ANNUAL REPORT
2017/18

NWR
namibia wildlife resorts

This document presents a brief overview of the operations and the audited Annual Financial Statements of Namibia Wildlife Resorts for the financial year ending 31 October 2018.

in compliance with

Section 13 (1) of the Namibia Wildlife Resorts Act, (Act 3 of 1998).
Section 26 (1) of the Public Enterprise Governance Act, (Act 2 of 2006), as amended.
Section 26 (2) (a) of the Public Enterprise Governance Act, (Act 2 of 2006), as amended.

Contents

COMPANY PROFILE

Namibia Wildlife Resorts (NWR) is a legal entity established through an Act of Parliament, the Namibia Wildlife Resorts Company Act, (Act 3 of 1998). Strategically poised as a commercial State Owned Enterprise that provides tourism and hospitality management services in national parks, Namibia Wildlife Resorts (NWR) is the single largest provider of accommodation facilities in the country.

Other legislation pertinent to the operations of NWR include the Companies Act (Act 61 of 1973, as amended), the Public Enterprise Act (Act 2 of 2006, as amended), the Public Enterprises Governance Amendment Act (Act 2 of 2006, as amended) and the Public Procurement Act (Act 15 of 2015). NWR's sole mandate is to provide tourism-related services in the protected areas (National Parks) of Namibia.

In June 2016 NWR was classified as a commercial public enterprise and was placed under the governance of the Ministry of Public Enterprises. Although the new hybrid centralised governance model resulted in NWR reporting to the Ministry of Public Enterprises, the Ministry of Environment and Tourism (MET) remained the line ministry that NWR reports to in terms of strategic and operational support.

According to its establishing Act, the Namibia Wildlife Resorts Company Act, (Act 3 of 1998), the objectives of the company are to conduct a wildlife resorts service, through *inter alia*:

- Managing, controlling, maintaining, utilizing and promoting, in the national interest, the wildlife resort service according to general business principles.
- Promoting and encouraging training and research with a view to increase productivity of the wildlife resorts service.
- Developing, with or without the participation of the private sector, commercially viable enterprises or projects concerning the wildlife resorts service or the tourism industry in general.
- Promoting the development of environmentally sustainable tourism with a view to preserving the assets and attractions on which the tourist industry depends, and in particular safeguard and maintain ecological processes, biodiversity, aesthetic and cultural qualities for the long term benefit of the tourism industry and Namibian people.

The Act directs the Company to exercise its powers with a view of enhancing corporate profit and shareholder return on equity (ROE). This is to be achieved by taking into account the promotion of an economically prosperous and efficient wildlife resorts service conducted on sound business, conservation and environmental principles. In addition, the Act further states that the Company may, amongst others:

- Finance or otherwise participate in the development of natural resources.
- Establish subsidiary companies or acquire an interest in any other company, co-operative society or enter into a partnership or joint venture with any person.
- Effect the transfer or assignment of any assets, liabilities, rights or obligations of the Company to any of its subsidiaries.
- Determine the rates and charges to be levied for services rendered by the Company.

As at 31 October 2018, NWR employed 907 employees, of which 541 (60%) were permanent and 366 (40%) on contract. NWR operates 26 facilities (resorts and camps) throughout the country, of which three are part of Public Private Partnership agreements. The company has entered into Public Private Partnerships (PPPs and Joint Ventures (JVs) for three of its facilities, namely, Daan Viljoen with Sun Karros in the Khomas Region, Mile 14 with Sun Karros in the Erongo Region and Von Bach with Tungeni Africa in Otjozondjupa Region. There is also a PPP agreement with Enercon with regard to the management of service stations.

OUR PRODUCTS

The resorts and camps are divided into three categories to suit individual taste, comfort and preference.

Eco Collection: NWR has introduced exclusive products that offer "ultimate relaxation, superior service and comfort which are all within the confines of the most pristine wilderness areas of Namibia". Eco collection refers to those facilities with a strong focus on environmental sustainability and compliance. Sossus Dune Lodge, inside the Namib Naukluft Park, and Onkoshi Camp, inside Etosha National Park, are the two Eco camps, with Dolomite Camp also counted in this category. Popa Falls Camp is also an Eco-resort introduced in December 2013.

Table 1, below, below indicates the services and activities offered at the various Eco-Collection facilities:

Table 1: Services and activities offered at the various Eco-Collection facilities

Camp / Resort / Lodge	Dolomite Camp	Onkoshi	Popa Falls	Sossus Dune
Accommodation	•	•	•	•
Camping	•		•	
Restaurant	•	•	•	•
Bar	•	•	•	•
Kiosk / tourist shop			•	
Filling stations				

Activities / Value Added Services	Dolomite Camp	Onkoshi	Popa Falls	Sossus Dune
Bird life and bird watching	•	•	•	
Bush dining experiences or picnics				•
Conferencing / seminar facilities			•	
Game drives / nature drives	•	•	•	•
Hiking trails / nature walks (guided or self-guided)				•
Jacuzzi (outdoor) / private splash pool	•			
River rafting / canoeing / kayaking / cruises			•	
Spa / wellness centre / massages				
Stargazing		•		•
Swimming pool		•		
Waterholes / flood lit waterholes / hides	•			

Classic Collection: The Classic collection includes all other popular establishments inside the Parks including /Ai-/Ais Hot Springs Spa at the end of the Fish River Canyon, the Waterberg Camp, Hardap Camp as well as Halali, Namutoni and Okaukuejo camps inside Etosha National Park. In December 2014 Gross Barmen was re-launched.

Table 2, below, below indicates the services and activities offered at the various Classic-Collection facilities:

Table 2: Services and activities offered at the various Classic-Collection facilities

Camp / Resort / Lodge	Ai Ais	Gross Barmen	Halali	Hardap	Namutoni	Okaukuejo	Waterberg
Accommodation	•	•	•	•	•	•	•
Camping	•	•	•	•	•	•	•
Restaurant	•	•	•	•	•	•	•
Bar	•	•	•	•	•	•	•
Kiosk / tourist shop	•	•	•		•	•	•
Filling stations	•	•	•		•	•	•
Activities / Value Added Services							
Angling / fly-fishing / watersport				•			
Bird life and bird watching	•	•	•	•	•	•	•
Bush dining experiences or picnics	•	•	•		•		
Caves / rock climbing	•						
Conferencing / seminar facilities		•		•	•	•	•
Fossils			•				•
Game drives / nature drives	•	•	•	•	•	•	•
Hiking trails / nature walks (guided or self-guided)	•		•	•	•		•
Historic / heritage / archeologically sites					•		•
Jacuzzi (outdoor) / private splash pool	•		•				
Natural hot springs	•						•
Research focus / game breeding							•
River rafting / canoeing / kayaking / cruises				•			
Rock art	•						
Spa / wellness centre / massages	•	•					
Swimming pool		•	•	•	•		•
Waterholes / flood lit waterholes / hides			•		•	•	

Adventure Collection: Adventure Collection has a strong focus on tourism and leisure activities. There is a variety to choose from depending on what type of retreat one is looking for. Camps falling into this category include Khorixas Lodge, Terrace Bay Camp, Torra Bay, Sesriem Campsite, Shark Island, Naukluft Campsite, Hobas Campsite, Olifantsrus and Duwisib Castle.

Table 3, below, below indicates the services and activities offered at the various Adventure-Collection facilities:

Table 3: Services and activities offered at the various Adventure-Collection facilities

Camp / Resort / Lodge	Duwisib Castle	Hobas	Khorixas	Naukluft	Olifantsrus	Sesriem	Shark Island	Terrace Bay	Torra Bay
Accommodation	•		•	•			•	•	
Camping	•	•	•	•	•	•	•	•	•
Restaurant	•		•	•		•		•	•
Bar	•		•			•		•	
Kiosk / tourist shop		•			•			•	•
Filling stations		•				•		•	
Activities / Value Added Services									
4x4 trails / quad biking / off road biking				•				•	
Angling / fly-fishing / watersport								•	•
Beach related activities							•	•	•
Bird life and bird watching				•					
Conferencing / seminar facilities			•						
Fly-ins / helicopter rides / soaring								•	
Game drives / nature drives		•		•	•			•	
Hiking trails / nature walks (guided or self-guided)		•		•		•			
Historic / heritage / archaeological sites	•				•		•		
Mountain biking		•							
Swimming pool		•	•			•			
Waterholes / flood lit waterholes / hides					•				

In addition, NWR has three office centres, namely:

- Windhoek (Head Office and Reservation Office)
- Swakopmund (Reservation Office)
- Cape Town (Reservation Office)

GOVERNANCE STRUCTURES

Board of Directors

The responsibility for ensuring good corporate governance is entrusted to the board of directors. Accordingly, the board, through exercising effective leadership in ensuring company sustainability and good corporate citizenry, is the focal point of a corporate governance system and responsible for supervising management. The board of directors is responsible for oversight duties, defining strategic direction and providing strategic leadership to the company.

The NWR Board of Directors is constituted according to the provisions of the NWR Act, (Act 3 of 1998), and consists of seven Directors as non-executive directors, all of whom are appointed by the Minister of Environment and Tourism, representing the Government of the Republic of Namibia as the sole shareholder. As an executive director, the Managing Director is also a member of the NWR Board.

Figure 1: The NWR Board of Directors during the period under review

The Board of Directors comprised the following members:

Ambassador L.N. Iipumbu	Chairperson
Ms. J. Wilson- Moore	Vice Chairperson
Mr. R. Putter	Member
Ms. E.R. Petersen	Member
Mr. B.T. Schneider	Member
Ms. E.S. Shifotoka	Member
Ms. C.R. Williams	Member
Ms. Z. Hengari	Managing Director

Corporate governance principles

The Directors recognise the value of consistently employing the principles of good faith, care, skill and diligence in all their duties and believe that NWR's efforts will be sustainable only if they, unfailingly, act in the best interest of the company.

The following Board committees are functional units of the corporate organ:
1. The Finance, Risk, Audit and Compliance Committee (FRAC)
2. The Human Capital Committee (HCC)

The Finance, Risk, Audit and Compliance Committee

The Finance, Risk, Audit and Compliance Committee is primarily tasked to provide oversight over:

- Risk management
- Financial control, accounting systems and financial reporting
- Internal audit and internal control
- Compliance with policies, laws and regulations which may impact NWR
- External audit process
- Advisory to the Board in providing strategic direction on the company's asset & liability management activities

Other FRAC responsibilities includes:

- Determining that NWR Company internal controls are effective and formally reporting on the status of those controls on an annual basis with quarterly updates.
- Recommending to the shareholder an external auditor to be selected on an annual basis through a vote by the board.
- Taking action, where appropriate, on significant control weaknesses reported by internal audit, the external auditors, and others.
- Approving an annual plan and budget submitted by the external auditor.
- Approving the annual internal audit plan and recommending areas for additional internal audit work as appropriate.
- Reviewing and distributing the audited financial statements submitted by the external auditor.
- Circulating a Code of Ethics to senior officers and obtaining their assent on a quarterly basis.

- Initiating appropriate actions based on any recommendations by the external auditor or the Chief of Internal Audit.

The Finance, Risk, Audit and Compliance Committee meetings are held, at least, concurrently with each scheduled Board meeting and at other times as required. The committee is chaired by Mr. R. Putter and the members are Ambassador L.N. Iipumbu, Ms. J.W. Moore and Ms. C.R. Williams.

KPMG Namibia was re-appointed as the external auditors during the 2018 financial year.

The Human Capital Committee

The Human Capital Committee (HCC) provides human resources-related oversight. The HCC determines and develops NWR’s remuneration strategy and related conditions of service competitive enough to attract, retain and motivate human capital of the quality required by NWR. Its primary responsibility includes reviewing, monitoring and making recommendations to the Board of Directors on NWR's human capital strategy and policies. Furthermore, the committee is responsible for:

- Determining the compensation of the Managing Director and other senior management in line with the relevant laws and guiding principles;
- Recommendation of the succession of senior management;
- Recommendation of professional development for senior management;
- Recommendation of incentive compensation plans and equity-based plans;
- Human capital strategies;
- The management of pension and significant benefit plans for employees; and
- Any additional matters delegated to the Human Capital Committee by the Board.
- Recommendation of the organisational structure of the company

The committee is chaired by Ms. E.R. Petersen and the members are Mr. R. Putter, Mr. B.T. Schneider, Ms. C.R. Williams and Ms. E.S. Shifotoka.

Internal audit function

We continue to uphold our internal audit charter, and can report a 100% completion rate for internal audits completed for FY18, and reported to the audit and risk committee of the board.

