



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
NAMIBIA TOURISM BOARD  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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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 2018, 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.

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**WINDHOEK, July 2019**



**NAMIBIA TOURISM BOARD  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**1. QUALIFIED AUDIT OPINION**

I have audited the financial statements of the Namibia Tourism Board for the financial year ended 31 March 2018. These financial statements comprise the balance sheet, income statement and statement of cash flows for the year then ended, and a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, the financial position of the Namibia Tourism Board as at 31 March 2018 and its financial performance and cash flows for the year then ended.

**2. BASIS FOR QUALIFIED AUDIT OPINION**

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the code of ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the code of ethics.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. A qualified audit opinion is being expressed due to the following:

- Lack of use of an established accounting framework as adopted for use in Namibia.

**3. KEY AUDIT MATTERS**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have nothing to report in this regard.

**4. OTHER INFORMATION**

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

## **5. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with acceptable standards and legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the entity's financial reporting process.

## **6. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit

evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

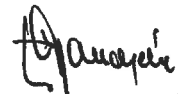
I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **7. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

The accounts were submitted later than required by the Accounting Officer to the Auditor-General on the 4 April 2019 in terms of Section 2(b) of the Namibia Tourism Board Act, 2000 instead of three (3) months after years end.

**WINDHOEK, July 2019**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**NAMIBIA TOURISM BOARD  
BOARD OF DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2018**

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The Board presents its report for the year ended 31 March 2018.

## **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 is engaged in 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.



**NAMIBIA TOURISM BOARD  
BOARD OF DIRECTORS' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2018**

**3. FINANCIAL RESULTS**

The Board's (deficit)/surplus on ordinary activities for the years is shown below. Annual results are summarised as follows:

|   | <b>2018</b>         | <b>2017</b>       |
|---|---------------------|-------------------|
|   | N\$                 | N\$               |
| Revenue   | 57 946 923          | 61 989 796        |
| Interest received                                     | 1 222 729           | 532 272           |
|   | <u>59 169 652</u>   | <u>62 522 068</u> |
| Other income  | 2 655 621           | 2 692 068         |
| Expenditure   | (62 091 401)        | (55 548 712)      |
| Interest paid   | (1 820 686)         | (1 868 810)       |
|   | <u>(2 086 814)</u>  | <u>7 796 614</u>  |
| Net (deficit)/surplus for the year before adjustments | <u>(2 086 814)</u>  | <u>7 796 614</u>  |
| Adjustments   | <u>(16 961 957)</u> | <u>(238 344)</u>  |
| Net (deficit)/surplus for the year                    | <u>(19 048 771)</u> | <u>7 558 270</u>  |
| <b>Liquid assets</b>                                  |                     |                   |
| Cash and cash equivalents                             | <u>28 163 300</u>   | <u>24 688 086</u> |

**4. PROPERTY, PLANT AND EQUIPMENT**

The Board acquired property, plant and equipment amounting to N\$ 211 954 (2017: N\$ 2 040 051) during the year under review.

**5. EVENTS SUBSEQUENT TO THE YEAR END**

The Board of directors are not aware of any subsequent events that have impact on the financial statements.

**6. BOARD OF DIRECTORS**

The Board of directors who served during the year are as follows:

| <b>Name</b>                             | <b>Date of Appointment</b> | <b>End of Term</b> |
|---|----------------------------|--------------------|
| Mr Paul Brinkmann (Chairperson)         | 01 April 2018              | 31 March 2020      |
| Ms Madelein Goagoses (Vice Chairperson) | 01 April 2018              | 31 March 2020      |
| Ms Marie Friede (Board Member)          | 01 April 2018              | 31 March 2020      |
| Mr Silas-Kishi Shakumu (Board Member)   | 01 April 2018              | 31 March 2020      |
| Mr Terence Makari (Board Member)        | 01 April 2018              | 31 March 2020      |

**7. APPROVAL**

The financial statements were approved by the Board in May 2019 and signed by the Chairperson:

