



# ANNUAL REPORT 2015/16 & 2016/17

November 2015 – October 2016  
November 2016 – October 2017

**NWR**  
namibia wildlife resorts



This document presents the audited Annual Financial Statements for Namibia Wildlife Resorts for  
the financial years ending 31 October 2016 and 31 October 2017

in compliance with

Section 13 (1) of the Namibia Wildlife Resorts Act, Act 3 of 1998.

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## 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 (2 of 2006 as amended), the Public Enterprises Governance Amendment Act (Act 8 of 2015) and the Public Procurement Act (Act No: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 direction and financial support.

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 to enhancing corporate profit and shareholder gain, taking into account the promotion of an economically prosperous and efficient wildlife resorts service conducted on sound business, conservation and environmental principles, and 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.

NWR employs about 957 employees and operates 27 facilities (resorts and camps) throughout the country, of which six 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. PPP arrangements for Reho Spa with Rehoboth Community Trust in the Hardap Region and Glamping with Sun Karros at Sesriem in the Hardap Region are in process.

## 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”. Sossus Dune Lodge inside the Namib Naukluft Park and Onkoshi Camp inside Etosha National Park are the two premier camps, with the recently (2011) opened Dolomite Camp also counted in this category. Popa Falls Camp was also introduced in December 2013.

| Camp / Resort / Lodge                                | Dolomite Camp | Onkoshi | Popa Falls | Sossus Dune |
|--|---------------|---------|------------|-------------|
| Accommodation  | •             | •       | •          | •           |
| Camping  | •             |         | •          |             |
| Restaurant   | •             | •       | •          | •           |
| Bar  | •             | •       | •          | •           |
| Kiosk / tourist shop                                 |               |         | •          |             |
| Filling stations                                     |               |         |            |             |
| <b>Activities / Value Added Services</b>             |               |         |            |             |
| 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 favourite 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.

|  | Al Ais | Gross Barmen | Halali | Harbap | Namutoni | Okaukueji | Waterberg |
|--|--------|--------------|--------|--------|----------|-----------|-----------|
| <b>Camp / Resort / Lodge</b>                         |        |              |        |        |          |           |           |
| Accommodation  | •      | •            | •      | •      | •        | •         | •         |
| Camping  | •      | •            | •      | •      | •        | •         | •         |
| Restaurant   | •      | •            | •      | •      | •        | •         | •         |
| Bar  | •      | •            | •      | •      | •        | •         | •         |
| Kiosk / tourist shop                                 | •      | •            | •      | •      | •        | •         | •         |
| Filling stations                                     | •      | •            | •      | •      | •        | •         | •         |
| <b>Activities / Value Added Services</b>             |        |              |        |        |          |           |           |
| 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:** 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.

|  | <div> <div>Duwisib Castle</div> <div>Hobas</div> <div>Khorixas</div> <div>Naukluft</div> <div>Olifantsrus</div> <div>Sesriem</div> <div>Shark Island</div> <div>Terrace Bay</div> <div>Torra Bay</div> </div> |   |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|---|---|
| Camp / Resort / Lodge                                |   |   |   |   |   |   |   |   |   |
| 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:

Windhoek (Head Quarters and Reservation Office)

Swakopmund (Reservation Office)

Cape Town (Reservation Office)



## BOARD OF DIRECTORS AND GOVERNANCE STRUCTURES



The Board of Directors is comprised of the following members:

|                         |                   |
|-------------------------|-------------------|
| Ambassador L.N. lipumbu | Chairperson       |
| Ms. J.W. 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 |

The NWR Board of Directors is constituted according to the provisions of the NWR Act and consists of 7 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 in the company.

### *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
2. The Human Capital Committee

### *The Finance, Risk, Audit and Compliance Committee*

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

- 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 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.

An Audit Committee meeting is 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 were Ambassador L.N. Lipumbu, Ms. J.W. Moore and Ms. C.R. Williams.

PKF were the appointed external auditors 2015/2016 financial year, whilst KPMG was appointed as external auditors during the 2016/2017 financial year. The rotation in appointed auditors was done in the interest of good corporate governance.

#### *The Human Capital Committee*

The Human Capital Committee 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 will include reviewing, monitoring and making recommendations to the Board of Directors on NWR's human capital strategy and policies. Furthermore, the committee will be 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 were Mr. R. Putter, Mr. B.T. Schneider, Ms. C.R. Williams and Ms. E.S. Shifotoka.





## **MANAGING DIRECTOR'S REPORT**

During 2016/2017, the company embarked on a strategy to turn around the financial results of the operations. This strategy is underpinned by six objectives, being:

### **1. Change company culture and establish high performing teams**

The past year saw less resort & camp manager conferences being held, but these still served to consolidate the good practices across the resorts, and gave an opportunity for managers to workshop challenges with their peers.

### **2. Improve institutional capability**

We conducted a skills audit and were happy to see that in specific critical areas, such as finance, the right skill sets were employed.

Furthermore, with the introduction of formal performance management methodology during 2016/17, and signing performance contracts with the C-Suite in addition to middle management, we are identifying opportunities to train our staff, to become better at what we do, whether guest service or support functions.

### **3. Attain guest satisfaction through operational and service excellence**

We measure this in many ways, and I will highlight only one in this report. Being our media tonality. By the very nature of our size and the prominence of our position, we will receive a significant amount of press coverage, and social media posts.

Our analysis for last year, shows that we have a ratio of positive commentary at around 96%.

### **4. Optimisation of profitability and growth of the company**

You will see from the highlights below, that while we have some way to go, our interventions are starting to yield results. Making an EBITDA profit for the first time in the last 5 years.

## **5. Establish and optimise strategic partnerships and stakeholder relations**

Over the past few months, we have received our fair share of unwarranted media reports based upon our decision to pursue untraditional methods to raise capital for our growth and expansion. Through the usage of our idle assets and innovative partnerships, such as Joint Ventures and Public-Private Partnerships we have seen an opportunity to further grow our business. Historically, we have had such ventures but now plan to become more strategic in this regard.

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

There are two angles to this objective.

One is our environmental sustainability. In this area we recently received three Hotel Associations of Namibia (HAN) awards. This has resulted in six of our resorts having these awards.

The second aspect revolves around doing responsible business. In this regard, I only wish to say that our cost cutting measures have resulted in better operating results, and may have delayed some of our refurbishment projects, but all in all – we are here for the long haul.

## **Highlights**

- Three environmental awards.
- Revenue growth of 7%
- Revenue per room N\$213k (FY16: N\$200k)
- Occupancy 48%
- Food, beverage & filling station cost of sales of 34% (FY2016: 38%)
- Book value of assets owned and managed: N\$728m
- Total beds 1564
- Total campsites 476
- EBITDA improved with N\$40m, turning from a loss in 2016 of N\$22m, to a profit in 2017 of N\$18m

The year under review had challenges on many fronts:

- Political
- Operational
- International markets
- Domestic market

With the support from our shareholder, through the Ministry of Environment and Tourism (MET), we received minimal financial assistance, amounting to N\$5 million. We were able to manage pressures and maintain our foothold in the tourism market.

In March 2016, a new Board was appointed which quickly set out to identify the root causes of our past performance, and approved a strategy in 2016 that responded to our strengths and weaknesses.

Management rose to the challenge of implementing that strategy which was (and still is) hampered by official approval from our two ministries (Ministry of Public Enterprise (MoPE and Ministry of Environment and Tourism (MET)), but specific vital initiatives have been implemented, which we believe contributed to our improved results. These include:

- o Performance contracts for all senior executives and most middle management.
- o Implementation of a performance management system across the resorts.
- o Refurbishing some key sites.

