>509 775</b>		<b>(350 960)</b>	<b>961 512</b>
<b>2009</b>					
<i>Owned assets</i>					
Motor vehicles	207 608	-	-	(157 769)	49 839
Furniture and fittings	299 599	35 870	-	(112 832)	221 051
Office equipment	14 302	10 238	-	(14 134)	14 308
Computer equipment	204 450	454 523	-	(139 157)	517 500
	<b>725 959</b>	<b>500 631</b>	-	<b>(423 892)</b>	<b>802 698</b>

## NAMIBIA TOURISM BOARD

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010**  
(continued)

**3. TRADE AND OTHER RECEIVABLES**

	<b>2010</b>	<b>2009</b>
	N\$	N\$
Trade receivables	1 738 896	899 927
Prepayments	-	83 121
	<b>1 738 896</b>	<b>983 048</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 :

Cash on hand	5 228	5 719
Bank balances	5 002 108	25 649 783
Investments	41 809 140	-
	<b>46 816 476</b>	<b>25 655 502</b>

**5. TRADE AND OTHER PAYABLES**

Trade payables	5 310 383	3 966 573
	<b>5 310 383</b>	<b>3 966 573</b>

**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>2010</b>	<b>2009</b>
	N\$	N\$
MET: Grant for special projects	10 640 000	-
2010 World Cup	1 806 050	5 430 400
	<b>12 446 050</b>	<b>5 430 400</b>

## NAMIBIA TOURISM BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH  
2010(continued)

## 7. PROVISIONS

	<u>2010</u>	<u>2009</u>
	N\$	N\$
Provision : Leave days	575 757	501 239
Provision : Bonus	226 590	224 451
	<b><u>802 347</u></b>	<b><u>725 690</u></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	32 000 000	27 569 617
Application fees	638 375	494 725
Levies received	15 639 354	15 466 841
Registration fees	276 900	169 571
Replacement fees	99 820	6 080
Trade fair income	1 927 179	2 595 794
	<b><u>50 581 628</u></b>	<b><u>46 302 628</u></b>

## 9. OPERATING SURPLUS

Operating surplus is stated after :

*Expenditure*

Auditors' remuneration

- this year
 126 698 | 40 925 |

Depreciation
 350 960 | 423 892 |

Operating lease rentals
 **2 335 989** | **2 335 989** |

- Premises
 2 285 326 | 2 151 597 |

- Motor vehicles
 37 489 | 30 652 |

- Other assets
 381 303 | 153 740 |

Loss/gain on foreign currency
 (304 215) | 663 740 |

## NAMIBIA TOURISM BOARD

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH  
2010(continued)**

	<b>2010</b>	<b>2009</b>
	N\$	N\$
<b>10. FINANCE INCOME</b>		
Interest income	2 479 690	2 110 602
Finance charges	(2 129)	-
<b>11. DIRECTORS' EMOLUMENTS</b>		
Emoluments received Directors – Fees as directors In connection with the affairs of the company	<u>28 000</u>	<u>25 000</u>
<b>12. CASH GENERATED BY OPERATIONS</b>		
Net operating surplus for the year	14 407 457	4 941 582
Adjustments for :		
- Depreciation	350 960	423 892
- Interest received	(2 479 690)	(2 110 602)
- Interest paid	2 129	-
- Adjustment to opening accumulated surplus	(767 938)	-
<b>OPERATING SURPLUS BEFORE CHANGES IN WORKING CAPITAL</b>	<u>11 512 918</u>	<u>3 254 872</u>
<b>CHANGES IN WORKING CAPITAL</b>		
Trade and other receivables – (increase)/decrease	(755 848)	1 666 346
Trade and other payables - increase/(decrease)	1 420 468	(1 922 344)
Deferred income- increase / (decrease)	<u>7 015 650</u>	<u>3 430 400</u>
	7 603 612	3 174 402
<b>CASH GENERATED BY OPERATIONS</b>	<u><b>19 193 188</b></u>	<u><b>6 429 274</b></u>



## NAMIBIA TOURISM BOARD

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH  
2010(continued)**

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**13. CHANGE IN ACCOUNTING POLICY ON REVENUE RECOGNITION**

Certain comparative figures have been reclassified with the change in accounting policy on revenue recognition.

The Namibian Tourism Board changed its Levy Income recognition criteria from the accrual basis whereby income was recognised in the period to which the relevant levy return pertained to, to recognition of Levy Income when payments are received from establishments with effect from the financial year ended 31<sup>st</sup> of March 2009.

Levy income due the Namibia Tourism Board is not in exchange of services rendered or goods sold. Because of this the Namibia Tourism Board is unable to measure reliably the levy income receivable until establishments submit returns to the Board. Based on these returns the required levy is calculated taking into consideration the number of guests that visited an establishment and the rate that was charged during the period for which the return is submitted. Prior to receiving this specific return management is unable to determine the collectable levy income. Management is of the opinion that the change to a new policy will result in the financial statements providing more reliable and relevant information.

The impact of the change in accounting policy on the annual financial statements is shown below:

	<b>2010</b>	<b>2009</b>
	N\$	N\$
<b>A – INCOME STATEMENT AND EQUITY</b>		
Revenue	-	(1 289 917)
Profit for the year	-	(1 289 917)
Opening retained surplus	-	1 289 917
Closing retained surplus	-	-
<b>B – BALANCE SHEET</b>		
Trade Payables	-	-
Opening retained surplus	-	1 289 917
Closing retained surplus	-	-

Had the Board not change the accounting policy on revenue; the impact on the annual financial statements would have been as follows:

<b>A – INCOME STATEMENT AND EQUITY</b>		
Revenue	-	(1 588 351)
Profit for the year	-	(1 588 351)
<b>B – BALANCE SHEET</b>		
Trade Payables		1 588 351

## NAMIBIA TOURISM BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH  
2010(continued)

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**14. 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.

The effects of the adjustment on the financial statement were as follows;

- A decrease in Accumulated Funds of N\$ Nil (2009: N\$ N\$ 767 938)
- An increase in Trade Payables of N\$ Nil (2009: N\$ N\$ 767 938 )