Internal Audit is an element of the internal control framework established by the board and management to examine, evaluate and report on accounting and other controls over operations. Internal Audit assists management in the effective discharge of its responsibilities and functions by examining and evaluating controls. Audit procedures performed are designed to evaluate the adequacy, efficiency and effectiveness of the company’s governance principles, risk management and control processes. The department has since outsourced partly the internal audit function which includes the field work and related functions to PwC.

Based on the above NWR has developed a living document Risk Register and an issue tracker to monitor compliance to agreed actions by management derived from the audit findings.

Managing Director's Report

The NWR Managing Director is tasked with the day-to-day management of the company.

Figure 2: Ms. Zelna Hengari, Managing Director during the period under review.

As reported in October 2018, when the Annual Report for the FY17 year-end was tabled, the company had in 2017 embarked on its strategy to improve the company culture, institutional capability, customer service as well as turnaround its financial performance. This strategy is underpinned by six key strategic objectives, being:

1. **Change company culture and establish high performing teams.**
2. **Improve institutional capability.**
3. **Attain guest satisfaction through operational and service excellence.**
4. **Optimisation of profitability and growth of the company.**

5. Establish and optimise strategic partnerships and stakeholder relations.

6. Sustainable development and growth over the short & long term.

OPERATIONAL HIGHLIGHTS

The total operational units and beds managed by the company during the reporting period as per the table below:

	Units	**Beds**
Campsites	703	5,624
Rooms	611	1,416
Total	**1,314**	**7,040**

Other operational highlights can be stated as follows:

- Maintained revenue levels of N$360m.
- Food & beverage, and game drive cost of sales of 38% (FY2017: 46%).
- Earnings before Income Tax, Depreciation, Depreciation and Amortisation (EBITDA), and excluding Ministry of Finance penalties and interest, further improved with N$10m, increasing the first time profit reporting in FY17, to N$ 30m in FY18.
- Revenue per room N$280k (FY17: N$213k).
- Occupancy 50%.
- The book value of assets owned and managed: N$708m.
- Nearly N$20m in discounts were taken up by our fellow countrymen & women through our annual Independence special, NamLeisure, and Namibian citizen discount schemes.
- Audited financial statements within six months of year-end.

For purposes of reporting on our FY18 financial year, I wish to focus on three of the strategic objectives, namely, **Strategic objective number 4:** Optimisation of profitability and growth of the company, **Strategic objective number 5:** Establish and optimise strategic partnerships and stakeholder relations and **Strategic objective number 6:** Sustainable development and growth over the short & long term. The reason is that the effectiveness and performance of the company are better evidenced through objective quantitative measures such as in these three objectives reported below:

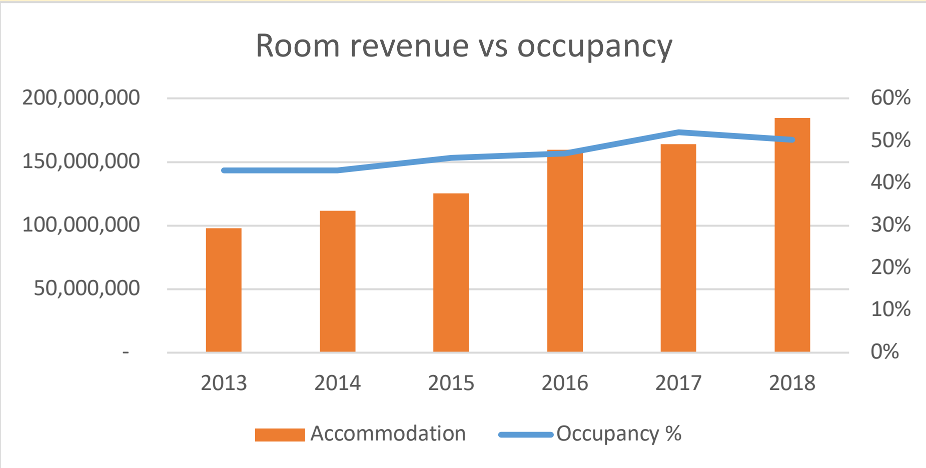
Strategic objective number 4: Optimisation of profitability and growth of the company

The year 2018 was a year of extreme belt tightening, and we had to compromise on a number of repairs and maintenance projects, but the cost control yielded positive results.

Results in numbers

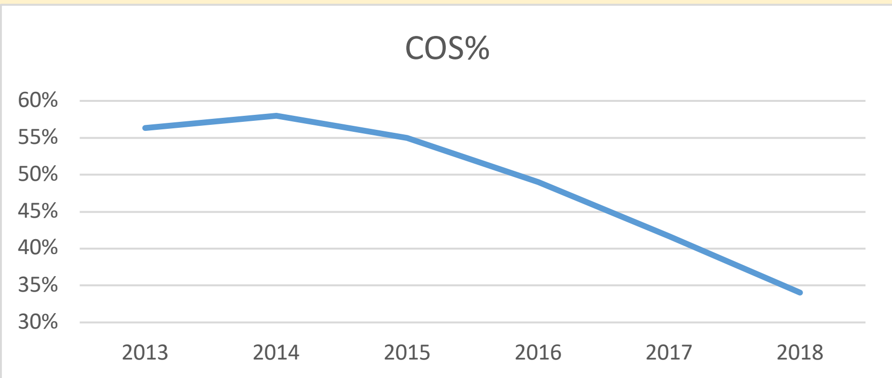
A brief analysis of the numbers, show that the company is on the right track.

1) Revenue numbers have been increasing steadily over the last six years. Initially as result of higher occupancies, but also as a result of increasing our room rates in line with our competitors, resulting in revenue growth.



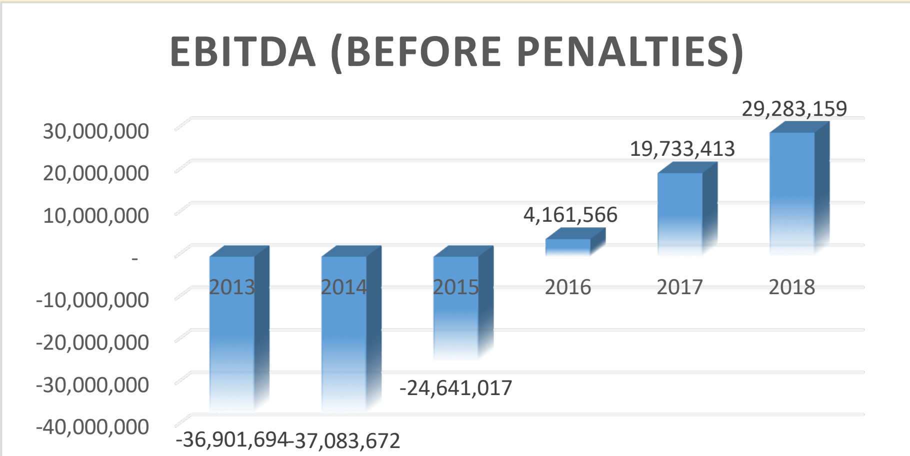
Total revenue was relatively flat this year, but we managed to keep our occupancies up in spite of the general industry experience, and despite an increase in our rates.

2) Our cost control, especially around the cost of sales for food & beverage, and shops, has finally resulted in sustainable impact, which, at 38% is very close to the industry target of 35%.



With determined cost cutting efforts, we managed to reduce total COS % (excluding room revenue) to 34%. Cost management, specifically relating to cost of sales of food & beverage remains our focus and we hope to reduce the overall COS% even more going forward, while maintaining a high quality of meals delivered.

3) For the second time in the last six years, we have made an EBITDA (and before penalties) profit of N$30m (2017: N$19m).



From the above, one can infer that our profits are sustainable – it comes from our core business, which comes from hosting our visitors.

Business growth

NWR attended a number of targeted road shows and trade fairs both domestic and international and included two new markets being the Nordics and South East Asia. These focussed on SADC region, Europe, North America and the rest of the world and in some cases were done in conjunction with the Namibia Tourism Board (NTB) as well as Air Namibia. In the same year the number of absolute guests visiting our facilities increased from 370 777 in 2016-2017 to 380 705 in the current year which represent a 3% growth in absolute guests visiting our facilities.

Strategic objective number 6: Sustainable development and growth over the short & long term.

Numbers from the balance sheet

We have been managing our operations, repairs and maintenance, and refurbishment expenses with our own funding, while still repaying our debts.

After successfully renegotiated both the Development Bank of Namibia's (DBN) loan of N$100m in March 2018, and agreeing settlement terms for the long outstanding VAT & PAYE liabilities, we commenced with repayment according to a plan, having paid back the first capital instalment to DBN of N$10m in March 2019, and having paid back over N$9m to Ministry of Finance up to March 2019.

Our cash flow statement shows that our operations generate enough cash to pay for our operations, and our forecasts indicate that this trend will continue, although we will be additionally sourcing funding for critical refurbishment projects.

A strong, but ageing asset base

The strategic location of our sites remains our most significant competitive advantage.

To date, of all the properties previously owned by Ministry of Environment (MET) and transferred to NWR, just over half of the sites have had the transfers registered at the deeds office. We are driving the administrative aspect of finalising the title deeds.

An ageing and old infrastructure have put its toll on our repairs & maintenance expense, not to mention operating costs, but we continue to explore modern and efficient infrastructure technology, such as renewable energy solutions to mitigate this risk.

Having focussed this past year on maintaining our debt commitments, we have had to forego some longed for repairs & maintenance projects, while our cash reserves build up.

That is why it is encouraging to report that we commenced our FY20 budgeting process, starting with our Capital Budget, and repairs & maintenance list.

It is a long list, as each of our resorts are deemed important, and in dire need of maintenance. Our total wish list is in excess of N$50m, but it is not appropriate to report on the final number yet, as the budget is not yet approved.

The environment – part of the triple bottom line.

Environmental Compliance within the Company is steadily improving and so is adherence to provisions made under the Environmental Management Act of 2007. With foundations laid in FY 17, FY 18 saw yet smooth development and implementation of Environmental Plans for eight NWR resorts to obtain clearance certificates for its operations or for undertaking listed activities for which a clearance certificate is required. The seven resorts are Okaukuejo, Halali, Namutoni, Onkoshi, Dolomite, Olifantsrus and Sossus Dune Lodge.

Programs aimed at promoting selective and careful use of resources, reducing, recycling and reuse of waste was further strengthened with three of our resorts namely Sossus Dune Lodge, Duwisib Castle and Naukluft Camp receiving Eco Award certification. This award certified that the resorts are striving to keep to environmental care and implement sustainable practices.

Improvements with regard to waste water management with the construction of waste water treatment plants commenced in FY 17 at Sesriem Camp site and Sossus Dune Lodge and this further ties in with sustainable programs NWR aims to systematically implement at all its resorts.

Strategic objective number 5: Establish and optimise strategic partnerships and stakeholder relations

There are a number of important relationships that we wish to briefly highlight in this annual report.

Our shareholder

Of course, our relationship with our line ministry, the Ministry of Environment and Tourism, remains strong at the forefront.

We continue to host the important conservation teams and efforts, on a cost recovery basis, in all the parks where we share space with MET.

The cost of servicing the public toilets (outside of our resorts) in the parks amounts to approximately half a million N$ in Etosha alone, which we deem as our “in kind” dividend back to the Government of Namibia.

The Ministry of Public Enterprises, together with MET, have kept us on our toes over the last year, though thorough analysis of our business plans and other submissions.

With this hybrid governance model, reporting to both ministries has had its challenges, but we are happy to report that for the first time since inception, we are able to submit our audited financial statements within the 6 months prescribed by our enabling act.

Our Namibian nation

It is enshrined in our enabling Act, (here I paraphrase) that one of our objectives is to manage the resorts in the national interest, and that we must promote tourism for the long term benefit of the Namibian people.

That is why we continue to offer the March independence specials of 75% discount to Namibian citizens.

More than 12% of all our rooms occupied, were made up of Namibians exploring their country, using this exceptional special, and our NamLeisure card that gives Namibians discounts on accommodation, meals and activities throughout the rest of the year.

While only 12 % of our room nights are to Namibians, a massive 43% of our tourists are from Namibia.

In other words, Namibians stay for short stays, and camp, and foreign visitors stay longer (taking up more room nights).