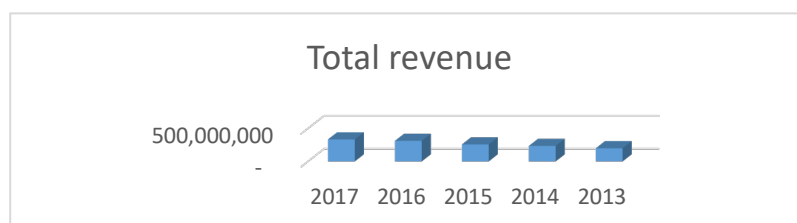
We are also proud that the investment of time and resources over the last two years has paid off in a better audit opinion as we have moved away from a multiple elements disclaimer opinion. Our finance team are hard at work preparing for the FY18 audit, and addressing the remaining shortcomings identified by the auditors, together with operational management.

I have great belief in my management team, who have supported me in implementing this strategy, sometimes in trying circumstances, and the board for their valued advice and guidance, and I look forward to achieving the results that this company, with its strategically located sites, is able to achieve.

## ***The Numbers***

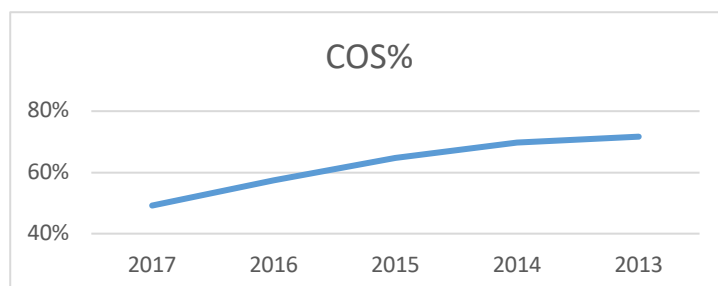
A brief analysis of the numbers, show that we are on the right track.

- 1) Our revenue numbers have been increasing steadily over the last five years.



Through various interventions which included an aggressive marketing campaign at the source of our international tourist market, we managed to increase our total revenue by N\$22m. That is nearly an additional N\$2m per month.

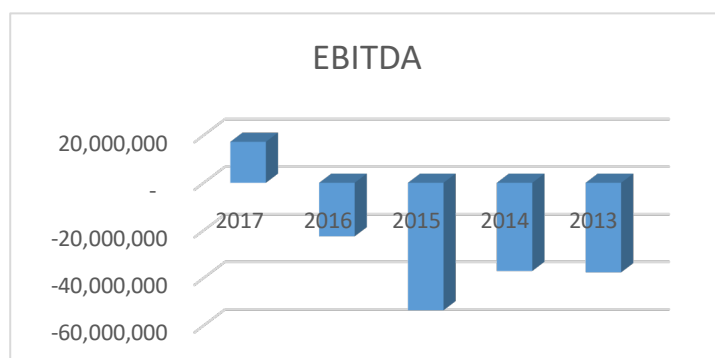
- 2) Our cost control over of sales is making slow progress towards our target of 35%.





With determined cost cutting efforts, we managed to reduce COS % to 45%, which contributed N\$3,5m to the bottom line. Cost management, specifically cost of sales of food & beverage remain our focus and we are targeting even more savings while maintaining a high quality of meals delivered.

- 3) And, saving the more important to last, for the first time in the last five years, we have made an EBITDA (and before penalties) profit of N\$18m



PPP remain a hot topic, and through our two most successful PPPs, with Sun Karros, namely Daan Viljoen and Mile 14, we added N\$2m to the bottom line.

From this, you can infer that our profits are sustainable – it comes from our core business, which comes from being good hosts to our visitors.

We are working hard at overcoming the administrative hurdles for us to bring our next big PPP on line.

### ***The balance sheet***

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

To that end, we successfully renegotiated both the Development Bank of Namibia's (DBN) loan of N\$100m after year end and settlement terms for the long outstanding VAT & PAYE liabilities.

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

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

To date, of all the properties previously owned by 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.

We refurbished our /Ai-/Ais Hotsprings and Spa, Hobas Lodge and Hardap resort during the last two years, and are rotating all of our 24 sites to various degrees of refurbishment.

## ***Operational review***

### **Environmental**

Significant improvements were made with regards to Health and Hygiene as uninterrupted water supply was achieved at the 2x4 parking at the Vlei (Sesriem). With the construction of the pipeline to the View Point at Hobas, clients now have access to toilet facilities. Both initiatives from the Vlei and View Point are joint efforts by NWR and MET.

Management plans for three southern resorts were finalised just after year end, to which clearance certificates were issued. These resorts are Hobas, Naukluft and Duwiseb. These are in addition to the three resorts who received Eco Awards certification in FY 17, namely Onkoshi, Dolomite and Popa Falls.

Improved wastewater treatment technologies are in place at Hardap, /Ai/Ais and Hobas. The latter two resorts have introduced the concept of reuse where the treated waste from the plant is used for landscaping purpose.

NWR's first phase of the solar pilot was in Sesriem and resulted in diesel savings of about N\$ 450 000 per annum. With this pilot, peak load consumption was reduced from 130 kWh to about 50 kWh at around 08h00 and 130 kWh to 80 kWh at 20h00.

Solid Waste Management program implemented in Etosha National Park reached a milestone where sorted recyclables are sold to Rent a Drum. To further improve on the sorting of the recyclables, the program was able to attract casuals who were paid through the sales generated from the program.

### **Internal audit**

Internal Audit stands at a 70% completion rate of the approved audit plan. The areas covered included Head office departments and some resorts, and the time period covered by the reviews is from 1 November 2016 to 31 October 2017.

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.

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.

### **Marketing**

After travelling more than 4000 km, the Tshwane Legend Bikers Club (TLB) Kavango Zambezi Transfrontier Conservation Area (KAZA TFCA) tour concluded in Gaborone, Botswana. Over 60 motorcyclists visited Angola, Botswana, Namibia, Zambia and Zimbabwe in under ten days resulting in TLB fulfilling its goal of visiting all partner states within the KAZA. This was by far the biggest tour Namibia Wildlife Resorts has ever organised and has yielded positive feedback for Namibia and NWR, and useful marketing footage.

## Compliance

On matters of compliance, we have implemented a 3 tier monitoring system, and are slowly making our way towards better performance.

Tier 1 consists of primary legislation, which is firstly, our enabling act. Here we have made great strides to catching up with our audited financial statements, and this year, while not yet at the required 6 month cut off, we are issuing our audited financial statements for FY17, before the end of the FY18 year-end. This is a vast improvement from the backlog of 5 years some time ago.

The second section of our primary legislation, is the legislation dealing with our governance, namely the SOE Act. In the current hybrid system, we report to both our line ministry, Ministry of Environment and Tourism, and the Ministry of Public Enterprises. While most of our required submissions have been done to both entities, we are still working with the Ministry of Public Enterprises, for their final sign off on these documents. We look forward to working with Ministry of Public Enterprises, once the new Public Enterprises Act is gazetted, when we will have greater clarity on the expected grading of our commercially minded business, and the required reporting.

There is a whole host of legislation in tier 2, that deals with doing business in Namibia, in a responsible manner.

- We are partially compliant with environmental laws, with the bulk of our environmental plans having been submitted.
- We are fully compliant with the Tobacco Products Act.
- Our procurement unit has been established, and we have drafted the required policies & procedures for full compliance with the Act.
- We will adhere to the PPP act when an appropriate PPP opportunity arises.
- We have registered, and are furnishing the appropriate returns for a number of acts, such as VET, VAT, Income Tax, NTB, SSC, AA. While these returns may not have been on time in the past, they are all up to date.
- Our safety procedures as required by the health & safety regulations are in place.

The third tier relates to matters of internal, or voluntary compliance, such as compliance to internal policies & procedures (refer the section dealing with internal audit), and the NAMCODE, which we are holding up as the ideal to strive towards.

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## CHALLENGES

Some of the challenges which faced NWR during the period under review include:

### **Loss-making condition**

During the year under review, the company managed to cut its operating loss by 56%, from about N\$88 million to N\$39 million. Even though this is a remarkable effort, the company remains in a loss-making situation. The contributory factors to the loss situation include, but not limited to, the following:

- **High employee costs**

The total employee costs were N\$131,370,927 in 2017 compared to N\$ 147,107,155 in 2016. There has been a 12% reduction in employee costs in 2017. However, total employee costs remain high at about 39% of total revenue. The Board continues to investigate ways of reducing total employee costs.