.....  
**Mr Paul Brinkmann**  
**Chairperson**

**Windhoek, June 2019**

**NAMIBIA TOURISM BOARD  
ANNUAL FINANCIAL STATEMENTS  
BALANCE SHEET AS AT 31 MARCH**

| <b>ASSETS</b>                      |      | <b>2018</b>       | <b>2017</b>       |
|------------------------------------|------|-------------------|-------------------|
|                                    | Note | N\$               | N\$               |
| <b>Non-current assets</b>          |      | 56 503 712        | 68 595 229        |
| Property, plant and equipment      | 2    | 54 824 154        | 65 275 769        |
| Intangible assets                  | 3    | 1 679 558         | 3 319 460         |
| <b>Current assets</b>              |      | 29 494 854        | 25 941 417        |
| Trade and other receivables        | 4    | 1 331 554         | 1 253 331         |
| Cash and cash equivalents          | 5    | 28 163 300        | 24 688 086        |
| <b>TOTAL ASSETS</b>                |      | <b>85 998 566</b> | <b>94 536 646</b> |
| <b>FUNDS AND LIABILITIES</b>       |      |                   |                   |
| <b>Funds and reserves</b>          |      |                   |                   |
| Accumulated funds                  |      | 50 057 264        | 69 106 035        |
| <b>Long-term liabilities</b>       |      |                   |                   |
| Long-term portion of the loan      | 13   | 16 857 639        | 18 321 284        |
| <b>Current liabilities</b>         |      | 19 083 663        | 7 109 327         |
| Trade and other payables           | 6    | 16 400 332        | 4 209 005         |
| Provisions                         | 7    | 1 225 152         | 1 249 996         |
| Short-term portion of the loan     | 13   | 1 458 179         | 1 650 326         |
| <b>TOTAL FUNDS AND LIABILITIES</b> |      | <b>85 998 566</b> | <b>94 536 646</b> |

**NAMIBIA TOURISM BOARD**  
**ANNUAL FINANCIAL STATEMENTS**  
**INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH**

|   | Note | <b>2018</b>              | <b>2017</b>              |
|---|------|--------------------------|--------------------------|
|   |      | N\$                      | N\$                      |
| Revenue   | 8    | 57 946 923               | 61 989 796               |
| Other income  | 12   | 2 655 621                | 2 692 068                |
| Other operating expenses                              |      | <u>(62 091 401)</u>      | <u>(55 548 712)</u>      |
| Operating (deficit)/surplus                           | 9    | (1 488 857)              | 9 133 152                |
| Interest received                                     | 10   | 1 222 729                | 532 272                  |
| Interest paid   |      | <u>(1 820 686)</u>       | <u>(1 868 810)</u>       |
| Net (deficit)/surplus for the year before adjustments |      | (2 086 814)              | 7 796 614                |
| Adjustments   | 15   | <u>(16 961 957)</u>      | <u>(238 344)</u>         |
| Net (deficit)/surplus for the year                    |      | (19 048 771)             | 7 558 270                |
| <b>ACCUMULATED SURPLUS</b>                            |      |                          |                          |
| - Beginning of the year                               |      | 69 106 035               | 61 547 765               |
| - End of the year                                     |      | <u><b>50 057 264</b></u> | <u><b>69 106 035</b></u> |

**NAMIBIA TOURISM BOARD**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH**

|   | Note | 2018<br>N\$       | 2017<br>N\$       |
|---|------|-------------------|-------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>          |      |                   |                   |
| Cash receipts from customers                        |      | 59 743 936        | 64 681 864        |
| Cash paid to suppliers                              |      | (54 259 901)      | (55 931 156)      |
| Cash generated by operations                        | 11   | 5 484 035         | 8 750 708         |
| Interest received                                   | 10   | 1 222 729         | 532 272           |
| Interest paid                                       |      | (1 820 686)       | (1 868 810)       |
| Net cash flows from operating activities            |      | 4 886 078         | 7 414 170         |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>          |      |                   |                   |
| Purchase of property, plant and equipment           |      | (211 954)         | (2 040 051)       |
| Purchase of intangibles                             |      | (515 200)         | -                 |
| Other   |      | (1 947)           | (7)               |
| Proceeds from sale of property, plant and equipment |      | 974 029           | 38 416            |
|   |      | 244 928           | (2 001 642)       |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>          |      |                   |                   |
| Payment of long-term loan                           |      | (1 655 792)       | (1 459 582)       |
| <b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>    |      |                   |                   |
|   |      | 3 475 214         | 3 952 946         |
| <b>CASH AND CASH EQUIVALENTS</b>                    |      |                   |                   |
| –BEGINNING OF THE YEAR                              |      | 24 688 086        | 20 735 140        |
| <b>CASH AND CASH EQUIVALENTS</b>                    |      |                   |                   |
| –END OF YEAR  | 5    | <b>28 163 300</b> | <b>24 688 086</b> |