Rack rate of rooms sold on discount to Namibians	N$41m
Less discounts to Namibians	(N$20m)
Additional income to NWR	N$21m

A massive 50% of the Namibians visiting our resorts on special, would have had to be prepared to pay the full price to make the same revenue to NWR. But now, we are enabling people who may not have been able to afford to visit our sites, an opportunity to visit our resorts, at times when the resort is not fully occupied by international visitors paying a higher tariff.

Community and Corporate Social Responsibility

Corporate Social Responsibility (CSR) has been an integral part of our business model for a number of years. We believe that a business cannot separate itself from the community it operates from.

This is why we have identified important initiatives that we continuously contribute towards. Being in the hospitality industry, we realise that we procure substantially in order to ensure that our guests experience the best service levels when they visit any of our resorts. It is for this reason that whenever we procure goods, if they are local suppliers that are able to provide the standard we require, we will purchase from them in order to contribute economically within the area they operate in.

Another contribution that we have made over the years is to donate linen, towels and cutlery that we no longer use at our various resorts. We ensure that these items are given to schools near our operations. This has been one of the ways that the we have over the years assisted Government schools.

Lastly, we also assist individuals from marginalised communities to better themselves in order for them to uplift their communities. For instance, we sent ten youth from Hai-//om San and Ovatjimba communities for a one-year training course at a Hospitality Training College in South Africa to better equip themselves about the tourism industry. Over the years, we have also given employment opportunities to at least 46 people with Hai//om San background. We believe that its efforts like these that catalyse the integration of marginalised communities in the mainstream economy.

Looking towards the future

We have not changed our strategy since issuing the last Annual Report in October 2018 (5 months ago). As such we continue to manage 24 of the sites ourselves, and have leased out three sites, namely Daan Viljoen, Von Bach and Mile 14, to PPP type agreements.

In the immediate future, we are planning to commence our budgeting process for FY20 next month, in order to issue it within the prescribed 90-day deadline as per the Public Enterprise Governance Act, (Act 2 of 2006), as amended.

We look forward to being given the responsibility of the Zambezi Waterfront development, and, within 6 months, we intend to bring our new Khorixas training facility on line, which means we are localising our training, and we will use this facility to improve and consolidate customer service and guest satisfaction.

In conclusion

Despite the pressures facing our industry, NWR remained steadfast since our last Annual Report of 2017.

Once again, I thank my management team and our board for their valued contribution in ensuring that NWR continue to make important contributions to the Namibian Tourism sector.

FINANCIAL PERFORMANCE REVIEW

The full audited financial statements are provided as an annex, but an overview of the financial performance trends over the past two (2) financial years is provided in the following table.

Income statement

In FY17, we managed to reduce the loss by almost 55% from the loss reported in FY16. And, in FY18 again, we were able to reduce the loss by 44%. So while those are impressive improvements, we have heard the message from the shareholder, who expects NWR to be a profitable state owned entity, and we are confident that the measures we have put in place to reduce the losses, will soon result in a profitable entity.

	FY 16	FY17	FY18
Total comprehensive loss	N$88m	N$39m	N$22m

For the second time in two years, NWR was able to generate a profit from Earnings before Interest, Tax and Depreciation (EBITDA), and before Ministry of Finance Penalties and Interest

	FY17	FY18
EBITDA (and before penalties)	N$20m	N$29m

This profit was achieved through a combination of maintaining our revenue at N$360m (despite a drop in occupancy of 2%), and improvement in cost of sales (for food & beverage sales) from 46% in 2017 to 38% in FY18. Other expenses remained relatively flat, with the net increase limited to 1%, which effectively means savings when compared to general inflation.

Namibia Wildlife Resorts Limited

(Registration number 99/001)
Annual Financial Statements for the year ended 31 October 2018

Statement of Comprehensive Income

	Note(s)	2018 N$	2017 Restated * N$
Revenue	14	358,918,609	361,596,466
Cost of sales	15	(59,381,491)	(82,331,899)
Gross profit		**299,537,118**	**279,264,567**
Profit on disposal of property and equipment		1,100,689	3,261,547
Other operating expenses		(313,882,046)	(310,030,061)
Operating loss	16	**(13,244,239)**	**(27,503,947)**
Investment income	17	227,423	84,976
Finance costs	18	(11,899,290)	(11,937,009)
Loss for the year		**(24,916,106)**	**(39,355,980)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
OCI - change in severance pay liability	10	2,648,438	-
Other comprehensive income for the year net of taxation		**2,648,438**	**-**
Total comprehensive loss for the year		**(22,267,668)**	**(39,355,980)**

Balance sheet

The restatement of prior years related to correction to an assumption used in the actuarial valuation of the severance pay liability, and correctly backdating a provision for retention withheld on construction projects.

Assets

Our competitive advantage is in the fixed assets (resorts and facilities) under our control. We spent just over N$14m in upgrading our assets, which was offset by a N$37m depreciation charge.

We have managed to keep our investment in inventory and trade debtors at similar levels, and through good cash management practises, we were able to increase our bank balance by 60%, while halving our overdraft balance. After year end, we used that cash balance to pay our obligations to lenders (N$10m to DBN in capital, plus N$5m in interest), Ministry of Finance (N$5m) and other trade creditors.

Liabilities

The long term loan from Development Bank (N$92m) was renegotiated in in March 2018. Interest is now paid in two instalments per year, and the capital is repaid over 10 years.

Severance pay is an actuarially determined number, and recognised in terms of the requirements of International Financial Reporting Standards. We had corrected an assumption made in prior years, resulting in a restatement of the liability for the prior years, but the restated liability has not changed significantly from year to year.

Trade and other payables consists of two main categories, being trade creditors and leave pay of N$72m which has remained flat when compared to FY17. The liability owing to Ministry of Finance consists of N$97m in long term liabilities, relating to old outstanding balances, and an amount of N$17m relating to the repayment plan for the next 12 months (N$12m) and the current returns due after year end.

The increase in advance deposits to N$58m is a positive movement for us, for it means that our resorts are booked, and those reservations paid for, in advance of our guests arriving.

Namibia Wildlife Resorts Limited

(Registration number 99/001)
Annual Financial Statements for the year ended 31 October 2018

Statement of Financial Position as at 31 October 2018

	Note(s)	2018 N$	2017 Restated * N$	2016 Restated * N$
Assets				
Non-Current Assets				
Property and equipment	4	708,331,649	731,285,470	748,506,583
Current Assets				
Inventories		6,281,298	7,139,294	6,230,292
Trade and other receivables	5	7,332,973	8,687,760	11,961,019
Cash and cash equivalents	6	59,450,021	37,451,894	18,811,188
		73,064,292	**53,278,948**	**37,002,499**
Total Assets		**781,395,941**	**784,564,418**	**785,509,082**
Equity and Liabilities				
Equity				
Share capital	7	1,122,863,662	1,102,353,729	1,102,353,729
Capital contribution	8	-	20,509,933	14,559,933
Accumulated loss		(704,816,740)	(682,549,072)	(643,193,092)
		418,046,922	**440,314,590**	**473,720,570**
Liabilities				
Non-Current Liabilities				
DBN loan	9	82,794,211	-	91,742,746
Finance lease liabilities		-	1,158,890	45,001
Deferred revenue liability		4,900,507	975,549	975,549
Severance pay provision	10	7,116,000	8,923,840	7,988,000
Trade and other payables - long term	11	96,698,401	-	-
		191,509,119	**11,058,279**	**100,751,296**
Current Liabilities				
Trade and other payables - short term	12	96,087,145	178,092,806	165,801,948
DBN loan	9	10,000,000	99,673,096	-
Finance lease liabilities		493,051	167,131	1,494,574
Deferred revenue liability		75,042	75,042	75,042
Advance deposits	13	57,899,934	40,329,005	29,367,674
Bank overdraft	6	7,284,728	14,854,469	14,297,978
		171,839,900	**333,191,549**	**211,037,216**
Total Liabilities		**363,349,019**	**344,249,828**	**311,788,512**
Total Equity and Liabilities		**781,395,941**	**784,564,418**	**785,509,082**

Cash Flow

The old adage says, "Cash is King", and we are pleased to have increased our cash generated cash from our operating activities, to N$50m, up from N$35m in the prior year.

Some of that cash went into refurbishment of our properties (N$14m), repayment of our debts, and the balance served to increase our cash reserves.

We did not receive any funds from Ministry of Environment and Tourism, to fund our operations or capital expenditure.

Namibia Wildlife Resorts Limited
(Registration number 99/001)
Annual Financial Statements for the year ended 31 October 2018

Statement of Cash Flows

	Note(s)	2018 N$	2017 N$
Cash flows from operating activities			
Cash receipts from customers		369,613,933	376,561,352
Cash paid to suppliers and employees		(308,022,099)	(338,123,791)
Cash generated from operations	20	61,591,834	38,437,561
Interest income	17	227,423	84,976
Finance costs	18	(11,899,290)	(4,006,659)
Net cash from operating activities		**49,919,967**	**34,515,878**
Cash flows from investing activities			
Purchase of property and equipment	4	(14,384,589)	(25,846,447)
Sale of property and equipment	4	1,744,345	3,678,338
Net cash from investing activities		**(12,640,244)**	**(22,168,109)**
Cash flows from financing activities			
Proceeds on issue of shares / contribution	7	-	5,950,000
Repayment of DBN loan	9&26	(6,878,885)	-
Finance lease advances /(repayments)		(832,970)	(213,554)
Net cash from financing activities		**(7,711,855)**	**5,736,446**
Total cash movement for the year		**29,567,868**	**18,084,215**
Cash at the beginning of the year		22,597,425	4,513,210
Total cash at end of the year	6	**52,165,293**	**22,597,425**

Z. Hengari **Date**

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Annual Financial Statements

for the year ended 31 October 2018

Namibia Wildlife Resorts Limited

(Registration number: 99/001)

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Conduct wildlife resort and related hospitality services, as mandated through the Namibia Wildlife Resorts Company Act (Act of No.3 of 1998)
Directors	LN Iipumbu (Chairperson) CR Williams ER Petersen ES Shifotoka JA Wilson-Moore BT Schneider R Putter Z Hengari (Managing Director)
Registered office	Gathemann Building Independence Avenue Windhoek Namibia
Business address	Gathemann Building Independence Avenue Windhoek Namibia
Postal address	P O Box 13378 Windhoek Namibia
Ultimate shareholder	Government of the Republic of Namibia
Auditor	KPMG Namibia Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	C Gaingos
Legal advisors	Tjitemisa and Associates Mueller Legal Practitioners GF Kopplinger Legal Practitioners
Company registration number	99/001

Contents

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

The following supplementary information does not form part of the annual financial statements and is unaudited:

Directors' Responsibilities and Approval

The directors are responsible for the preparation of the annual financial statements of Namibia Wildlife Resorts Limited, comprising of the statement of financial position at 31 October 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended, significant accounting policies, notes to the financial statements, other explanatory notes, and the directors' report.

The directors are required in terms of the Companies Act of Namibia to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 October 2019 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 7 to 45.

Directors' Responsibilities and Approval

The annual financial statements set out on pages 7 to 53, which have been prepared on the going concern basis, were approved by the board and were signed on their behalf by:

Director

Director

Windhoek
Date: 04/04/2019

KPMG Namibia
30 Schanzen Road, Klein Windhoek
P O Box 86863 Eros, Windhoek, Namibia

Telephone +264 (61) 387500
Telefax: +264 (61) 387501
e-mail: windhoek@kpmg.com

Independent Auditor's Report

To the shareholder of Namibia Wildlife Resorts Limited

Qualified opinion

We have audited the financial statements of Namibia Wildlife Resorts Limited (the company) set out on pages 7 to 45, which comprise the statement of financial position as at 31 October 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, the significant accounting policies, notes to the financial statements and the Directors' Report.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the financial statements present fairly, in all material respects, the financial position of Namibia Wildlife Resorts Limited as at 31 October 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

Basis for qualified opinion

The company did not have adequate internal controls in respect of the recording of manual invoices included in total revenue from sale of goods and services of N$173,123,766. Consequently, we were unable to determine whether any adjustments were necessary in respect of revenue recorded from the manual invoices.

Furthermore, we were unable to obtain sufficient and appropriate audit evidence in respect of employee costs due to inadequate controls over the administration of employee documentation. As a result, we were unable to determine whether any adjustments were necessary in respect of employee costs, payroll related accrued expenses and the severance pay provision.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (*Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Namibia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going concern

We draw attention to note 27 of the financial statements, which indicates that the Company incurred a net loss of N$24,9 million during the year ended 31 October 2018 and, as at that date, the Company's current liabilities exceed its current assets by N$98,8 million. As stated in note 27, these events or conditions, along with other matters as set out in note 27, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our qualified opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Responsibilities and Approval, the Detailed Income Statement, Additional disclosures of revenue and Additional disclosures of properties. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine 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, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 our 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 control.
- 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company 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.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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KPMG Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Valens Mugabo
Partner

Windhoek, Namibia
24 April 2019

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Namibia Wildlife Resorts Limited for the year ended 31 October 2018.