- **High Cost of Sales:**

The cost of sales remains high. Although it reduced by 2% compared to 2016, cost of sales remains high compared to industry standards. With the help of our Food and Beverage Specialist, we are confident we can further drastically reduce cost of sales by the end of the 2018 financial year.

- **High utility costs**

Electricity and water costs remains high. Efforts are being considered to move towards renewable energy. However, the lack of adequate cash flow is a constraint in achieving this objective.

These three cost elements, with associated aspects such as leave liability, overtime and utility costs, continues to enjoy the Board's attention in the 2018 Financial Year and beyond.

## SUCSESSES

### **Bringing Annual Financial Statements up to date:**

It brings us great pleasure to announce that with the finalisation of the 2017 Annual Financial Statements, the company will be in compliance with regard to statutory Financial Statements as per the requirements of the Companies Act, 2004. There also has been progress noted with regard to historic qualifications on the Annual Financial Statements and have made significant strides in this regard.

### **Additions to our Executive team**

The executive team had been strengthened with the addition of Ms. Talita Horn as our new Chief Financial Officer and Ms. Julia Mutumbulua as our new Chief Human Capital Officer. It is pleasing to note that progress is being made in making our senior management team gender balanced by adding women executives to the team.

### **Specials and discounts to Namibians**

The company's clientele consists of about 98% international customers and 2% domestic. This is unsustainable. As in the years before, we continue to introduce specials and discounts during the month of February, March and December to our domestic market. These initiatives are aimed at encouraging domestic travelers to sign up for a Namleisure card which entitles Namibians to a 50% discount on accommodation.

We are pleased to note that we signed up over 600 new cardholders which translates to 600 new domestic travelers that we can look forward to utilizing our facilities. Also in March, we ran our popular 75% discount at some of our resorts. All these efforts are resulting in an increase in occupancies in the domestic market to complement the occupancies in the international market

during the tourism high season from May to October. In addition, an opportunity is afforded to Namibian to visit, and know, their own country.

### **Performance Management System**

We pride ourselves in the fact that the project for performance management and goal setting has taken off. All senior managers have concluded their Performance Agreements with the Managing Director. Middle Managers have also completed and signed theirs with Senior Managers. The HCC and Board approved the Performance Management Policy and Remuneration Policy in 2017.

### **5-year Strategic Plan, Business Plan and Financial Plan**

With the assistance of PwC, a 5-year Strategic Plan was developed, as well as a Business Plan with its associated Financial Plan. The Strategic and Business Plans still needs to be successfully summarised and integrated into an Integrated Strategic and Business Plan as per the format required by the Ministry of Public Enterprises.

### **DBN loan**

The Board, and management, managed to extend the term of the DBN Loan, of about N\$91 million, for a further period of 10 years, unfortunately, at an increased interest rate of an additional 2%.

## **WAY FORWARD**

Our envisaged projects currently include:

### **Renewable Energy project**

We are working in close co-operation with the Ministry of Environment and Tourism to implement renewable energy (Solar) in Etosha National Park. If, feasible, this project will significantly reduce utilities costs.

### **Implementation of the Remuneration Benchmarking survey**

Due to cash-flow constraints, the Remuneration Benchmarking survey was only partially implemented. The outcome shows that NWR has fallen behind the market or at the bottom of the market of the comparative set from which it hires from and loses skilled staff to. We will continue to develop and implement strategies to adjust remuneration levels so as to attract and retain skills.

### **Financial plans**

In this regard, we have taken the following initiatives to deal with the short-term and long-term challenges that we face:

- In these times of economic headwinds, we continue to focus on cost-cutting efforts. As such, procurement activities will be in line with the new Procurement Act. We have commenced a process of reviewing large expenses, specifically food and beverage, overtime, S&T, municipal expenses, security etc., in order to effectively manage costs. Stock control measures, such as regular stock take and stock take adjustments, timely goods received processing, simplifying stock sheets, introducing standardized menus are some of the activities planned going forward.
- We are an investigating the possibility of automating the S&T process which will make the process easier to administer, and monitor for potential abuse.
- Use of consultants, specifically legal support, is limited to unique skills, which are not required on a full time basis.
- System capability, and user training will be enhanced, for resort managers to closely monitor their budgets, Cost of sales percentages and variance.

## 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*

The overall performance of the 2015/2016 financial year is a loss of N\$88m whilst the 2016/17 improved by N\$48m with a loss of N\$40m.

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

EBITDA (& Ministry penalties) in 2016 was a loss of N\$22m, but the company was able to turn that ratio around to a profit in 2017, of N\$18m.

This profit was achieved through a combination of a 6% increase in revenues (from both occupancy and rates), and improvement in cost of sales (for food & beverage sales) from 53% in 2016 to 46% in 2017, and other cost saving initiatives, such as an 11% decrease in employment costs.

|  | Note(s) | 2017<br>N\$         | 2016<br>Restated *<br>N\$ |
|--|---------|---------------------|---------------------------|
| Revenue  | 14      | 361,007,870         | 339,228,231               |
| Cost of sales  | 15      | (85,380,059)        | (88,153,012)              |
| <b>Gross profit</b>  |         | <b>275,627,811</b>  | <b>251,075,219</b>        |
| Profit on disposal of plant and equipment                      |         | 3,261,547           | 64,810                    |
| Operating expenses   |         | (306,811,909)       | (321,752,144)             |
| <b>Operating loss</b>  | 16      | <b>(27,922,551)</b> | <b>(70,612,115)</b>       |
| Investment income  | 17      | 84,976              | 42,855                    |
| Finance costs  | 18      | (11,937,009)        | (15,184,832)              |
| <b>Loss for the year</b>                                       |         | <b>(39,774,584)</b> | <b>(85,754,092)</b>       |
| <b>Other comprehensive income:</b>                             |         |                     |                           |
| <b>Items that will not be reclassified to profit or loss:</b>  |         |                     |                           |
| Remeasurements on net severance pay liability                  |         | -                   | (2,310,556)               |
| <b>Other comprehensive income for the year net of taxation</b> |         | <b>-</b>            | <b>(2,310,556)</b>        |
| <b>Total comprehensive loss for the year</b>                   |         | <b>(39,774,584)</b> | <b>(88,064,648)</b>       |

### *Balance sheet*

#### **Assets**

Our competitive advantage is in the fixed assets (resorts and facilities) under our control. We spent just over N\$25m in upgrading our assets, which was offset by a N\$43m 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 double our bank balance. We have been using that cash balance to pay our obligations to lenders, Ministry of Finance and other trade creditors.

#### **Liabilities**

The long term loan from Development Bank (N\$100m) was due to be repaid in March 2018, which is why it was moved to current liabilities on the balance sheet. We were able to renegotiate the terms of that loan after year end, and it will not be repaid over 10 years.

Severance pay is an actuarially determined number, and recognised in terms of the requirements of International Financial Reporting Standards. One would not expect significant movements in that number given the relatively stable workforce of NWR.

Trade and other payables consists of two main categories, being trade creditors and leave pay of N\$72m which reduced by N\$10m from the prior year), and amounts owing to Ministry of Finance of just over N\$100m, which is an increase of N\$20m compared to prior year.

After year end, we negotiated a settlement agreement with Ministry of Finance that will see the repayment of these historic balances over a number of years.