**NAMIBIA TOURISM BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH**

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**1. ACCOUNTING POLICIES****1.1 Introduction**

The annual financial statements set out in Annexures B to E 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:

|                          |        |
|--------------------------|--------|
| - Buildings              | 2%     |
| - 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

**NAMIBIA TOURISM BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH (cont'd)**

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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.

### **1.7 Foreign currency transactions**

#### ***Transactions***

Foreign currency transactions are recorded, on initial recognition in Namibian Dollar, by applying to the foreign currency amount the exchange rate between the Namibia Dollar 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 transaction, and
- (c) Non- monetary items which are carried at fair value denominated in a foreign currency are reported using the exchange rates that exist when the fair values were determined.

#### ***Net investment in 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 is 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 statement of financial position include trade and other receivables, cash and cash equivalents, investments, 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 amortisation accumulated impairment losses.

## NAMIBIA TOURISM BOARD

## NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH (cont'd)

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

- Computer software 20%

## 2. PROPERTY, PLANT AND EQUIPMENT

|                        | 2018              |   |                   | 2017              |   |                   |
|------------------------|-------------------|---|-------------------|-------------------|---|-------------------|
|                        | Cost              | Accumulated depreciation and impairment | Carrying value    | Cost              | Accumulated depreciation and impairment | Carrying value    |
|                        | N\$               | N\$                                     | N\$               | N\$               | N\$                                     | N\$               |
| Land                   | 1 865 313         | -                                       | 1 865 313         | 1 865 313         | -                                       | 1 865 313         |
| Building               | 62 340 936        | (9 995 936)                             | 52 345 000        | 62 311 150        | -                                       | 62 311 150        |
| Motor vehicles         | 3 590 892         | (3 438 381)                             | 152 511           | 4 841 460         | (4 272 093)                             | 569 367           |
| Furniture and fixtures | 1 770 676         | (1 574 376)                             | 196 300           | 1 835 347         | (1 672 381)                             | 162 966           |
| Office equipment       | 422 054           | (411 599)                               | 10 455            | 413 231           | (407 495)                               | 5 736             |
| Computer equipment     | 4 686 280         | (4 431 705)                             | 254 575           | 4 640 896         | (4 279 659)                             | 361 237           |
|                        | <b>74 676 151</b> | <b>(19 851 997)</b>                     | <b>54 824 154</b> | <b>75 907 397</b> | <b>(10 631 628)</b>                     | <b>65 275 769</b> |