1. Incorporation

The company was incorporated on 01 January 1999 and obtained its certificate to commence business on the same day.

2. Nature of business

Namibia Wildlife Resorts Limited was incorporated in Namibia with interests in conducting wildlife resorts and related hospitality services, as mandated through the Namibia Wildlife Resorts Company Act (Act No.3 of 1998). The company operates in Namibia.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

Refer to note 28 for detailed explanation on prior period restatement.

4. Share capital

On 15 October 2018, the shareholder approved two issues of share capital as follows:

N$	Share capital	Share premium	Total
Issue 1	1,000	14,559,833	14,560,833
Issue 2	1,000	5,948,100	5,949,100
	2,000	**20,507,933**	**20,509,933**

There have been no changes to the authorised share capital during the year under review.

5. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of the Companies Act of Namibia. As this general authority remains valid only until the next AGM, the shareholder will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, up to a maximum of 100% of the company's issued share capital, under the control of the directors until the next AGM.

6. Dividends

No dividends were declared or paid during the year (2017: N$ nil).

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7. Directorate

The directors in office at the date of this report are as follows:

Directors	*Nationality*
LN Iipumbu (Chairperson)	Namibian
CR Williams	Namibian
ER Petersen	Namibian
ES Shifotoka	Namibian
JA Wilson-Moore	Namibian
BT Schneider	Namibian
R Putter	Namibian
Z Hengari (Managing Director)	Namibian

Directors are appointed for a 3 year period which expired on 15 March 2019, which has been extended to 15 June 2019.

8. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

9. Property and equipment

There was no change in the nature of the property and equipment of the company or in the policy regarding their use.

The company adjusted its estimate of the remaining useful lives of buildings in the current year, based on a combination of age, current condition and last refurbishment. As a result, the depreciation charge was reduced when compared to the previous year's assessment of remaining useful lives.

At 31 October 2018 the company's investment in property and equipment amounted to N$708,331,649 (2017: N$ 731,285,470), of which N$ 14,384,589 (2017: N$ 25,846,447) was added in the current year through additions.

10. Shareholder

The company's shareholder is the Government of the Republic of Namibia.

11. Events after the reporting period

Subsequent to year end, the company concluded on a repayment plan for the Ministry of Finance liability as explained in the paragraph relating to going concern.
On 23 April 2019 the directors suspended the managing director pending their investigation.

12. Going concern

Please refer to note 27 for disclosure regarding the going concern.

13. Litigation statement

The company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The company is currently involved in claims or lawsuits as per note 24, which individually or in aggregate, are not expected to have a material effect on the business or its assets.

14. Auditor

KPMG Namibia was appointed in office as the auditor for the company for 2018.

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Directors' Report

15. Secretary

The company secretary is Ms C Gaingos.

Postal address:	Private Bag 13378 Windhoek Namibia
Business address:	Gatheman Building 344 Independance Avenue Windhoek Namibia

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Statement of Financial Position as at 31 October 2018

	Note(s)	2018 N$	2017 Restated * N$	2016 Restated * N$
Assets				
Non-Current Assets				
Property and equipment	4	708,331,649	731,285,470	748,506,583
Current Assets				
Inventories		6,281,298	7,139,294	6,230,292
Trade and other receivables	5	7,332,973	8,687,760	11,961,019
Cash and cash equivalents	6	59,450,021	37,451,894	18,811,188
		73,064,292	**53,278,948**	**37,002,499**
Total Assets		**781,395,941**	**784,564,418**	**785,509,082**
Equity and Liabilities				
Equity				
Share capital	7	1,122,863,662	1,102,353,729	1,102,353,729
Capital contribution	8	-	20,509,933	14,559,933
Accumulated loss		(704,816,740)	(682,549,072)	(643,193,092)
		418,046,922	**440,314,590**	**473,720,570**
Liabilities				
Non-Current Liabilities				
DBN loan	9	82,794,211	-	91,742,746
Finance lease liabilities		-	1,158,890	45,001
Deferred revenue liability		4,900,507	975,549	975,549
Severance pay provision	10	7,116,000	8,923,840	7,988,000
Trade and other payables - long term	11	96,698,401	-	-
		191,509,119	**11,058,279**	**100,751,296**
Current Liabilities				
Trade and other payables - short term	12	96,087,145	178,092,806	165,801,948
DBN loan	9	10,000,000	99,673,096	-
Finance lease liabilities		493,051	167,131	1,494,574
Deferred revenue liability		75,042	75,042	75,042
Advance deposits	13	57,899,934	40,329,005	29,367,674
Bank overdraft	6	7,284,728	14,854,469	14,297,978
		171,839,900	**333,191,549**	**211,037,216**
Total Liabilities		**363,349,019**	**344,249,828**	**311,788,512**
Total Equity and Liabilities		**781,395,941**	**784,564,418**	**785,509,082**

* See Note 28

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Statement of Comprehensive Income

	Note(s)	2018 N$	2017 Restated * N$
Revenue	14	358,918,609	361,596,466
Cost of sales	15	(59,381,491)	(82,331,899)
Gross profit		**299,537,118**	**279,264,567**
Profit on disposal of property and equipment		1,100,689	3,261,547
Other operating expenses		(313,882,046)	(310,030,061)
Operating loss	16	**(13,244,239)**	**(27,503,947)**
Investment income	17	227,423	84,976
Finance costs	18	(11,899,290)	(11,937,009)
Loss for the year		**(24,916,106)**	**(39,355,980)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
OCI - change in severance pay provision	10	2,648,438	-
Other comprehensive income for the year net of taxation		**2,648,438**	**-**
Total comprehensive loss for the year		**(22,267,668)**	**(39,355,980)**

*** See Note 28**

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Statement of Changes in Equity

	Share capital N$	Share premium N$	Total share capital N$	Capital contribution N$	Accumulated loss N$	Total equity N$
Opening balance as previously reported	100,004,000	1,002,349,729	1,102,353,729	14,559,933	(646,101,536)	470,812,126
Prior year adjustments*	-	-	-	-	2,908,444	2,908,444
Balance at 01 November 2016 as restated*	**100,004,000**	**1,002,349,729**	**1,102,353,729**	**14,559,933**	**(643,193,092)**	**473,720,570**
Loss for the year as restated*	-	-	-	-	(39,355,980)	(39,355,980)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(39,355,980)**	**(39,355,980)**
Capital contribution	-	-	-	5,950,000	-	5,950,000
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**5,950,000**	**-**	**5,950,000**
Balance at 01 November 2017 as restated*	**100,004,000**	**1,002,349,729**	**1,102,353,729**	**20,509,933**	**(682,549,072)**	**440,314,590**
Loss for the year	-	-	-	-	(24,916,106)	(24,916,106)
Other comprehensive income	-	-	-	-	2,648,438	2,648,438
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(22,267,668)**	**(22,267,668)**
Shares issued	2,000	20,507,933	20,509,933	(20,509,933)	-	-
Total contributions by and distributions to owners of company recognised directly in equity	**2,000**	**20,507,933**	**20,509,933**	**(20,509,933)**	**-**	**-**
Balance at 31 October 2018	**100,006,000**	**1,022,857,662**	**1,122,863,662**	**-**	**(704,816,740)**	**418,046,922**
Note	7	7	7	8		

*** See Note 28**

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Statement of Cash Flows

	Note(s)	2018 N$	2017 N$
Cash flows from operating activities			
Cash receipts from customers		369,613,933	376,561,352
Cash paid to suppliers and employees		(308,022,099)	(338,123,791)
Cash generated from operations	20	61,591,834	38,437,561
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Finance costs	18	(11,899,290)	(4,006,659)
Net cash from operating activities		**49,919,967**	**34,515,878**
Cash flows from investing activities			
Purchase of property and equipment	4	(14,384,589)	(25,846,447)
Sale of property and equipment	4	1,744,345	3,678,338
Net cash from investing activities		**(12,640,244)**	**(22,168,109)**
Cash flows from financing activities			
Proceeds on issue of shares / contribution	7	-	5,950,000
Repayment of DBN loan	9&26	(6,878,885)	-
Finance lease advances /(repayments)		(832,970)	(213,554)
Net cash from financing activities		**(7,711,855)**	**5,736,446**
Total cash movement for the year		**29,567,868**	**18,084,215**
Cash at the beginning of the year		22,597,425	4,513,210
Total cash at end of the year	6	**52,165,293**	**22,597,425**

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Significant Accounting Policies

1. Significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act of Namibia.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

There are no critical judgements made by management in applying accounting policies.

Key sources of estimation uncertainty

Trade receivables

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

The impairment (or loss allowance) for trade receivables is calculated for individual trade receivables balances. The impairment test on the trade receivable balances is based on indicators of significant difficulties of the debtor, actual and/or probable default by the debtor.

Fair value estimation

The carrying value less impairment provision of trade receivables, and payables, are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

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Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives and residual values of property and equipment

Management assesses the appropriateness of the useful lives of property and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 10.

1.3 Property and equipment

Property and equipment are tangible assets which the company holds for its own use or for rental to others, and which are expected to be used for more than one year.

An item of property and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Costs incurred are capitalized to assets under construction, until it is ready for use, at which time it is transferred to property.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property and equipment have been assessed as follows:

Item	*Depreciation method*	*Average useful life*
Buildings	Straight line	45 years
Land		Indefinite
Plant and machinery	Straight line	1 to 10 years
Furniture and fixtures	Straight line	5 to 10 years
Motor vehicles	Straight line	5 years

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Significant Accounting Policies

1.3 Property and equipment (continued)

Office equipment	Straight line	3 to 12 years
IT equipment	Straight line	3 years
Computer software	Straight line	3 years
Other minor assets	Straight line	5 to 10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.4 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

Transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

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Significant Accounting Policies

1.4 Financial instruments (continued)

Impairment of financial assets

At each reporting date the company assesses all financial assets to determine whether there is objective evidence that a financial asset or a group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Trade and other payables are classified as financial liabilities at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in classification value. These are initially and subsequently recorded at amortised cost.

Cash and cash equivalents are classified as loans and receivables.

Significant Accounting Policies

1.4 Financial instruments (continued)

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Bank overdraft and borrowings are classified as financial liabilities at amortised cost.

1.5 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Significant Accounting Policies

1.6 Impairment of assets (continued)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation, is recognised immediately in profit or loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets, may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss.

1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Severance pay provision

The severance pay provision is determined using the projected unit credit method.

Actuarial valuations are conducted every 2 years by independent actuaries.

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1.8 Employee benefits (continued)

Income and service cost are recognised in profit or loss on the year in which they occur.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

The amount recognised in the statement of financial position represents the present value of the severance pay obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

1.9 Provisions and contingencies

Provisions are recognised when:
- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

1.10 Contribution from shareholder

Government contributions are recognised as capital contributions from the shareholder in the statement of changes in equity.

When shares are issued to the Government of the Republic of Namibia, in return for these contributions received, then the equivalent amount is transferred from contributions to issued share capital, in the statement of changes in equity.

1.11 Government grants

Government grants are recognised when there is reasonable assurance that:
- the company will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

Significant Accounting Policies

1.11 Government grants (continued)

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income in the period in which it becomes receivable.

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the company has complied with all attached conditions. Grants received where the company has yet to comply with all attached conditions are recognised as a liability (and included in deferred income) and released to income when all attached conditions have been complied with. Government grants received are included in profit or loss.

1.12 Revenue

Revenue from the sale of goods (such as sale of food & beverage and shop items) is recognized when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and value added tax.

Service revenue (such as activities, and availability of facilities) is recognized as services are rendered.
Revenue from accommodation and conference facilities is recognized over the period that the accommodation and conferencing service is provided.

1.13 Cost of sales

When inventories are sold or consumed in the ordinary course of the business, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised in cost of sales in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised in cost of sales, in the period in which the reversal occurs.

1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Advance deposits

Reservation deposits received from guest are recognised as a liability until such time as the accommodation and related services are delivered, at that time it is recognised as income, or the reservation cancellation and deposit forfeit rules are applied, at which point the set percentage forfeiture is recognised as income, and the balance refunded.