The increase in advance deposits to N\$40m 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.

|                                     | Note(s) | 2017<br>N\$               | 2016<br>Restated *<br>N\$ |
|-------------------------------------|---------|---------------------------|---------------------------|
| <b>Assets</b>                       |         |                           |                           |
| <b>Non-Current Assets</b>           |         |                           |                           |
| Property and equipment              | 4       | 728,036,582               | 745,182,139               |
| <b>Current Assets</b>               |         |                           |                           |
| Inventories                         |         | 7,139,294                 | 6,230,292                 |
| Trade and other receivables         | 5       | 8,687,760                 | 11,961,019                |
| Cash and cash equivalents           | 6       | 37,451,894                | 18,811,188                |
|                                     |         | <u>53,278,948</u>         | <u>37,002,499</u>         |
| <b>Total Assets</b>                 |         | <u><b>781,315,530</b></u> | <u><b>782,184,638</b></u> |
| <b>Equity and Liabilities</b>       |         |                           |                           |
| <b>Equity</b>                       |         |                           |                           |
| Share capital                       | 7       | 1,102,353,729             | 1,102,353,729             |
| Capital contribution                | 8       | 20,509,933                | 14,559,933                |
| Accumulated loss                    |         | (685,876,120)             | (646,101,536)             |
|                                     |         | <u><b>436,987,542</b></u> | <u><b>470,812,126</b></u> |
| <b>Liabilities</b>                  |         |                           |                           |
| <b>Non-Current Liabilities</b>      |         |                           |                           |
| DBN loan                            | 9       | -                         | 91,742,746                |
| Finance lease liabilities           |         | 1,158,890                 | 45,001                    |
| Deferred revenue liability          |         | 975,549                   | 975,549                   |
| Severance pay provision             | 10      | 12,402,000                | 10,972,000                |
|                                     |         | <u><b>14,536,439</b></u>  | <u><b>103,735,296</b></u> |
| <b>Current Liabilities</b>          |         |                           |                           |
| Trade and other payables            | 11      | 174,692,806               | 162,401,948               |
| DBN loan                            | 9       | 99,673,096                | -                         |
| Finance lease liabilities           |         | 167,131                   | 1,494,574                 |
| Deferred revenue liability          |         | 75,042                    | 75,042                    |
| Advance deposits                    | 12      | 40,329,005                | 29,367,674                |
| Bank overdraft                      | 6       | 14,854,469                | 14,297,978                |
|                                     |         | <u><b>329,791,549</b></u> | <u><b>207,637,216</b></u> |
| <b>Total Liabilities</b>            |         | <u><b>344,327,988</b></u> | <u><b>311,372,512</b></u> |
| <b>Total Equity and Liabilities</b> |         | <u><b>781,315,530</b></u> | <u><b>782,184,638</b></u> |

### Cash Flow

The old adage says, “Cash is King”, and we are pleased to continue generating cash from our operating activities, of N\$34m.

Some of that cash went into refurbishment of our properties (N\$22m), and the balance served to increase our cash reserves.

While we did receive a small amount from Ministry of Environment and Tourism, we did not have to resort to obtaining major financing from them, or incur new loans, as a way to finance our operations and capital expenditure.

|   | Note(s) | 2017<br>N\$         | 2016<br>Restated *<br>N\$ |
|---|---------|---------------------|---------------------------|
| <b>Cash flows from operating activities</b>                                   |         |                     |                           |
| Cash receipts from customers  |         | 376,561,352         | 356,639,620               |
| Cash paid to suppliers  |         | (338,123,791)       | (307,256,682)             |
| Cash generated from operations  | 21      | 38,437,561          | 49,382,938                |
| Interest income   | 17      | 84,976              | 42,855                    |
| Finance costs   |         | (4,006,659)         | (15,184,832)              |
| <b>Net cash inflow from operating activities</b>                              |         | <b>34,515,878</b>   | <b>34,240,961</b>         |
| <b>Cash flows from investing activities</b>                                   |         |                     |                           |
| Purchase of property and equipment  | 4       | (25,846,447)        | (30,974,253)              |
| Sale of property and equipment  |         | 3,678,338           | 119,879                   |
| <b>Net cash outflow from investing activities</b>                             |         | <b>(22,168,109)</b> | <b>(30,854,374)</b>       |
| <b>Cash flows from financing activities</b>                                   |         |                     |                           |
| Proceeds from capital contribution  | 8       | 5,950,000           | 14,559,933                |
| Repayment of DBN loan   |         | -                   | (2,348,949)               |
| Finance lease advances /(repayments)  |         | (213,554)           | 687,650                   |
| <b>Net cash inflow from financing activities</b>                              |         | <b>5,736,446</b>    | <b>12,898,634</b>         |
| <b>Total cash, cash equivalents and bank overdrafts movement for the year</b> |         | <b>18,084,215</b>   | <b>16,285,221</b>         |
| Cash, cash equivalents and bank overdrafts at the beginning of the year       |         | 4,513,210           | (11,772,011)              |
| <b>Total cash, cash equivalents and bank overdrafts at end of the year</b>    | 6       | <b>22,597,425</b>   | <b>4,513,210</b>          |

Z. Hengari

Date



**NAMIBIA WILDLIFE RESORTS LIMITED**  
(Registration number 99/001)  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2017**

# **Namibia Wildlife Resorts Limited**

Annual Financial Statements for the year ended 31 October 2017

## **General Information**

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

**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

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

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| Statement of Cash Flows                  | 14          |
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The following supplementary information does not form part of the annual financial statements and is unaudited:

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| Detailed Statement of Comprehensive Income | 42 - 44 |
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**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Directors' Responsibilities and Approval**

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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 2017, the statements of comprehensive income, changes in equity and cash flows for the year 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 continues to be improved, in order to provide 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 2018 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 4-6.

The annual financial statements of Namibia Wildlife Resorts Limited, as identified in the first paragraph, 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: 10/10/2018



**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

### ***Disclaimer of opinion***

We were engaged to audit the financial statements of Namibia Wildlife Resorts Limited ("the company") set out on pages 7 to 41 which comprise the statement of financial position as at 31 October 2017, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the significant accounting policies, notes to the annual financial statements and the directors' report.

We do not express an opinion on the financial statements of Namibia Wildlife Resorts Limited. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### ***Basis for disclaimer of opinion***

As described in the directors' report ("the report"), the financial statements have been prepared on the assumption that the company is a going concern and will continue to operate in the foreseeable future. The company incurred a loss of N\$39,8 million for the year ended 31 October 2017 and, at that date, its current liabilities exceeded its current assets by N\$276,5 million. Per the report, the company has not been making VAT and PAYE payments when due to the Ministry of Finance resulting in significant liabilities, including interest and penalties, which are included in trade and other payables. The company has engaged with the Ministry of Finance to reach a settlement agreement in respect of the VAT and PAYE due and intend on submitting a request for the waiver of the penalties and interest levied. The cash flow forecasts for the 2018 and 2019 financial years are highly dependent on the successful deferral of the abovementioned tax liabilities. We were not able to obtain sufficient and appropriate audit evidence with respect to the duration of the settlement agreement and the waiving of penalties and interest by the Ministry of Finance.

Furthermore, we were not able to obtain sufficient and appropriate audit evidence over the projected cash flows and profitability to support the appropriateness of the financial statements being prepared using the going concern basis of accounting. Consequently we were unable to confirm or dispel whether it is appropriate to prepare the financial statements using the going concern basis of accounting.

Furthermore the company did not have adequate internal controls in respect of the initial recognition of revenue, the reconciliation of revenue recorded to source documentation and to ensure that revenue was recorded in the appropriate accounting period. Consequently, we were unable to conclude whether any adjustments were necessary in respect of revenue and advance deposits.

We were also unable to obtain sufficient and appropriate 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.

#### ***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 responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.



We are independent of the company in accordance with the International Ethics Standards Board for Accountants' 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.



KPMG Namibia  
Registered Accountants and Auditors  
Chartered Accountants (Namibia)

Per: Valens Mugabo  
Partner

Windhoek, Namibia  
11 October 2018

**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Directors' Report**

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The directors have pleasure in submitting their report on the annual financial statements of Namibia Wildlife Resorts Limited for the year ended 31 October 2017.

**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.

**4. Share capital**

There have been no changes to the authorised or issued 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 (2016: N\$ nil)

**7. Directorate**

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

| <b>Directors</b>              | <b>Nationality</b> | <b>Changes</b>           |
|-------------------------------|--------------------|--------------------------|
| BT Schneider                  | Namibian           |                          |
| CR Williams                   | Namibian           |                          |
| ER Petersen                   | Namibian           |                          |
| ES Shifotoka                  | Namibian           |                          |
| JA Wilson-Moore               | Namibian           |                          |
| L Lipumbu (Chairperson)       | Namibian           |                          |
| M Lindeque                    | Namibian           | Resigned 13 January 2017 |
| R Putter                      | Namibian           |                          |
| Z Hengari (Managing Director) | Namibian           |                          |

**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Directors' Report**

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**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.