**NAMIBIA TOURISM BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH (cont'd)**

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

|                        | Carrying value at beginning of year | Additions        | Disposals       | Adjustments        | Depreciation and impairment | Carrying value at end of year |
|------------------------|-------------------------------------|------------------|-----------------|--------------------|-----------------------------|-------------------------------|
|                        | N\$                                 | N\$              | N\$             |                    | N\$                         | N\$                           |
| <b>2018</b>            |                                     |                  |                 |                    |                             |                               |
| Land                   | 1 865 313                           | -                | -               | -                  | -                           | 1 865 313                     |
| Building               | 62 311 150                          | 29 786           | -               | (2 181 932)        | (7 814 004)                 | 52 345 000                    |
| Motor vehicles         | 569 367                             | -                | -               | -                  | (416 856)                   | 152 511                       |
| Furniture and fixtures | 162 966                             | 108 627          | -               | -                  | (75 293)                    | 196 300                       |
| Office equipment       | 5 736                               | 8 824            | -               | -                  | (4 105)                     | 10 455                        |
| Computer equipment     | 361 237                             | 64 717           | -               | 1 947              | (173 326)                   | 254 575                       |
|                        | <b>65 275 769</b>                   | <b>211 954</b>   | -               | <b>(2 179 985)</b> | <b>(8 483 584)</b>          | <b>54 824 154</b>             |
| <b>2017</b>            |                                     |                  |                 |                    |                             |                               |
| Land                   | 1 865 313                           | -                | -               | -                  | -                           | 1 865 313                     |
| Building               | 60 729 784                          | 1 581 366        | -               | -                  | -                           | 62 311 150                    |
| Motor vehicles         | 1 223 475                           | -                | (38 417)        | -                  | (615 691)                   | 569 367                       |
| Furniture and fixtures | 100 121                             | 130 179          | -               | -                  | (67 334)                    | 162 966                       |
| Office equipment       | 20 969                              | 3 350            | -               | -                  | (18 583)                    | 5 737                         |
| Computer equipment     | 151 164                             | 325 156          | -               | -                  | (115 084)                   | 361 236                       |
|                        | <b>64 090 826</b>                   | <b>2 040 051</b> | <b>(38 417)</b> | -                  | <b>(816 692)</b>            | <b>65 275 769</b>             |

**Details of Properties**

Erf no 8716, Windhoek

The property consists of Erf 8716, Windhoek, and measures 2,239 square meters and is registered under the title deed T933/2013. The property is securing a loan detailed on note 13 of these financial statements.

## NAMIBIA TOURISM BOARD

## NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH (cont'd)

## 3. INTANGIBLE ASSETS

|                   | 2018              |                          |                  | 2017              |                          |                  |
|-------------------|-------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
|                   | Cost              | Accumulated amortisation | Carrying value   | Cost              | Accumulated amortisation | Carrying value   |
|                   | N\$               | N\$                      | N\$              | N\$               | N\$                      | N\$              |
| Computer software | 11 143 101        | (9 463 543)              | 1 679 558        | 10 627 901        | (7 308 441)              | 3 319 460        |
|                   | <b>11 143 101</b> | <b>(9 463 543)</b>       | <b>1 679 558</b> | <b>10 627 901</b> | <b>(7 308 441)</b>       | <b>3 319 460</b> |

The carrying value of intangible assets can be reconciled as follows;

|                   | Carrying value at the beginning of the year | Additions      | Amortisation       | Carrying value at the end of the year |
|-------------------|---|----------------|--------------------|---------------------------------------|
|                   | N\$   | N\$            | N\$                | N\$                                   |
| <b>2018</b>       |   |                |                    |                                       |
| Computer software | 3 319 460                                   | 515 200        | (2 155 102)        | 1 679 558                             |
|                   | <b>3 319 460</b>                            | <b>515 200</b> | <b>(2 155 102)</b> | <b>1 679 558</b>                      |
| <b>2017</b>       |   |                |                    |                                       |
| Computer software | 5 444 980                                   | -              | (2 125 520)        | 3 319 460                             |
|                   | <b>5 444 980</b>                            | <b>-</b>       | <b>(2 125 520)</b> | <b>3 319 460</b>                      |

## 4. TRADE AND OTHER RECEIVABLES

|                              | 2018             | 2017             |
|------------------------------|------------------|------------------|
|                              | N\$              | N\$              |
| Trade receivables            | 8 034 198        | 8 281 458        |
| Provision for doubtful debts | (7 224 976)      | (7 343 693)      |
| Employee costs in advance    | 55 814           | 12 745           |
| Prepayments                  | 166 877          | 166 877          |
| Other                        | 165 975          | -                |
| Deposits                     | 133 666          | 135 944          |
|                              | <b>1 331 554</b> | <b>1 253 331</b> |

## 5. 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:

|                |                   |                   |
|----------------|-------------------|-------------------|
| Cash on hand   | 444               | 191               |
| Bank balances  | 9 475 225         | 12 564 754        |
| Investment (*) | 18 687 631        | 12 123 141        |
|                | <b>28 163 300</b> | <b>24 688 086</b> |

(\*) - The investment with Simonis Storm attracts interest at market rates.