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Notes to the Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 November 2018 or later periods:

Standard/ Interpretation:	*Effective date: Years beginning on or after*	*Expected impact:*
• IFRS 16 Leases	01 January 2019	Impact is currently being considered
• IFRS 9 Financial Instruments	01 January 2018	Unlikely there will be a material impact
• IFRS 15 Revenue from Contracts with Customers	01 January 2018	Unlikely there will be a material impact

The aggregate impact of the initial application of the statements and interpretations on the company's annual financial statements is expected to be as follows:

IFRS 15 Revenue from contracts with customers

IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or overtime. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognised.

As the company recognises significantly all of its revenue over small separable units of time (i.e. an evening meal, or a night's accommodation), there will be no significant impact on the company's revenue recognition by the adoption of the new standard, IFRS 15 Revenue from Contracts with Customers. IFRS 15 must be applied for financial years commencing on or after 1 January 2018. The company will apply the new standard from 1 November 2018.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. It requires lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less, or has a low value. Lessors continue to classify leases as operating or finance.

NWR will make use of the exemption allowed in IFRS, to expense short term and low value asset rentals paid. NWR does not rent out any significant part of its assets, and thus no change to the company's accounting policies is expected.

The impact of the remaining 4 years of the head office rental is still being assessed.

IFRS 9 Financial instruments

IFRS 9 includes requirements for recognition and measurement, impairment derecognition and general hedge accounting.

The company does not have complex on or off balance sheet financial instruments. Both financial assets and liabilities are carried at amortised cost, less impairment in the case of financial assets.

If impairment for trade debtors is calculated using full lifetime expected credit losses as provided for in IFRS 9, the result is not significantly different from the current practice of providing for debtors past their payment terms.

Notes to the Financial Statements

3. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings disclosed in notes 9, cash and cash equivalents disclosed in note 6, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to the shareholder, return capital to shareholder, or issue new shares.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk.

The company's overall risk management program seeks to minimise potential adverse effects on the company's financial performance. Financial risk management is carried out by the finance department (company treasury) under policies approved by the board. The board provides written guidance and principles for overall risk management.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Other than the DBN loan, balances due within 12 months equal their carrying values as the impact of discounting is not significant.

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Notes to the Financial Statements

3. Risk management (continued)

At 31 October 2018 (N$)	Less than 1 year	Between 1 and 5 years	Over 5 years
DBN loan	18,693,392	64,273,569	50,267,780
Finance leases	493,051	-	-
Bank overdraft	7,284,728	-	-
Trade and other payables - short term	46,824,976	-	-

At 31 October 2017 (N$)	Less than 1 year	Between 1 and 5 years	Over 5 years
DBN loan	103,307,011	-	-
Bank overdraft	14,845,469	-	-
Trade and other payables - short term	43,047,059	-	-

The interest component on the overdraft has not been quantified due to the fluctuating nature of the balance.

Trade and other payables exclude amounts for regulatory liabilities, employee liabilities, provisions and advance deposits as these are not financial liabilities as defined.

There have been no changes from previous year in respect of the objectives, policies and processes for managing the risk and in the methods to measure the risks.

Trade and other payables - long term is repayable as per note 11.

Interest rate risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

The company's interest rate risk arises from long-term borrowings and the prior years VAT and PAYE liabilities. Borrowings issued at variable rates expose the company to cash flow interest rate risk. During 2018 and 2017, the company's borrowings at variable rate were denominated in the Namibia Dollar.

At 31 October 2018, if interest rates on Namibia Dollar-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been N$ 1,150,188 (2017: N$1,158,535) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Cash flow interest rate risk

Financial instrument (N$)	Current interest rate	Due in less than a year	Due in one to ten years
Overdraft facilities	11.50 %	7,284,728	-
DBN loan	10.50 %	10,000,000	82,794,211

Refer to notes 11 and 27 for the repayment terms agreed with Ministry of Finance regarding past liabilities for VAT and PAYE.

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Notes to the Financial Statements

3. Risk management (continued)

Credit risk

Credit risk is managed on a client type basis.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument (N$)	**2018**	**2017**	**2016**
Trade and other receivables	7,332,973	8,687,760	11,961,019
Cash and cash equivalents	59,378,905	37,451,894	18,811,188

There have been no changes from previous years in respect of objectives policies and process for managing the risk and in the methods to measure the risk.

Foreign exchange risk

The company operates in Namibia only and all material transactions of the company are transacted in Namibia Dollars and thus the company is not exposed to significant foreign exchange risk.

Price risk

The company is not exposed to equity securities and thus not exposed to a material price risk.

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Notes to the Financial Statements

Figures in Namibia Dollar

4. Property and equipment

	2018			2017 Restated*			2016 Restated*		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	43,752,277	-	43,752,277	43,752,277	-	43,752,277	43,752,277	-	43,752,277
Buildings	857,637,156	(242,218,786)	615,418,370	856,495,441	(216,264,277)	640,231,164	842,489,326	(183,775,206)	658,714,120
Plant and machinery	13,988,289	(10,558,250)	3,430,039	13,505,276	(9,201,850)	4,303,426	12,251,516	(7,928,446)	4,323,070
Furniture and fixtures	31,994,440	(16,675,659)	15,318,781	29,818,634	(14,349,144)	15,469,490	27,030,648	(12,342,570)	14,688,078
Motor vehicles	50,912,605	(33,144,753)	17,767,852	50,631,747	(30,009,815)	20,621,932	46,059,042	(25,519,499)	20,539,543
Office equipment	207,824	(187,971)	19,853	207,824	(172,228)	35,596	207,824	(150,208)	57,616
IT equipment	8,236,914	(7,377,260)	859,654	7,674,210	(6,714,816)	959,394	7,049,696	(5,876,944)	1,172,752
Computer software	2,583,027	(1,925,485)	657,542	2,269,209	(1,538,462)	730,747	1,342,984	(1,242,526)	100,458
Assets under construction	10,244,406	-	10,244,406	4,115,616	-	4,115,616	4,285,969	-	4,285,969
Other minor assets	2,078,894	(1,216,019)	862,875	1,950,080	(884,252)	1,065,828	1,455,381	(582,681)	872,700
Total	**1,021,635,832**	**(313,304,183)**	**708,331,649**	**1,010,420,314**	**(279,134,844)**	**731,285,470**	**985,924,663**	**(237,418,080)**	**748,506,583**

* See Note 28

4. Property and equipment (continued)

Reconciliation of property and equipment - 2018

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	43,752,277	-	-	-	-	43,752,277
Buildings	640,231,164	-	-	1,141,714	(25,954,508)	615,418,370
Plant and machinery	4,303,426	516,780	(612,165)	-	(778,002)	3,430,039
Furniture and fixtures	15,469,490	2,254,568	(14,639)	-	(2,390,638)	15,318,781
Motor vehicles	20,621,932	3,322,452	(8,430)	-	(6,168,102)	17,767,852
Office equipment	35,596	-	-	-	(15,743)	19,853
IT equipment	959,394	562,705	-	-	(662,445)	859,654
Computer software	730,747	313,818	-	-	(387,023)	657,542
Assets under construction	4,115,616	7,270,504	-	(1,141,714)	-	10,244,406
Other minor assets	1,065,828	143,762	(8,422)	-	(338,293)	862,875
	731,285,470	**14,384,589**	**(643,656)**	**-**	**(36,694,754)**	**708,331,649**

*Reconciliation of property and equipment - 2017 Restated**

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	43,752,277	-	-	-	-	43,752,277
Buildings	658,714,120	1,402,173	-	12,603,942	(32,489,071)	640,231,164
Plant and machinery	4,323,070	1,279,036	-	-	(1,298,680)	4,303,426
Furniture and fixtures	14,688,078	2,832,162	(3,111)	-	(2,047,639)	15,469,490
Motor vehicles	20,539,543	5,715,796	(402,607)	-	(5,230,800)	20,621,932
Office equipment	57,616	-	-	-	(22,020)	35,596
IT equipment	1,172,752	762,767	(11,073)	-	(965,052)	959,394
Computer software	100,458	926,225	-	-	(295,936)	730,747
Assets under construction	4,285,969	12,433,589	-	(12,603,942)	-	4,115,616
Other minor assets	872,700	494,699	-	-	(301,571)	1,065,828
	748,506,583	**25,846,447**	**(416,791)**	**-**	**(42,650,769)**	**731,285,470**

*Reconciliation of property and equipment - 2016 Restated**

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	43,752,277	-	-	-	-	43,752,277
Buildings	642,856,621	3,294,967	-	44,424,585	(31,862,053)	658,714,120
Plant and machinery	1,420,212	4,136,567	-	-	(1,233,709)	4,323,070
Furniture and fixtures	12,868,847	3,687,116	(39,506)	-	(1,828,379)	14,688,078
Motor vehicles	15,738,485	9,107,843	(11,530)	-	(4,295,255)	20,539,543
Office equipment	74,901	4,387	-	-	(21,672)	57,616
IT equipment	1,820,897	446,562	(4,033)	-	(1,090,674)	1,172,752
Computer software	59,917	107,674	-	-	(67,133)	100,458
Assets under construction	38,861,937	9,848,617	-	(44,424,585)	-	4,285,969
Other minor assets	734,543	340,520	-	-	(202,363)	872,700
	758,188,637	**30,974,253**	**(55,069)**	**-**	**(40,601,238)**	**748,506,583**

*** See Note 28**

Notes to the Financial Statements

4. Property and equipment (continued)

Summary of land transferred to NWR

Land held	*Situated*	*Size*	*Title Deed*
Ai-Ais	Registration Division V, Karas Region	99,4131 Ha	Transferred, not yet registered at Deed Office
Daan Viljoen - Portion 14 (a portion of portion 7) of the Consolidated Farm Augeigas No 34	Registration K, Khomas Region	112,9511 Ha	T4498/2010
Dolomite	Registration Division A, Etosha	Not valued	Transferred, not yet registered at Deed Office
Duwiseb Castle - Portion 1 of Farm Duwiseb No.84	Registration Divison B, Hardap Region	50,3873 Ha	T34/2009
Gross Barmen - Portion 6 of Portion D of the Farm Gross Barmen NO.7	Registration Divison J, Okahandja District, Otjozondjupa region	98,4668	T34/2009
Gross Barmen - Portion A of the Farm Gross Barmen No.7	Registration Divison J, Okahandja District, Otjozondjupa region	1,5343 Ha	T34/2009
Gross Barmen - Portion 1 of Gross Barmen No.7	Registration Divison J, Okahandja District, Otjozondjupa region	1,523 square meters	T34/2009
Halali - Farm Halali No.1378	Registration Division B, Kunene Region	68,0485	T4501/2010

Notes to the Financial Statements

4. Property and equipment (continued)

Land held	***Situated***	***Size***	***Title Deed***
Hardap - Farm Hardap Resort No 693	Registration Division R, Hardap Region	242.49780 Ha	T1263/1967, T898/1978 and T1154/1975 Transferred, not yet registered at Deed Office
Hobas - Farm Hobas No.374	Registration V, Karas Region	181,0896 Ha	T1055/2011
Jakkalsputz - The Farm, Jakkalsputz No 242	Registration Division G, Erongo Region	100.0146 Ha	T1505/80 & T2862/74 Transferred, not yet registered at Deed Office
Khorixas - Portion of Khorixas Town Lands No.884	Town of Khorixas		PTO 49/1754
Luderitz office - Erf 626 , Luderitz Town	Registration N, Municipality of Luderitz, Karas Region	920 square meters	T34/2009
Mile 108 - Consolidated farm Mile 108 No 240	Registration Division C, Erongo Region	160.8914 Ha	Transferred, not yet registered at Deed Office
Mile 14 - Consolidated farm Mile 14 No 240	Registration Division G, Erongo Region	323.8756 Ha	Transferred, not yet registered at Deed Office
Mile 72 - Portion 3 of the farm Kap Cross No 143 (comprising of 1 and 2)	Registration Division C, Erongo Region	560.2801 Ha	Transferred, not yet registered at Deed Office
Namutoni - Farm Namutoni No,1379	Registration Division B, Etosha	63,6290 Ha	T4500/2010
Naukluft - Portion 1 of the farm Naukluft No.9	Registration Divison P,Maltahohe District	55,0932 Ha	T4506/2010

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Notes to the Financial Statements