At 31 October 2017 the company's investment in property and equipment amounted to N\$728,036,582 (2016 restated: N\$ 745,182,139), of which N\$ 25,846,448 (2016 restated: N\$ 30,974,253) was added in the current year through additions.

**10. Ultimate shareholder**

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

**11. Events after the reporting period**

The Development Bank of Namibia loan (refer note 9) was due in March 2018. Management successfully renegotiated it to be repaid over 10 years.

**12. Going concern**

**Current ratio**

Namibia Wildlife Resorts ("NWR") remains technically solvent, with its total assets exceeding its total liabilities at 2.3:1

The current ratio, which currently stands at 1:6, may raise concerns about the company being able to settle its current liabilities, using its current assets. In other words how the company will settle its current liabilities, 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.

Even if NWR did intend to sell off some of its non-current assets to settle its current debt, it is restricted from doing so by law.

Excluding the liability owing to Ministry of Finance (N\$ 101m), and the Development Bank loan of N\$ 100m, improves the current ratio to 1:2. Excluding the non-cash leave provision (N\$ 26m) , improves the ratio even more, to 1:1.9. This ratio, as discussed under cash flow forecasts, is a ratio that will be managed through ongoing operations.

Furthermore, current liabilities include advance deposits of N\$40m, 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.

**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 ("MET"), 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.

**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Directors' Report**

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The first phase of that project was concluded early July 2018.

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 and will formally apply for the waiver once capital is paid.

For prudence sake we have included the full liability of N\$102m (refer note 11) in the financial statements under current liabilities, until the capital balances have been reconciled, at which time it would be appropriate to move two thirds to long term liabilities.

These negotiations lead the directors to believe that Ministry of Finance has no intention of interrupting our ability to operate in the interest of Namibia, its economy and its people, and we have agreed a repayment plan with them, that will see the liability reduce by N\$12m at least, in the coming 12 months.

**Government guarantee for Development Bank loan**

Ministry of Environment and Tourism has provided a guarantee for the Development Bank of Namibia loan of N\$100m, as reflected under current term liabilities (refer note 9).

NWR successfully renegotiated that loan in March 2018, to be repaid over 10 years.

It has never been our intention to call on that guarantee, and our cash flow forecasts as discussed below, plan to repay the loan as and when due.

The government guarantee serves to provide the financiers with additional assurance that the recoverability of their loan, and our ability to continue operating in the foreseeable future, is more certain.

**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, 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.

The Government of Namibia, as the sole shareholder in the company, have 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 17 September 2018.

EBITDA and Ministry of Finance penalties, is budgeted at a profit of N\$78m for FY19. (Compared to a profit of N\$19m FY17, and a forecast profit of N\$42m for FY18).

As at the date of preparing this assessment, the required revenue to meet FY18's remaining 3 month budget, was already exceeded by 5% through bookings for that period.

**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Directors' Report**

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Cash inflow from operations for FY19 is budgeted at N\$42m, compared to N\$52 in FY17, and 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 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 a 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 impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements other than the matter referred to in point 16 or of any pending changes to legislation which may affect the company.

**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 23, which individually or in the 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 2017.

**15. Secretary**

The company secretary is Mrs C Gaingos.

Postal address:

Private Bag 13378  
Windhoek  
Namibia

Business address:

Gatheman Building  
344 Independence Avenue  
Windhoek  
Namibia

**16. VAT, Import VAT and PAYE**

As discussed in note 12 in the Directors' report, VAT, Import VAT and PAYE was not paid over to Inland Revenue in terms of the payment dates as required by legislation. The effect of the non-compliance on the financial position has been quantified based on tax status report summarisation and calculation of penalties and interest. The total VAT and Import VAT liability (including interest and penalties) amounts to N\$ 64m (2016: N\$ 38m). The total PAYE obligation amounts to N\$ 38m (2016: N\$ 39m). Penalties and interest have been accounted for in the annual financial statements. Refer to note 11 in the financial statements.

# Namibia Wildlife Resorts Limited

Annual Financial Statements for the year ended 31 October 2017

## Statement of Financial Position as at 31 October 2017

|                                     |         | 2017               | 2016               | 2015               |
|-------------------------------------|---------|--------------------|--------------------|--------------------|
|                                     | Note(s) | N\$                | Restated *<br>N\$  | Restated *<br>N\$  |
| <b>Assets</b>                       |         |                    |                    |                    |
| <b>Non-Current Assets</b>           |         |                    |                    |                    |
| Property and equipment              | 4       | 728,036,582        | 745,182,139        | 754,788,638        |
| <b>Current Assets</b>               |         |                    |                    |                    |
| Inventories                         |         | 7,139,294          | 6,230,292          | 5,846,447          |
| Trade and other receivables         | 5       | 8,687,760          | 11,961,019         | 19,372,467         |
| Cash and cash equivalents           | 6       | 37,451,894         | 18,811,188         | 2,830,576          |
|                                     |         | <b>53,278,948</b>  | <b>37,002,499</b>  | <b>28,049,490</b>  |
| <b>Total Assets</b>                 |         | <b>781,315,530</b> | <b>782,184,638</b> | <b>782,838,128</b> |
| <b>Equity and Liabilities</b>       |         |                    |                    |                    |
| <b>Equity</b>                       |         |                    |                    |                    |
| Share capital                       | 7       | 1,102,353,729      | 1,102,353,729      | 1,102,353,729      |
| Capital contribution                | 8       | 20,509,933         | 14,559,933         | -                  |
| Accumulated loss                    |         | (685,876,120)      | (646,101,536)      | (558,036,888)      |
|                                     |         | <b>436,987,542</b> | <b>470,812,126</b> | <b>544,316,841</b> |
| <b>Liabilities</b>                  |         |                    |                    |                    |
| <b>Non-Current Liabilities</b>      |         |                    |                    |                    |
| DBN loan                            | 9       | -                  | 91,742,746         | 94,091,694         |
| Finance lease liabilities           |         | 1,158,890          | 45,001             | 465,431            |
| Deferred revenue liability          |         | 975,549            | 975,549            | 1,050,591          |
| Severance pay provision             | 10      | 12,402,000         | 10,972,000         | 7,776,258          |
|                                     |         | <b>14,536,439</b>  | <b>103,735,296</b> | <b>103,383,974</b> |
| <b>Current Liabilities</b>          |         |                    |                    |                    |
| Trade and other payables            | 11      | 174,692,806        | 162,401,948        | 101,601,948        |
| DBN loan                            | 9       | 99,673,096         | -                  | -                  |
| Finance lease liabilities           |         | 167,131            | 1,494,574          | 386,554            |
| Deferred revenue liability          |         | 75,042             | 75,042             | 75,042             |
| Advance deposits                    | 12      | 40,329,005         | 29,367,674         | 18,471,182         |
| Bank overdraft                      | 6       | 14,854,469         | 14,297,978         | 14,602,587         |
|                                     |         | <b>329,791,549</b> | <b>207,637,216</b> | <b>135,137,313</b> |
| <b>Total Liabilities</b>            |         | <b>344,327,988</b> | <b>311,372,512</b> | <b>238,521,287</b> |
| <b>Total Equity and Liabilities</b> |         | <b>781,315,530</b> | <b>782,184,638</b> | <b>782,838,128</b> |