**NAMIBIA TOURISM BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH (cont'd)**

|   | <b>2018</b>       | <b>2017</b>       |
|---|-------------------|-------------------|
|   | N\$               | N\$               |
| <b>6. TRADE AND OTHER PAYABLES</b>  |                   |                   |
| Trade payables  | 1 648 231         | 3 468 685         |
| Deposit – Office of the Prime Minister  | 120 950           | 120 950           |
| Accrued expenses  | 14 137 385        | 125 604           |
| Owing to Ministry of Environment and Tourism (KORA)   | 493 766           | 493 766           |
|   | <b>16 400 332</b> | <b>4 209 005</b>  |
| <b>7. PROVISIONS</b>  |                   |                   |
| Provisions : Leave Days   | 866 386           | 882 545           |
| Provisions : Bonus  | 358 766           | 367 451           |
|   | <b>1 225 152</b>  | <b>1 249 996</b>  |
| <b>8. REVENUE</b>   |                   |                   |
| Revenue comprises turnover which excludes value added tax and represents the invoiced value of services provided. |                   |                   |
| Major classes of revenue comprise the following:  |                   |                   |
| Operational grant - GRN   | 10 000 000        | 17 611 206        |
| Additions renovations and alterations fees  | 187 013           | 191 600           |
| Application fees  | 786 960           | 550 700           |
| Levies received   | 42 602 684        | 39 066 023        |
| Interest on outstanding levies  | 1 899 030         | 1 909 783         |
| Registration fees   | 124 000           | 73 250            |
| Replacement fees  | 177 960           | 105 900           |
| Participation fees  | 2 152 026         | 2 481 334         |
| Grading fees  | 17 250            | -                 |
|   | <b>57 946 923</b> | <b>61 989 796</b> |

**NAMIBIA TOURISM BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH (cont'd)**

|  | <b>2018</b>        | <b>2017</b>        |
|--|--------------------|--------------------|
|  | N\$                | N\$                |
| <b>9. OPERATING SURPLUS</b>                                |                    |                    |
| Operating (deficit)/surplus is stated after:               |                    |                    |
| <i>Expenditure</i>   |                    |                    |
| Auditors' remuneration                                     | 122 727            | 131 006            |
| Employee costs   | -                  |                    |
| Depreciation and amortisation and impairments              | 10 638 686         | 2 942 212          |
| Provision for bad debts                                    | -                  | 1 001 281          |
| Operating lease rentals                                    | <b>1 581 417</b>   | <b>2 140 190</b>   |
| - Premises   | 1 581 417          | 1 861 794          |
| - Other assets   | -                  | 278 396            |
| Foreign currency movements                                 | 317 210            | (36 036)           |
| <b>10. FINANCE INCOME</b>                                  |                    |                    |
| Interest income  |                    |                    |
| - Financial institutions                                   | 1 222 729          | 532 272            |
| <b>11. CASH GENERATED BY OPERATIONS</b>                    |                    |                    |
| Net operating deficit                                      | (2 086 814)        | 7 796 614          |
| <i>Adjustments for:</i>                                    |                    |                    |
| Depreciation and amortisation                              | 10 638 686         | 2 942 212          |
| Prior period depreciation                                  | 2 181 932          | 7                  |
| Interest received  | (1 222 729)        | (532 272)          |
| Movement in provisions                                     | (24 844)           | (118 434)          |
| Profit on disposal of fixed assets                         | (974 029)          | -                  |
| Interest paid  | 1 820 686          | 1 868 810          |
| Prior year adjustments                                     | (16 961 957)       | (238 344)          |
| <b>OPERATING SURPLUS BEFORE CHANGES IN WORKING CAPITAL</b> | <b>(6 629 069)</b> | <b>11 718 593</b>  |
| <b>CHANGES IN WORKING CAPITAL</b>                          | <b>12 113 104</b>  | <b>(2 967 885)</b> |
| (Increase)/decrease in trade and other receivables         | (78 223)           | 215 393            |
| Increase /(decrease) in trade and other payables           | 12 191 327         | (3 183 278)        |
| <b>Cash generated by operations</b>                        | <b>5 484 035</b>   | <b>8 750 708</b>   |