4. Property and equipment (continued)

Land held	***Situated***	***Size***	***Title Deed***
Okaukuejo - Farm Okaukuejo New No.1107(Comprising 1 and 2)	Registration Divison A, Etosha	99,4129 Ha	T4506/2010
Olifantsrus	Registration Division A, Etosha	Not valued	Transferred, not yet registered at Deed Office
Onkoshi - Farm Onkoshi No 2040	Registration Division B, Etosha	100,9295 Ha	Transferred, not yet registered at Deed Office
Popa Falls - Portion of Popa Game Park No.1155	Okavango District , Division B	25,2049 Ha	T761/2009
Reho Spa - Erf No.221 Rehoboth C (Reho Spa)	Town of Rehoboth	6,9880 Ha	Registration No. 110/ 2004
Sesriem - Portion 1 (a Portion of portion 1)of the farm, sesriem NO.137	Registration Division P, Hardap Region	245,9491 Ha	T4499/2010
Shark Island - Erf No.209 , Luderitz Town	Registration N, Municipality of Luderitz, Karas Region	2424 square meters	T34/2009
Sossus Dune Lodge - Farm Sesriem Portion 3 of NO.137	Registration Division P, Maltahohe District	161,0461 Ha	T1057/2011
Terrace Bay - Farm Terrace Bay No.1016	Registration Divison A, Kunene Region	687,0566 Ha	T4505/2010
Torra Bay - Farm Torra Bay No 1017	Registration Divison A, Kunene Region	54,4677 Ha	T4504/2010
Von Bach - Portion A of Farm Osoina Commonage No 65	Registration Division J, Otjozondjupa Region	470.0504 Ha	Transferred, not yet registered at Deed Office

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4. Property and equipment (continued)

Land held	*Situated*	*Size*	*Title Deed*
Waterberg - Portion 7 of the Farm Rodenstein No 307	Registration Division D, Otjozondjupa Region	3983.705 Ha	T2557/69 & T977/72. Transferred, not yet registered at Deed Office
Windhoek erf	Registration Division K, Khomas Region Erf: 1030 & 1034	1807 sqaure meters and 2958 square meters	T6090/2009

Properties not valued, were transferred, or are in the process of being transferred, without being valued at the time of transfer.

Most properties were last valued in 22 May 2017. Properties were valued by The Trust & Estate Co (Pty) Ltd.

The NWR act restricts the disposal of properties, therefor the cost of obtaining new valuations for all properties far outweighs the benefits of disclosing current values.

***Transfer of Certain Fixed Assets to Namibia Wildlife Resorts**

In terms of Section 8(4) of the Namibia Wildlife Resorts Company Act (Act No. 3 of 1998), and an agreement dated 8 December 2008, with effect from 15 March 2011 in terms of Government Notice No. 30 of 2011, the immovable properties listed above were transferred to Namibia Wildlife Resorts Limited, following approval by the Ministry of Finance (Ref 20/11/1/23) in terms of the State Finance Act and cabinet approval (meeting reference 3rd /23.02.2010/006). The process of registering the transfers at the deeds office is in progress.

Khorixas Rest camp

The rest camp was donated to the company by the Namibian Development Corporation (NDC). The rest camp is constructed on land owned by the Khorixas Town Council.

5. Trade and other receivables

	2018 (N$)	2017 (N$)
Trade receivables	7,236,683	8,253,806
Employee cost in advance	96,290	116,268
Other receivables	-	317,686
	7,332,973	**8,687,760**

Fair value of trade and other receivables

Trade and other receivables	7,332,973	8,687,760

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Notes to the Financial Statements

	2018 N$	2017 N$

5. Trade and other receivables (continued)

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 2 months past due are not considered to be impaired. At 31 October 2018 none were past due but not impaired.

As of 31 October 2018, trade and other receivables of N$ 28,409,435 (2017: N$ 28,659,435) were impaired and provided for.

The amount of provision was N$ 28,409,435 as of October 2018 (2017: N$ 28,659,435).

Currencies

The carrying amount of trade and other receivables are denominated in the following currencies:

	2018 N$	2017 N$
Namibia Dollar	7,332,973	8,687,760

Reconciliation of provision for impairment of trade and other receivables

	2018 N$	2017 N$
Opening balance	28,659,435	21,814,914
Additional / (unused amounts reversed)	(250,000)	6,844,521
	28,409,435	**28,659,435**

The creation and release of provision for impaired receivables have been included in operating expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

	2018 N$	2017 N$
Cash on hand	71,116	26,437
Bank balances	59,378,905	37,425,457
Bank overdraft	(7,284,728)	(14,854,469)
	52,165,293	**22,597,425**
Current assets	59,450,021	37,451,894
Current liabilities	(7,284,728)	(14,854,469)
	52,165,293	**22,597,425**

The company has an overdraft facility of N$ 15 million which is reviewed annually and it is unsecured.

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Notes to the Financial Statements

	2018 N$	2017 N$

6. Cash and cash equivalents (continued)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

	2018 N$	2017 N$
Credit rating		
First National Bank of Namibia (GCR AA+)	52,165,293	22,597,425

7. Share capital

	2018 N$	2017 N$
Authorised		
150,000,000 Ordinary shares of N$1 each	150,000,000	150,000,000
Reconciliation of number of shares issued:		
Reported as at 01 November	100,004,000	100,004,000
Issue of shares	2,000	-
	100,006,000	**100,004,000**
Issued		
Ordinary	100,006,000	100,004,000
Share premium	1,022,857,662	1,002,349,729
	1,122,863,662	**1,102,353,729**

8. Capital contribution

Government contributions are recognised as contributions from the shareholder in the statement of changes in equity.

When shares are issued to the Government of the Republic of Namibia, in return for these contributions received, then the equivalent amount is transferred from contributions to issued share capital, in the statement of changes in equity.

Contributed capital

	2018 N$	2017 N$
Opening balances	20,509,933	14,559,933
Shares issued	(20,509,933)	-
Contributions from shareholder	-	5,950,000
	-	**20,509,933**

9. DBN loan

	2018 N$	2017 N$
Held at amortised cost		
Bank loan	92,794,211	99,673,096

The capital was repayable in annual installments, and interest payable twice a year, with last installment in March 2018. The loan bears interest at 10.5%.

The terms of the loan were renegotiated as stated in note 27.

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Notes to the Financial Statements

	2018 N$	2017 N$

9. DBN loan (continued)

	2018	2017
Non-current liabilities		
At amortised cost	82,794,211	-
Current liabilities		
At amortised cost	10,000,000	99,673,096
	92,794,211	**99,673,096**

10. Severance pay provision

The Labour Act states that a benefit of at least one week's pay for each continuous year of services is payable on the cessation of employment due to dismissal (except if due to misconduct or poor performance); death or resignation / retirement at age of 65 years. The Act is silent on retirement due to ill-health on retirement before or after age of 65 years. The company has a policy that allows for early retirement from age 55, which entitles the employee to severance pay. The severance liability was valued by an independent actuary, Mr D. Sauber, as at 31 October 2018, with a projected liability as at 31 October 2019. No separate assets are held to meet the severance pay liability.

Key actuarial assumptions	*2018*	*2017 Restated**	*2016 Restated**
Number of employees	909	877	877
Average age	41	41	41
Average service	9	11	11
Discount rate	10.1%	9.2%	9.2%
Inflation rate	7.6%	7.7%	7.7%

The amounts in the statement of financial position are as follows:	**2018 N$**	**2017 N$**	**2016 N$**
Severance pay provision	7,116,000	8,923,840	7,988,000
	7,116,000	**8,923,840**	**7,988,000**
Opening balance	8,923,840	7,988,000	7,776,258
Interest cost	829,639	748,420	723,000
Service cost	638,959	574,420	559,000
Benefit payments	(628,000)	(387,000)	(396,814)
Movement through other comprehensive income:	-	-	-
- actuarial gains	(2,648,438)	-	(673,444)
	7,116,000	**8,923,840**	**7,988,000**

11. Trade and other payables - long term

N$		
VAT	64,381,655	-
PAYE	32,316,746	-
	96,698,401	-

In accordance with the repayment agreement concluded with Ministry of Finance during FY18, the long outstanding VAT and PAYE balance carried over, will be repaid at a minimum of N$ 1,000,000 per month, until the debt is settled through repayment or, repayment and the successfull completion of the penalties and interest waiver application process is completed. All current year VAT and PAYE obligations, and the repayment installments for the next 12 months are classified as current liabilities, and the remaining balance is classified as long term.

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Notes to the Financial Statements

12. Trade and other payables - short term

	2018 N$	2017 N$ Restated*	2016 N$ Restated*
Trade payables	40,944,528	39,530,218	54,877,030
VAT	11,575,773	64,401,174	38,347,765
Other payables	1,770,599	2,723,329	2,838,778
Transaction levies - Namibian Tourism Board	805,704	698,306	3,462,362
Payroll related accrued expenses	31,154,634	32,109,867	26,732,533
Accrued expenses	4,109,850	793,512	759,000
PAYE control account	5,726,057	37,836,400	38,784,480
	96,087,145	**178,092,806**	**165,801,948**

Split of Trade and other payables

Trade liabilities	***2018 N$***	***2017 N$ Restated****	***2016 N$ Restated****
Trade	40,944,528	39,530,218	54,877,030
Other	1,770,598	2,723,329	2,838,778
Accruals	4,109,850	793,512	759,000
Payroll related accrued expenses	31,154,633	32,109,867	26,732,533
Subtotal	77,979,609	75,156,926	85,207,341
Regulatory liabilities	-	-	-
VAT - current return due	3,685,386	64,401,174	-
- Agreed repayments terms	7,890,387	-	38,347,765
PAYE - current return due	935,936	37,836,400	38,784,480
- Agreed repayment terms	4,790,122	-	-
NTB Levies	805,705	698,306	3,462,362
	96,087,145	**178,092,806**	**165,801,948**

13. Advance deposits

	2018 N$	2017 N$
Advance deposits		
- advance deposits on hand	46,332,004	31,752,323
- unallocated receipts	11,567,930	8,576,682
	57,899,934	**40,329,005**
Opening balance	40,329,005	29,367,675
Total received	253,101,345	211,263,695
Total applied / forfeited	(235,530,416)	(200,302,365)
	57,899,934	**40,329,005**

Advance deposits are for reservations with arrival dates within the next 12 months.

The company has no service obligation (relating to advance deposits not yet utilized) older than a year.
All deposits on hand at previous year end was utilized, or forfeited in line with the cancellation policy of the company.

See Note 28

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Notes to the Financial Statements

	2018 N$	2017 N$

14. Revenue

	2018 N$	2017 N$
Accommodation revenue	185,794,843	163,902,703
Administration and management fees received	1,271,527	1,176,867
Beverage sales	23,947,813	22,321,963
Laundry income	68,981	66,082
Deposits forfeited	5,861,869	4,203,869
Filling station	1,657,352	33,460,323
General income	2,723,989	2,382,298
Game drives	28,032,180	19,648,555
Conference income	1,288,212	1,318,103
Rental income	8,290,117	8,997,136
Restaurant meals	79,589,241	76,884,542
Tourist shop	20,392,485	27,234,025
	358,918,609	**361,596,466**

15. Cost of sales

	2018 N$	2017 N$
Food, beverages and other	59,381,491	82,331,899

16. Operating (loss)

Operating loss for the year is stated after charging (crediting) the following, amongst others:

	2018 N$	2017 N$
Auditor's remuneration - external		
Audit fees	836,420	1,441,900
Remuneration, other than to employees		
Consulting and professional services	6,952,946	5,224,973
Secretarial services	-	113,570
	6,952,946	**5,338,543**
Employee costs		
Salaries, wages, bonuses and other benefits	119,220,119	111,719,825
Housing allowance	18,824,459	17,834,102
Retirement benefit plans	1,468,598	1,817,000
Total employee costs	**139,513,176**	**131,370,927**
Leases		
Operating lease charges		
Premises	3,812,009	3,771,551
Depreciation and amortisation		
Depreciation of property and equipment (2017 restated refer note 28)	36,694,754	42,650,769
Other		
Profit on disposal of property and equipment	1,100,689	3,261,547

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Notes to the Financial Statements

	2018 N$	2017 N$

16. Operating profit (loss) (continued)

Expenses by nature

The other operating expenses are analysed by nature as follows:

	2018 N$	2017 N$
Employee costs	139,513,176	131,370,927
Operating lease charges	3,812,009	3,771,551
Depreciation	36,694,754	42,650,769
Other expenses	133,862,107	132,236,814
	313,882,046	**310,030,061**

17. Investment income

	2018 N$	2017 N$
Interest income		
From investments in financial assets:		
Bank and other cash	227,423	84,976

18. Finance costs

	2018 N$	2017 N$
Trade and other payables	1,056,835	2,359,043
Finance leases	9,776,597	8,078,520
Bank overdraft	1,065,858	1,499,446
Total finance costs	**11,899,290**	**11,937,009**

19. Taxation

No provision for income taxation was made as the company has not generated taxable income during the year.