\* See Note 27

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**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Statement of Comprehensive Income**

|  |         | 2017                | 2016                |
|--|---------|---------------------|---------------------|
|  | Note(s) | N\$                 | Restated *<br>N\$   |
| Revenue  | 14      | 361,007,870         | 339,228,231         |
| Cost of sales  | 15      | (85,380,059)        | (88,153,012)        |
| <b>Gross profit</b>  |         | <b>275,627,811</b>  | <b>251,075,219</b>  |
| Profit on disposal of plant and equipment                      |         | 3,261,547           | 64,810              |
| Operating expenses   |         | (306,811,909)       | (321,752,144)       |
| <b>Operating loss</b>  | 16      | <b>(27,922,551)</b> | <b>(70,612,115)</b> |
| Investment income  | 17      | 84,976              | 42,855              |
| Finance costs  | 18      | (11,937,009)        | (15,184,832)        |
| <b>Loss for the year</b>                                       |         | <b>(39,774,584)</b> | <b>(85,754,092)</b> |
| <b>Other comprehensive income:</b>                             |         |                     |                     |
| <b>Items that will not be reclassified to profit or loss:</b>  |         |                     |                     |
| Remeasurements on net severance pay liability                  |         | -                   | (2,310,556)         |
| <b>Other comprehensive income for the year net of taxation</b> |         | <b>-</b>            | <b>(2,310,556)</b>  |
| <b>Total comprehensive loss for the year</b>                   |         | <b>(39,774,584)</b> | <b>(88,064,648)</b> |

\* See Note 27

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**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Statement of Changes in Equity**

|  | Share capital<br>N\$ | Share<br>premium<br>N\$ | Total share<br>capital<br>N\$ | Capital<br>contribution<br>N\$ | Accumulated<br>loss<br>N\$ | Total equity<br>N\$ |
|--|----------------------|-------------------------|-------------------------------|--------------------------------|----------------------------|---------------------|
| Opening balance as previously reported   | 100,004,000          | 1,002,349,729           | 1,102,353,729                 | -                              | (559,376,425)              | 542,977,304         |
| Adjustments  |                      |                         |                               |                                |                            |                     |
| Prior period error   | -                    | -                       | -                             | -                              | 1,339,537                  | 1,339,537           |
| <b>Restated* Balance at 01 November 2015 as restated</b>   | <b>100,004,000</b>   | <b>1,002,349,729</b>    | <b>1,102,353,729</b>          |                                | <b>(558,036,888)</b>       | <b>544,316,841</b>  |
| Loss for the year  | -                    | -                       | -                             | -                              | (85,754,092)               | (85,754,092)        |
| Other comprehensive income   | -                    | -                       | -                             | -                              | (2,310,556)                | (2,310,556)         |
| <b>Total comprehensive Loss for the year</b>   | <b>-</b>             | <b>-</b>                | <b>-</b>                      | <b>-</b>                       | <b>(88,064,648)</b>        | <b>(88,064,648)</b> |
| Capital contribution   | -                    | -                       | -                             | 14,559,933                     | -                          | 14,559,933          |
| <b>Total contributions by and distributions to owners of<br/>company recognised directly in equity</b> | <b>-</b>             | <b>-</b>                | <b>-</b>                      | <b>14,559,933</b>              | <b>-</b>                   | <b>14,559,933</b>   |
| <b>Balance at 01 November 2016 - restated</b>  | <b>100,004,000</b>   | <b>1,002,349,729</b>    | <b>1,102,353,729</b>          | <b>14,559,933</b>              | <b>(646,101,536)</b>       | <b>470,812,126</b>  |
| Loss for the year  | -                    | -                       | -                             | -                              | (39,774,584)               | (39,774,584)        |
| <b>Total comprehensive Loss for the year</b>   | <b>-</b>             | <b>-</b>                | <b>-</b>                      | <b>-</b>                       | <b>(39,774,584)</b>        | <b>(39,774,584)</b> |
| Capital contribution   | -                    | -                       | -                             | 5,950,000                      | -                          | 5,950,000           |
| <b>Total contributions by and distributions to owners of<br/>company recognised directly in equity</b> | <b>-</b>             | <b>-</b>                | <b>-</b>                      | <b>5,950,000</b>               | <b>-</b>                   | <b>5,950,000</b>    |
| <b>Balance at 31 October 2017</b>  | <b>100,004,000</b>   | <b>1,002,349,729</b>    | <b>1,102,353,729</b>          | <b>20,509,933</b>              | <b>(685,876,120)</b>       | <b>436,987,542</b>  |
| Note   | 7                    | 7                       | 7                             | 8                              |                            |                     |

\* See Note 27

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**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Statement of Cash Flows**

|   |         | 2017                | 2016                |
|---|---------|---------------------|---------------------|
|   | Note(s) | N\$                 | Restated *<br>N\$   |
| <b>Cash flows from operating activities</b>                                   |         |                     |                     |
| Cash receipts from customers  |         | 376,561,352         | 356,639,620         |
| Cash paid to suppliers  |         | (338,123,791)       | (307,256,682)       |
| Cash generated from operations  | 21      | 38,437,561          | 49,382,938          |
| Interest income   | 17      | 84,976              | 42,855              |
| Finance costs   |         | (4,006,659)         | (15,184,832)        |
| <b>Net cash inflow from operating activities</b>                              |         | <b>34,515,878</b>   | <b>34,240,961</b>   |
| <b>Cash flows from investing activities</b>                                   |         |                     |                     |
| Purchase of property and equipment  | 4       | (25,846,447)        | (30,974,253)        |
| Sale of property and equipment  |         | 3,678,338           | 119,879             |
| <b>Net cash outflow from investing activities</b>                             |         | <b>(22,168,109)</b> | <b>(30,854,374)</b> |
| <b>Cash flows from financing activities</b>                                   |         |                     |                     |
| Proceeds from capital contribution  | 8       | 5,950,000           | 14,559,933          |
| Repayment of DBN loan   |         | -                   | (2,348,949)         |
| Finance lease advances /(repayments)  |         | (213,554)           | 687,650             |
| <b>Net cash inflow from financing activities</b>                              |         | <b>5,736,446</b>    | <b>12,898,634</b>   |
| <b>Total cash, cash equivalents and bank overdrafts movement for the year</b> |         | <b>18,084,215</b>   | <b>16,285,221</b>   |
| Cash, cash equivalents and bank overdrafts at the beginning of the year       |         | 4,513,210           | (11,772,011)        |
| <b>Total cash, cash equivalents and bank overdrafts at end of the year</b>    | 6       | <b>22,597,425</b>   | <b>4,513,210</b>    |

\* See Note 27

**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Significant Accounting Policies**

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**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***

The critical judgements made by management in applying accounting policies, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

***Trade receivables and loans***

The company assess its trade receivables and loans and 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 assets.

***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.

## **Significant Accounting Policies**

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### **1.2 Significant judgements and sources of estimation uncertainty (continued)**

#### ***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.

#### ***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.

#### ***Taxation***

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations of which the ultimate taxation determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated taxation audit issues based on estimates of whether additional taxes will be due. Where the final taxation outcome of the matters is different from the amounts that were initially recorded, such differences will impact the income taxation and deferred taxation provisions in the period in which such determination is made.

### **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.

**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Significant Accounting Policies**

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**1.3 Property and equipment (continued)**

Cost 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:

| <i>Item</i>            | <i>Depreciation method</i> | <i>Average useful life</i> |
|------------------------|----------------------------|----------------------------|
| Buildings              | Straight line              | 25 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                    |
| 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.



**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Significant Accounting Policies**

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**1.4 Financial instruments (continued)**

***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.

***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.

## **Significant Accounting Policies**

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### **1.4 Financial instruments (continued)**

#### ***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.

#### ***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 value. These are initially and subsequently recorded at amortised cost.

#### ***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.

### **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.

## **Significant Accounting Policies**

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### **1.5 Tax (continued)**

#### ***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.

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.

**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Significant Accounting Policies**

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**1.6 Impairment of assets (continued)**

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.

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.

**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Significant Accounting Policies**

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**1.9 Provisions and contingencies (continued)**

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 23.

**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 Revenue**

Revenue from the sale of goods is recognised 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.

Service revenue is recognised as the service is delivered.

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 volume rebates, and value added tax.