**NAMIBIA TOURISM BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH (cont'd)**

|                                       | 2018              | 2017              |
|---------------------------------------|-------------------|-------------------|
|                                       | N\$               | N\$               |
| <b>12. OTHER INCOME</b>               |                   |                   |
| (Loss)/gain on exchange differences   | (317 210)         | -                 |
| Profit on sale of plant and equipment | 974 029           | -                 |
| Other income                          | 1 998 802         | 2 692 068         |
|                                       | <b>2 655 621</b>  | <b>2 692 068</b>  |
| <b>13. LONG TERM LOANS</b>            |                   |                   |
| First National Bank Limited           | <b>18 315 818</b> | <b>19 971 610</b> |
| <b>Presented as follows:</b>          |                   |                   |
| Short-term portion                    | 1 458 179         | 1 650 326         |
| Long-term portion                     | 16 857 639        | 18 321 284        |
|                                       | <b>18 315 818</b> | <b>19 971 610</b> |

The loan is repayable over 7 years at average monthly instalments of N\$ 277 601 and attracts interest at prime rate less 1.35%, which currently equates to 8.65% per annum. It is secured by a First Mortgage Bond of N\$ 22 million registered over Erf 8716, Windhoek.

|  | 2018              | 2017           |
|--|-------------------|----------------|
|  | N\$               | N\$            |
| <b>14. DIRECTORS EMOLUMENTS AND EXPENSES</b> |                   |                |
| Directors Fees                               | 533 000           | 271 908        |
| Board expenses                               | 590 373           | 195 631        |
|  | <b>1 123 373</b>  | <b>467 539</b> |
| <b>15. ADJUSTMENTS</b>                       |                   |                |
| Withholding tax, penalties and interest      | 13 424 281        | -              |
| Accrued consultancy fees - Syntex            | 477 368           | -              |
| Accrued interest - Syntex                    | 929 233           | -              |
| Prior period depreciation on the building    | 2 181 932         | -              |
| Other  | (50 857)          | 238 344        |
|  | <b>16 961 957</b> | <b>238 344</b> |

**16. CONTINGENCIES****16.1 Third party versus Namibia Tourism Board**

A third party is claiming principal debt of N\$ 1 066 168 from Namibia Tourism Board (NTB) for breach of a procurement contract plus interest of N\$ 929 233. Both amounts have been accrued in these financial statements. NTB is disputing the amounts on the basis of breach of contract (failure to deliver a functional system) by the third party and has instituted a counter-claim. In its counter-claim, NTB is claiming damages of N\$ 2 615 974 or N\$ 1 864 840 plus interest at 20% per annum from the

## NAMIBIA TOURISM BOARD

NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH (cont'd)

date of arbitration award to the date of full payment. The damages are as a result of failure by the third party to deliver a functional system.

The matter has been referred for arbitration and the likely outcome cannot be determined.

**16.2 NTB versus a third party**

NTB is claiming N\$ 13 424 281 from a third party in respect of amounts deducted from its bank accounts to settle withholding tax, penalties and interest relating to consultancy fees paid to a foreign service provider. Of the total amount, N\$ 3 727 500 was deducted in the 2018 financial year while the balance was deducted in the subsequent financial year. The full amount of N\$ 13 424 281 has been provided for in these financial statements. The third party is alleging lack of compliance with Income Tax Act 1981 (as amended), section 35(2). NTB is of the view that the payment made to the foreign service provider does not fall into the scope of the Income Tax Act 1981 (as amended), section 35(2) and is therefore not liable to pay the amount.

The matter has been referred to the Tax Tribunal for arbitration and the hearing date is yet to be set.