	2018 N$	2017 N$
The estimated tax loss available for set off against future taxable income is:	532,422,844	529,380,876

20. Cash generated from operations

	2018 N$	2017 N$
Loss before taxation	(24,916,106)	(39,355,980)
Adjustments for:		
Depreciation	36,694,754	42,650,769
Gains on disposals of property and equipment	(1,100,689)	(3,261,547)
Interest income	(227,423)	(84,976)
Finance costs	11,899,290	11,937,009
Impairment	1,250,000	-
Movement in bad debt provision	-	6,844,521
Movement in deferred revenue liability	3,924,957	1,430,000
Movement in leave pay	(955,233)	-
Movement in severance pay	840,598	(494,160)
Changes in working capital:		
Inventories	857,996	(909,002)
Trade and other receivables	104,787	(3,571,262)
Trade and other payables - short term	15,647,974	12,290,858
Advance deposits	17,570,929	10,961,331
	61,591,834	**38,437,561**

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Notes to the Financial Statements

	2018 N$	2017 N$

21. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2018

	Loans and receivables	Total
Trade and other receivables	7,332,973	7,332,973
Cash and cash equivalents	59,450,021	59,450,021
	66,782,994	**66,782,994**

2017

	Loans and receivables	Total
Trade and other receivables	8,687,760	8,687,760
Cash and cash equivalents	37,451,894	37,451,894
	46,139,654	**46,139,654**

22. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2018

	Financial liabilities at amortised cost	Total
DBN loan	92,794,211	92,794,211
Trade and other payables	46,824,976	46,824,976
Bank overdraft	7,284,728	7,284,728
Finance leases	493,051	493,051
	147,396,966	**147,396,966**

2017

	Financial liabilities at amortised cost	Total
DBN loan	99,673,096	99,673,096
Trade and other payables	43,047,059	43,047,059
Bank overdraft	14,854,469	14,854,469
Finance lease payables	1,326,021	1,326,021
	158,900,645	**158,900,645**

Trade and other payables exclude amounts for regulatory liabilities and employee liabilities and provisions.

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Notes to the Financial Statements

	2018 N$	2017 N$

23. Related parties

Relationships

Shareholder	Government of the Republic of Namibia
Post employment benefit plan for employees	Government Institution Pension Fund
State owned entity	Development Bank of Namibia

Related party balances

	2018 N$	2017 N$
Loan accounts - Owing (to) by related parties		
Development Bank of Namibia (DBN)	(92,794,211)	(99,673,096)
Pension Fund Contributions		
Government Institutions Pension Fund	9,477,101	9,027,711
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Government and other related entities - receivables	15,717,379	2,792,943
Government and other related entities - payables	(7,014,091)	(4,233,312)

Related party transactions

	2018 N$	2017 N$
Amount included in Sales and Purchases regarding related parties		
Government and other related entities - sales	26,955,115	9,604,308
Government and other related entities - purchases	(46,084,291)	(41,374,615)
Compensation to director and other key management		
Short-term employee benefits	5,844,742	5,051,798

24. Contingencies

1) Two labour related claims were settled after year-end amounting to N$ 400,000.

2) A customer has instituted claims against the company. As at the date of this report the claim is being evaluated by the company's insurers and the amount is not yet quantified.

Contingent liability

The medical aid service provider has presented an invoice for an amount greater that the medical aid deductions and contributions as calculated on an individual employee basis by the payroll program. The contract with the medical aid service provider states that any changes to a member's premium, will be communicated by the company, to the service provider. The company is therefore disputing the expense as presented by the service provider, until such time as the difference is reconciled, and agreed between the two parties. The difference being disputed, amounts to approximately N$ 4 million.

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Notes to the Financial Statements

	2018 N$	2017 N$

25. Directors' emoluments

Directors

2018

		Total
Directors emoluments	1,090,210	1,090,210

2017

		Total
Directors emoluments	2,244,300	2,244,300

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Notes to the Financial Statements

26. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2018

N$	Opening balance	Interest	Total movements	Cash flows	Closing balance
DBN loan	99,673,096	9,733,689	9,733,689	(16,612,574)	92,794,211
Finance lease liabilities	1,326,021	42,908	42,908	(875,878)	493,051
	100,999,117	**9,776,597**	**9,776,597**	**(17,488,452)**	**93,287,262**
Total liabilities from financing activities	**100,999,117**	**9,776,597**	**9,776,597**	**(17,488,452)**	**93,287,262**

Reconciliation of liabilities arising from financing activities - 2017

N$	Opening balance	Interest	Total movements	Cash flows	Closing balance
DBN loan	91,742,746	7,930,350	7,930,350	-	99,673,096
Finance lease liabilities	1,539,575	148,169	148,169	(361,723)	1,326,021
	93,282,321	**8,078,519**	**8,078,519**	**(361,723)**	**100,999,117**
Total liabilities from financing activities	**93,282,321**	**8,078,519**	**8,078,519**	**(361,723)**	**100,999,117**

Notes to the Financial Statements

27. Going concern

Current ratio

NWR remains technically solvent, with its total assets exceeding its total liabilities:

	2018 - Ratio # / N$ m	2017 - Ratio # / N$ m
Total assets to total liabilities ratio	2.15	2.28

The current ratio has improved since 2017. This has reduced the concerns about the company being able to pay its current liabilities, out of its current assets. In other words, without having to resort to selling its long term assets in order to settle short term debt, which would under normal circumstances, impair the sustainability of the company.

The 2019 forecast (2 months actual and 10 months budget) indicates that this ratio is likely to be maintained at similar levels.

Current ratio	0.41	0.16
Current liabilities exceed current assets by (N$)	99	280

Even if NWR did intend to sell off some of its long-term assets to settle its current debt, it is restricted from doing so by law. Removing the non-cash leave provision, improves the current ratio even more. This ratio, as discussed under cash flow forecasts, is a ratio that will be managed through ongoing operations.

If the 2019 forecast (2 months actual and 10 months budget) realizes as planned, this ratio would improve.

Adjusted current ratio	0.51	0.18

Furthermore, current liabilities includes advance deposits which represents our obligation to deliver services, and not a claim on our cash under normal circumstances. Historical trends suggest that by far the greater portion of advance deposits are applied to bookings, and not refunded.

Advance deposits (N$m)	58	40

Ministry of Finance liability

For a number of years, NWR has not been making VAT and PAYE payments when due. A number of reasons caused this, including unreliable tax accounting records used in preparing returns, and cash flow pressures.

It has always been the intention of Board and Management to become compliant and various interventions throughout the years have attempted to resolve the outstanding balances.

In 2014, through support from Ministry of Environment and Tourism, NWR was able to pay N$30m of the N$80m outstanding at that time, and a further amount of N$29m was paid in 2015.

In March 2017, NWR engaged the services of a professional services firm, to review the VAT records, and assist in the resubmission process for periods commencing 2012/03.
The first phase of that project was concluded early July 2018.

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Notes to the Financial Statements

27. Going concern (continued)

While that process was running, we engaged with Ministry of Finance on reaching a settlement agreement which includes agreeing on the capital balance outstanding, and may see the waiving of penalties/interest depending on the settlement of capital balances. We have commenced with the repayment plan with effect from July 2018, paying an amount of N$1m per month, as well as paying the current PAYE & VAT as they fall due.

As such, only the balances outstanding at year end, relating to current year returns, and the N$12m minimum repayment relating to historic tax balances due over the next 12 months, have been included in current liabilities in the current year.

	2018 - Ratio # / N$ m	*2017 - Ratio # / N$ m*
Ministry of Finance current liability (N$ m)	17	102
Ministry of Finance long term liability (N$ m)	97	-

Based on correspondence with the Ministry, we as Directors of the company, are satisfied that Ministry of Finance has no intention of interrupting our ability to operate in the interest of Namibia, its economy and its people.

Government guarantee for Development Bank loan

Ministry of Environment and Tourism has provided a guarantee for the Development Bank of Namibia loan.

DBN loan (N$ m)	93	100

NWR successfully renegotiated that loan in March 2018, to be repaid over 10 years. Interest payments have been made, and the first capital instalment was made on 4 March 2019.
It has never been our intention to call on that guarantee, and as discussed under cash flow forecasts below, we plan to repay the loan as and when due.

The government guarantee serves to provide the financiers with additional assurance as to the recoverability of their loan.

Government support for NWR mandate

The Namibia Wildlife Resorts Company Act, No 3 of 1998, provides for the transfer of the wildlife resorts enterprise of the State to the Company.

The objects of the company, as set out in the Act, are:

a) Managing the resorts according to general business principles;

b) Training and research to promote productivity of the resorts;

c) Developing, with or without participation of the private sector, commercially viable enterprises or projects; and

d) Promoting environmentally sustainable tourism, safeguarding assets and attractions for the long term benefit of the tourism industry, and the Namibian people.

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27. Going concern (continued)

The Government of Namibia, as the sole shareholder in the company has the ultimate responsibility to see that NWR is properly empowered, and held accountable, for meeting its mandate.
NWR and the Ministry of Environment and Tourism have such a good working relationship, to the extent that the troubled Zambezi Waterfront Development has been earmarked for transfer to NWR to develop in accordance with its mandate.
It is for these reasons, that Ministry of Environment and Tourism continues to provide the support (financial, political and otherwise) to NWR to meet its mandate.

Furthermore, we have a signed letter of comfort from the Ministry of Finance, which further supports the Going Concern principle in preparing these financial statements.

Cash flow forecasts & business plans

The budget for FY19 was approved on 29 August 2018.

EBITDA (as adjusted for adding back Ministry of Finance penalties) is improving every year.

	2018 - # / N$m	*2017 - # / N$m*
Earnings before tax, depreciation and amortization and MoF penalties (N$ m)	30	19

Cash inflow from operations is also improving.

The earnings are forecasted (2 months actual and 10 months budget) to increase if we achieve our planned revenue targets, which will inevitably increase the cash inflows from operations accordingly.

Cash inflow from operations (N$ m)	65	52

This indicates that the company is able to meet its ongoing operational activities and obligations, including settlement of its long term debt obligation, and the liability owing to Ministry of Finance as per agreed repayment plan.

The remainder of the future cash inflow from operations is expected to be sufficient to meet the obligations of new and/or alternative funding, required to invest in capital expenditure to protect and grow its current revenue base.
The directors are satisfied that management have put into place the right combination of marketing activities, and cost cutting measures, that will yield these planned results.

Conclusion

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on the going concern basis.

The directors have satisfied themselves that the company is in a fair financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely affect the company.

The ability of the Company to continue as a going concern is dependent on the Company continuing to meet its repayment plan to the Ministry of Finance with respect to outstanding VAT and PAYE. Failure to meet this repayment plan may result in the Ministry of Finance calling upon the outstanding balance,penalties and interest. This condition gives rise to a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

Notes to the Financial Statements

27. Going concern (continued)

The financial statements are prepared on the going concern basis of accounting 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 will occur in the ordinary course of business.

28. Prior period errors

Opening retained earnings/(deficit)	***2017***	***2016***
As previously stated	(646,101,536)	(558,036,888)
Profit/(loss) as previously stated	(39,774,584)	(85,754,092)
OCI as previously stated	-	(2,310,556)
Closing retained earnings as previously stated	**(685,876,120)**	**(646,101,536)**
Severance pay correction		
2017 Opening retained earnings / 2016: Other comprehensive income	2,984,000	2,984,000
2017: Operating expenses	494,160	-

In previous years, the actuarial valuation was based on an incorrect assumption relating to severance payable on retirement at age 60.

In the current year, the actuarial valuation was corrected to reflect that severance pay is only payable in the event of early retirement from age 55 to age 59.

The corresponding liability is restated in note 10.

Land and buildings correction		
2017 Opening retained earnings / 2016: Operating expenses	(75,556)	(75,556)
2017: Operating expenses	(75,556)	-

Retentions held on the construction of certain refurbishment projects, amounting to N$ 3,4 million was only accrued in the current year, although the projects were completed in 2015. As result, a restatement was made to 2016 and 2017, to recognise the liability, and resulting deprecation charge for each year since 2016.

The corresponding accrual is restated in note 12, and the impact on the depreciation and opening carrying amount of buildings is restated in note 4.