**1.12 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.

**1.13 Borrowing costs**

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

**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Significant Accounting Policies**

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**1.14 Advance deposits**

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

**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Notes to the Annual Financial Statements**

**2. New Standards and Interpretations**

**2.1 Standards and interpretations effective and adopted in the current year**

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| <b>Standard/ Interpretation:</b>   | <b>Effective date:<br/>Years beginning on or<br/>after</b> | <b>Impact:</b>                               |
|--|--|--|
| • Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project | 01 January 2016  | The impact of the amendment is not material. |
| • Amendment to IAS 19: Employee Benefits: Annual Improvements project                  | 01 January 2016  | The impact of the amendment is not material. |
| • Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements      | 01 January 2016  | The impact of the amendment is not material. |

**2.2 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 2017 or later periods.

Because the substance of these standards, such as leases and financial instruments are not material to the businesses of NWR, nor material to the balance sheet, management do not believe there will be a material impact on the financial statements.

| <b>Standard/ Interpretation:</b>                      | <b>Effective date:<br/>Years beginning on or<br/>after</b> | <b>Expected impact:</b>            |
|---|--|------------------------------------|
| • Practice statement 2: Making materiality judgements | 14 September 2017  | Impact is currently being assessed |
| • IFRS 15 Revenue from Contracts with Customers       | 01 January 2018  | Impact is currently being assessed |
| • IFRS 16 Leases                                      | 01 January 2019  | Impact is currently being assessed |
| • IFRS 9 Financial Instruments                        | 01 January 2018  | Impact is currently being assessed |

**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 note 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 shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

\* See Note 27

**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Notes to the Annual Financial Statements**

**3. Risk management (continued)**

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. Risk management is carried out by a central treasury department (company treasury) under policies approved by the board. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and investment of excess liquidity.

**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 businesses, 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. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| <b>At 31 October 2017</b> | <b>Less than 1 year</b> | <b>Over 1 year</b> |
|---------------------------|-------------------------|--------------------|
| DBN loan                  | 103,307,011             | -                  |
| Bank overdraft            | 14,854,469              | -                  |
| Trade and other payables  | 39,647,059              | -                  |
| <b>At 31 October 2016</b> | <b>Less than 1 year</b> | <b>Over 1 year</b> |
| DBN loan                  | -                       | 99,673,096         |
| Bank overdraft            | 14,297,978              | -                  |
| Trade and other payables  | 55,074,808              | -                  |
| <b>At 31 October 2015</b> | <b>Less than 1 year</b> | <b>Over 1 year</b> |
| DBN loan                  | -                       | 102,942,255        |
| Bank overdraft            | 14,602,587              | -                  |
| Trade and other payables  | 55,594,971              | -                  |

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

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.

\* See Note 27



**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Notes to the Annual Financial Statements**

**3. Risk management (continued)**

**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. Borrowings issued at variable rates expose the company to cash flow interest rate risk. During 2017 and 2016, the company's borrowings at variable rate were denominated in the Namibia Dollar.

At 31 October 2017, 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\$ 1,158,535 (2016: N\$ 731,546) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

**Cash flow interest rate risk**

| Financial instruments     | Current interest rate | Due in less than a year | Due in one to two years | Due in two to three years | Due in three to four years | Due after five years |
|---------------------------|-----------------------|-------------------------|-------------------------|---------------------------|----------------------------|----------------------|
| Overdraft facilities used | 10.75 %               | 14,854,469              | -                       | -                         | -                          | -                    |
| DBN loan                  | 8.75 %                | 99,673,096              | -                       | -                         | -                          | -                    |
| Finance lease obligation  | 10.75 %               | 167,131                 | 1,158,890               | -                         | -                          | -                    |

**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        | 2017<br>N\$ | 2016<br>N\$ | 2015<br>N\$ |
|-----------------------------|-------------|-------------|-------------|
| Cash and cash equivalents   | 37,457,894  | 18,811,189  | 2,830,576   |
| Trade and other receivables | 8,687,760   | 11,961,019  | 19,372,467  |

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 Namibian 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.

\* See Note 27

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**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Notes to the Annual Financial Statements**

**4. Property and equipment**

|                           | 2017                 |                          |                    | 2016               |                          |                    | 2015               |                          |                    |
|---------------------------|----------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|
|                           |                      |                          |                    | Restated*          |                          |                    | 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                 | 853,095,441          | (216,113,165)            | 636,982,276        | 839,089,326        | (183,699,650)            | 655,389,676        | 791,369,774        | (151,913,152)            | 639,456,622        |
| Plant and machinery       | 13,505,276           | (9,201,850)              | 4,303,426          | 12,251,516         | (7,928,446)              | 4,323,070          | 8,114,949          | (6,694,737)              | 1,420,212          |
| Furniture and fixtures    | 29,818,634           | (14,349,144)             | 15,469,490         | 27,030,648         | (12,342,570)             | 14,688,078         | 23,391,832         | (10,522,985)             | 12,868,847         |
| Motor vehicles            | 50,631,747           | (30,009,815)             | 20,621,932         | 46,059,042         | (25,519,499)             | 20,539,543         | 37,260,049         | (21,521,564)             | 15,738,485         |
| Office equipment          | 207,824              | (172,228)                | 35,596             | 207,824            | (150,208)                | 57,616             | 203,437            | (128,536)                | 74,901             |
| IT equipment              | 7,674,210            | (6,714,816)              | 959,394            | 7,049,696          | (5,876,944)              | 1,172,752          | 6,610,393          | (4,789,496)              | 1,820,897          |
| Computer software         | 2,269,209            | (1,538,462)              | 730,747            | 1,342,984          | (1,242,526)              | 100,458            | 1,235,312          | (1,175,395)              | 59,917             |
| Assets under construction | 4,115,616            | -                        | 4,115,616          | 4,285,969          | -                        | 4,285,969          | 38,861,937         | -                        | 38,861,937         |
| Other minor assets        | 1,950,080            | (884,252)                | 1,065,828          | 1,455,381          | (582,681)                | 872,700            | 1,114,861          | (380,318)                | 734,543            |
| <b>Total</b>              | <b>1,007,020,314</b> | <b>(278,983,732)</b>     | <b>728,036,582</b> | <b>982,524,663</b> | <b>(237,342,524)</b>     | <b>745,182,139</b> | <b>951,914,821</b> | <b>(197,126,183)</b>     | <b>754,788,638</b> |

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**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Notes to the Annual Financial Statements**

|  | 2017 | 2016              | 2015              |
|--|------|-------------------|-------------------|
|  | N\$  | Restated *<br>N\$ | Restated *<br>N\$ |

4. Property and equipment (continued)

Reconciliation of property and equipment - 2017

|                           | Opening balance | Additions  | Disposals | Transfers    | Depreciation | Total       |
|---------------------------|-----------------|------------|-----------|--------------|--------------|-------------|
| Land                      | 43,752,277      | -          | -         | -            | -            | 43,752,277  |
| Buildings                 | 655,389,676     | 1,402,173  | -         | 12,603,942   | (32,413,515) | 636,982,276 |
| 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   |
|                           | 745,182,139     | 25,846,447 | (416,791) | -            | (42,575,213) | 728,036,582 |

**Reconciliation of property and equipment - 2016 Restated\***

|                           |                        |                   |                  |                  |                     |                    |
|---------------------------|------------------------|-------------------|------------------|------------------|---------------------|--------------------|
|                           | <b>Opening balance</b> | <b>Additions</b>  | <b>Disposals</b> | <b>Transfers</b> | <b>Depreciation</b> | <b>Total</b>       |
| Land                      | 43,752,277             | -                 | -                | -                | -                   | 43,752,277         |
| Buildings                 | 639,456,622            | 3,294,967         | -                | 44,424,585       | (31,786,498)        | 655,389,676        |
| 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            |
|                           | <b>754,788,638</b>     | <b>30,974,253</b> | <b>(55,069)</b>  | <b>-</b>         | <b>(40,525,683)</b> | <b>745,182,139</b> |