Closing retained earnings, as restated	(682,549,072)	(643,193,092)

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Detailed Income Statement

	Note(s)	2018 N$	2017 Restated * N$
Revenue			
Sale of goods		79,589,241	76,884,542
Conference fees		1,288,212	1,318,103
Deposits forfeited		5,861,869	4,203,869
Filling station		1,657,352	33,460,323
PPP rental income		8,290,117	8,997,136
Tourist shop		20,392,485	27,234,025
Commission received		68,981	66,082
Administration and management fees received		1,271,527	1,176,867
Game drives		28,032,180	19,648,555
Beverage sales		23,947,813	22,321,963
Accommodation sales		185,794,843	163,902,703
General income		2,723,989	2,382,298
	14	**358,918,609**	**361,596,466**
Cost of sales			
Opening stock		(7,139,294)	(6,230,292)
Purchases		(58,523,495)	(83,240,901)
Closing stock		6,281,298	7,139,294
	15	**(59,381,491)**	**(82,331,899)**
Gross profit		**299,537,118**	**279,264,567**
Other operating gains (losses)			
Gains on disposal of assets		1,100,689	3,261,547
Expenses (Refer to page 47)		**(313,882,046)**	**(310,030,061)**
Operating loss	16	**(13,244,239)**	**(27,503,947)**
Investment income	17	227,423	84,976
Finance costs	18	(11,899,290)	(11,937,009)
Loss for the year		**(24,916,106)**	**(39,355,980)**

* See Note 28

Detailed Income Statement

	Note(s)	2018 N$	2017 Restated * N$
Other operating expenses			
Advertising		(3,248,439)	(3,808,336)
Auditors remuneration - external auditors	16	(836,420)	(1,441,900)
Bad debts written off		(2,570,657)	(10,985,401)
Bank charges		(2,539,005)	(3,615,264)
Cleaning		(5,714,777)	(8,923,092)
Commission paid - credit cards		(3,212,402)	(2,864,120)
Complimentary food & accommodation		(1,261)	(3,214)
Computer maintenance, support and training		(1,926,446)	(2,802,173)
Consulting fees		(5,075,290)	(3,801,429)
Courier and postage		(328,813)	(229,607)
Depreciation		(36,694,754)	(42,650,769)
Donations and sponsorships		(384,354)	(230,800)
Employee costs		(139,513,176)	(131,370,927)
Entertainment		(233,438)	(202,296)
Equipment hire & rental		(5,520,428)	(5,128,727)
Debtors discount		-	(2,334)
First Aid and fire fighting		(588,990)	(682,391)
Game drive expenses		(1,619,487)	(966,638)
Insurance		(4,197,155)	(3,874,238)
Internet data/ mail band lease		(1,077,137)	(782,605)
Legal fees		(1,877,656)	(1,423,544)
Licensing fees		(5,600,058)	(5,710,426)
MD's Functions		(234,921)	-
Motor vehicle expenses		(14,305,569)	(11,096,252)
Municipal expenses		(32,371,293)	(36,548,130)
Packaging		(370,316)	(322,167)
Penalties and interest		(5,832,644)	(4,092,414)
Pest control		(667,409)	(404,004)
Plants and decorations		(140,280)	(419,268)
Pool cleaning		(897,660)	(835,966)
Printing and stationery		(1,205,561)	(837,668)
Property rental		(3,812,009)	(3,771,551)
Repairs and maintenance		(12,166,715)	(11,127,930)
Secretarial fees		-	(113,570)
Security		(5,310,680)	(4,700,135)
Staff meals		(436,506)	(123,740)
Subscriptions		(556,779)	(416,640)
Subsistance and travel - foreign		(3,797,077)	(1,972,252)
Subsistance and travel - local		(2,733,807)	(2,501,615)
Sundry expense recoveries - resorts		(596,081)	5,514,547

* See Note 28

Detailed Income Statement

	Note(s)	2018 N$	2017 Restated * N$
Telephone and fax		(4,611,368)	(2,464,789)
Trade fairs		(797,001)	(1,100,780)
Training and levies		(262,828)	(1,194,026)
Transport and freight		(15,399)	(1,480)
		(313,882,046)	**(310,030,061)**

*** See Note 28**

Additional disclosures of revenue

	2018 N$	2017 N$
Additional disclosures		
Revenue		
Revenue by resort		
Ai Ais	(17,556,408)	(15,229,870)
Dolomite	(15,508,094)	(15,381,093)
Duiwiseb	(1,098,699)	(951,397)
Gross Barmen	(9,930,338)	(10,647,670)
Halali	(56,942,139)	(54,853,289)
Hardap	(5,058,394)	(4,516,794)
Hobas	(4,696,770)	(4,015,494)
Jakkalsputz	(332,369)	-
Khorixas	(4,861,151)	(4,629,579)
Mile 108	(216,894)	-
Mile 72	(387,679)	-
Namutoni	(35,807,545)	(40,044,883)
Naukluft	(2,074,621)	(1,609,497)
Okaukuejo	(93,916,750)	(98,178,559)
Olifantrus	(5,430,304)	(5,342,622)
Onkoshi	(5,603,009)	(5,309,204)
Other	(10,969,866)	(5,318,997)
Popa Falls	(7,926,979)	(7,248,174)
Sesriem	(30,703,585)	(25,872,343)
Shark Island	(854,454)	(966,336)
Sossus Dune Lodge	(17,773,271)	(23,084,525)
Terrace Bay	(8,083,420)	(9,996,515)
Torra Bay	(2,353,387)	(3,467,802)
Waterberg	(19,372,460)	(24,343,227)
	(357,458,586)	**(361,007,870)**

Sources of guest	*Percentages (%)*
Germany	11%
Namibia	43%
South Africa	22%
Switerland	7%
Other	17%
	100%

Economic factors affecting our revenue:

Our different revenue line items are closely related to our user group, being the tourist. General economic conditions impact tourism as a whole, and no individual line item is affected significantly more than another.

While we distinguish between eco, classic and adventure resorts from a marketing perspective, the overarching nature of our resorts, and the location thereof, does not significantly vary. There are no economic factors that impact one of our resorts significantly more than another.

*** See Note 28**

Additional disclosures of properties

Namibians continue to make up the bulk of our visitors, and local economic conditions impact the discretionary spend for purpose of travelling, of our biggest market component.

Given that our bookings policy requires up-front payment, (and only in limited circumstances do we have credit terms available) the uncertainty regarding cash flows is limited to general economic conditions, which impacts our total revenue.

Property, plant and equipment

Land held	*Situated*	*Size*	*Title Deed*	*Land*	*Improvements*
Ai-Ais	Registration Division V, Karas Region	99,4131 Ha	Transferred, not yet registered at Deed Office	10,000,000	170,000,000
Daan viljoen - Portion 14 (a portion of portion 7) of the Consolidated Farm Augeigas No 34	Registration K, Khomas Region	112,9511 Ha	T4498/2010	16,000,000	94,000,000
Dolomite	Registration Division A, Etosha	Not valued	Transferred, not yet registered at Deed Office	30,000,000	36,000,000
Duwiseb Castle - Portion 1 of Farm Duwiseb No.84	Registration Divison B, Hardap Region	50,3873 Ha	T34/2009	800,000	12,200,000
Gross Barmen - Portion 6 of Portion D of the Farm Gross Barmen NO.7	Registration Divison J, Okahandja District, Otjozondjupa region	98,4668	T34/2009	Not valued	Not valued
Gross Barmen - Portion A of the Farm Gross Barmen No.7	Registration Divison J, Okahandja District, Otjozondjupa region	1,5343 Ha	T34/2009	Not valued	Not valued
Gross Barmen - Portion 1 of Gross Barmen No.7	Registration Divison J, Okahandja District, Otjozondjupa region	1,523 square meters	T34/2009	Not valued	Not valued

*** See Note 28**

Additional disclosures of properties

Land held	*Situated*	*Size*	*Title Deed*	*Land*	*Improvements*
Halali - Farm Halali No.1378	Registration Division B, Kunene Region	68,0485	T4501/2010	51,400,000	92,600,000
Hardap - Farm Hardap Resort No 693	Registration Division R, Hardap Region	242.49780 Ha	T1263/1967, T898/1978 and T1154/1975 Transferred, not yet registered at Deed Office	24,000,000	16,600,000
Hobas - Farm Hobas No.374	Registration V, Karas Region	181,0896 Ha	T1055/2011	15,000,000	30,000,000
Jakkalsputz - The Farm, Jakkalsputz No 242	Registration Division G, Erongo Region	100.0146 Ha	T1505/80 & T2862/74 Transferred, not yet registered at Deed Office	10,150,000	950,000
Khorixas - Portion of Khorixas Town Lands No.884	Town of Khorixas		PTO 49/1754	1,700,00	6,300,000
Luderitz office - Erf 626 , Luderitz Town	Registration N, Municipality of Luderitz, Karas Region	920 square meters	T34/2009	Not valued	Not valued
Mile 108 - Consolidated farm Mile 108 No 240	Registration Division C, Erongo Region	160.8914 Ha	Transferred, not yet registered at Deed Office	2,450,000	950,000
Mile 14 - Consolidated farm Mile 14 No 240	Registration Division G, Erongo Region	323.8756 Ha	Transferred, not yet registered at Deed Office	16,200,000	14,800,000
Mile 72 - Portion 3 of the farm Kap Cross No 143 (comprising of 1 and 2)	Registration Division C, Erongo Region	560.2801 Ha	Transferred, not yet registered at Deed Office	8,500,000	500,000

*** See Note 28**

Namibia Wildlife Resorts Limited

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Additional disclosures of properties

Land held	*Situated*	*SIze*	*Title Deed*	*Land*	*Improvements*
Namutoni - Farm Namutoni No,1379	Registration Division B, Etosha	63,6290 Ha	T4500/2010	47,000,000	119,000,000
Naukluft - Portion 1 of the farm Naukluft No.9	Registration Divison P,Maltahohe District	55,0932 Ha	T4506/2010	1,000,000	17,000,000
Okaukuejo - Farm Okaukuejo New No.1107(Comprising 1 and 2)	Registration Divison A, Etosha	99,4129 Ha	T4506/2010	77,000,000	173,000,000
Olifantsrus	Registration Division A, Etosha	Not valued	Transferred, not yet registered at Deed Office	1,000,00	12,000,000
Onkoshi - Farm Onkoshi No 2040	Registration Division B, Etosha	100,9295 Ha	Transferred, not yet registered at Deed Office	78,000,000	42,000,000
Popa Falls - Portion of Popa Game Park No.1155	Okavango District , Division B	25,2049 Ha	T761/2009	4,700,00	46,300,000
Reho Spa - Erf No.221 Rehoboth C (Reho Spa)	Town of Rehoboth	6,9880 Ha	Registration No. 110/ 2004	7,000,00	9,000,000
Sesriem - Portion 1 (a Portion of portion 1)of the farm, sesriem NO.137	Registration Division P, Hardap Region	245,9491 Ha	T4499/2010	20,000,000	48,000,000
Shark Island - Erf No.209 , Luderitz Town	Registration N, Municipality of Luderitz, Karas Region	2424 square meters	T34/2009	2,070,00	4,330,000
Sossus Dune Lodge - Farm Sesriem Portion 3 of NO.137	Registration Division P, Maltahohe District	161,0461 Ha	T1057/2011	12,800,000	67,200,000
Terrace Bay - Farm Terrace Bay No.1016	Registration Divison A, Kunene Region	687,0566 Ha	T4505/2010	19,000,000	41,000,000

*** See Note 28**

The supplementary information presented does not form part of the annual financial statements and is unaudited

Additional disclosures of properties

Land held	*Situated*	*Size*	*Title Deed*	*Land*	*Improvements*
Torra Bay - Farm Torra Bay No 1017	Registration Divison A, Kunene Region	54,4677 Ha	T4504/2010	1,700,000	6,300,000
Von Bach - Portion A of Farm Osoina Commonage No 65	Registration Division J, Otjozondjupa Region	470.0504 Ha	Transferred, not yet registered at Deed Office	37,000,000	53,000,000
Waterberg - Portion 7 of the Farm Rodenstein No 307	Registration Division D, Otjozondjupa Region	3983.705 Ha	T2557/69 & T977/72. Transferred, not yet registered at Deed Office	14,800,000	165,200,000
Windhoek erf	Registration Division K, Khomas Region Erf: 1030 & 1034	1807 sqaure meters and 2958 square meters	T6090/2009	Not valued	Not valued
			Total	**509,270,000**	**1,278,230,000**

* See Note 28