**Reconciliation of property and equipment - 2015 Restated\***

|                           |                        |                   |                  |                  |                     |                    |
|---------------------------|------------------------|-------------------|------------------|------------------|---------------------|--------------------|
|                           | <b>Opening balance</b> | <b>Additions</b>  | <b>Disposals</b> | <b>Transfers</b> | <b>Depreciation</b> | <b>Total</b>       |
| Land                      | 43,752,277             | -                 | -                | -                | -                   | 43,752,277         |
| Buildings                 | 453,399,856            | 630,384           | -                | 217,331,356      | (31,904,974)        | 639,456,622        |
| Plant and machinery       | 1,885,198              | 293,808           | -                | -                | (758,794)           | 1,420,212          |
| Furniture and fixtures    | 10,813,677             | 3,525,596         | -                | -                | (1,470,426)         | 12,868,847         |
| Motor vehicles            | 14,994,820             | 4,895,248         | (222,400)        | -                | (3,929,183)         | 15,738,485         |
| Office equipment          | 91,807                 | 4,849             | -                | -                | (21,755)            | 74,901             |
| IT equipment              | 1,686,059              | 1,381,237         | (37,476)         | -                | (1,208,923)         | 1,820,897          |
| Computer software         | 103,143                | -                 | -                | -                | (43,226)            | 59,917             |
| Assets under construction | 209,022,545            | 47,170,748        | -                | (217,331,356)    | -                   | 38,861,937         |
| Other minor assets        | 368,362                | 488,088           | -                | -                | (121,907)           | 734,543            |
|                           | <b>736,117,744</b>     | <b>58,389,958</b> | <b>(259,876)</b> | <b>-</b>         | <b>(39,459,188)</b> | <b>754,788,638</b> |

**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Notes to the Annual Financial Statements**

**4. Property and equipment (continued)**

**Summary of land transferred to NWR**

| Legal description   | Name of resort          | Land size (ha) | Value of land (N\$) | Value of improvements (N\$) | Total value (N\$) |
|---|-------------------------|----------------|---------------------|-----------------------------|-------------------|
| Portion 14 (a portion of portion 7) of the Consolidated Farm Augeigas No. 34, Registration Division (K) | Daan Viljoen Recreation | 112.9511       | 533,593             | 6,188,740                   | 6,722,334         |
| *Portion A of Farm Osona Commonage No. 65 Registration Division (!)                                     | Von Bach Resort         | 470.0504       | 1,880,202           | 1,719,933                   | 3,600,135         |
| *Portion 7 of the Farm Rodenstein No. 307 Registration Division (D)                                     | Waterberg Resort        | 398.3705       | 3,186,964           | 18,046,403                  | 21,233,367        |
| Farm Okaukuejo New No. 1107, Registration Division (A)  | Okaukuejo New           | 99.4129        | 795,303             | 57,931,371                  | 58,726,674        |
| Farm Halali No. 1378 Registration Division (8)  | Halali                  | 68.0485        | 680,485             | 21,487,356                  | 22,167,841        |
| Farm Namutoni No. 137, Registration Division (B)  | Namutoni                | 63.629         | 636,290             | 44,630,253                  | 45,266,543        |
| *Farm Onkoshi No.2040 Registration Division (A)   | Onkoshi Camp            | 100.9295       | 1,009,295           | 20,188,294                  | 21,197,589        |
| Farm Terrace Bay No 1016, Registration Division (A)   | Terrace Bay             | 687.0566       | 3,079,553           | 4,874,353                   | 7,953,906         |
| Farm Torra Bay No. 1017, Reg Division (A)   | Torra Bay               | 54.4677        | 244,137             | 265,233                     | 509,370           |
| *The Farm Jackalsputz No. 242 Registration Division (G)   | Jackalsputz             | 100.0146       | 8,000,000           | 185,598                     | 8,185,598         |
| *Consolidated farm Mile 108 No. 240 Registration Division (G)   | Mile 108                | 160.8914       | 721,154             | 417,212                     | 1,138,366         |
| *Portion 3 of the farm Kap Cross No. 143 (Comprising of 1 and 2)  | Mile 72                 | 560.2801       | 4,267,807           | 299,868                     | 4,567,675         |
| *Consolidated farm Mile 14 No. 240 Registration Division (G)  | Mile 14                 | 323.8756       | 2,591,005           | 171,938                     | 2,762,943         |
| *Farm Hardap Resort No. 693 Registration Division (R)   | Hardap Dam Resort       | 2424.978       | 1,212,489           | 19,253,522                  | 20,466,011        |

**Namibia Wildlife Resorts Limited**  
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**Notes to the Annual Financial Statements**

**4. Property and equipment (continued)**

| Legal description   | Name of resort     | Land size (ha) | Value of land (N\$) | Value of improvements (N\$) | Total value (N\$)  |
|---|--------------------|----------------|---------------------|-----------------------------|--------------------|
| Portion 1 of the farm Naukluft No. 9 Registration on Division (P) | Namib Nukluft Park | 550.932        | 642,277             | 522,392                     | 1,164,669          |
| Portion 2 of farm Sesriem No. 137 Registration Division (P)       | Sesriem            | 2.459.491      | 1,877,475           | 28,873,105                  | 30,750,580         |
| Portion 3 of farm Sesriem No. 137 Registration Division (P)       | Sossus Dune Lodge  | 161.0461       | 2,867,275           | 36,792,333                  | 39,659,608         |
| Farm Hobas No. 374 Registration Division (V)                      | Hobas              | 181.0896       | 2,111,143           | 2,030,945                   | 4,142,088          |
| *Consolidated farm Ai - Ais No. 482, Registration Division (P)    | Ai-Ais Camp        | 99.4131        | 1,158,958           | 29,973,904                  | 31,132,862         |
|   |                    |                | <b>37,495,405</b>   | <b>293,852,753</b>          | <b>331,348,159</b> |

**\*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), an agreement dated 8 December 2008, and 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) (2009/154 AM)) in terms of the State Finance Act and Cabinet at its 23.02.2010/006 meeting. The process of registering the transfers at the deeds office is in progress.

**Khorixas restcamp**

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**

|                          | 2017             | 2016<br>*Restated | 2015<br>*Restated |
|--------------------------|------------------|-------------------|-------------------|
| Trade receivables        | 8,253,806        | 11,683,257        | 6,404,626         |
| VAT                      | -                | -                 | 12,223,516        |
| Employee cost in advance | 116,268          | 110,122           | 100,729           |
| Other receivables        | 317,686          | 167,640           | 643,596           |
|                          | <b>8,687,760</b> | <b>11,961,019</b> | <b>19,372,467</b> |

**Fair value of trade and other receivables**

|                             |           |            |            |
|-----------------------------|-----------|------------|------------|
| Trade and other receivables | 8,687,760 | 11,961,019 | 19,372,467 |
|-----------------------------|-----------|------------|------------|

**Namibia Wildlife Resorts Limited**  
Annual Financial Statements for the year ended 31 October 2017

**Notes to the Annual Financial Statements**

|  | 2017 | 2016       | 2015       |
|--|------|------------|------------|
|  | N\$  | Restated * | Restated * |
|  | N\$  | N\$        | 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 2017 none were past due but not impaired.

As of 31 October 2017, trade and other receivables of N\$ 28,659,435 (2016: N\$ 21,814,914) were impaired and provided for.

The amount of the provision was N\$ 28,659,435 as of October 2017 (2016: N\$ 21,814,914).

***Currencies***

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

|                |           |            |            |
|----------------|-----------|------------|------------|
| Namibia Dollar | 8,687,760 | 11,961,019 | 19,372,467 |
|----------------|-----------|------------|------------|

***Reconciliation of provision for impairment of trade and other receivables***

|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| Opening balance                        | 21,814,914        | 23,181,639        | 14,090,565        |
| Additional / (unused amounts reversed) | 6,844,521         | (1,366,725)       | 9,091,074         |
|  | <b>28,659,435</b> | <b>21,814,914</b> | <b>23,181,639</b> |

The creation and releases and provision for impaired receivables have 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 the receivables mentioned above. The company does not hold any collateral as security.

**6. Cash and cash equivalents**

Cash and cash equivalents consist of:

|                     |                   |                  |                     |
|---------------------|-------------------|------------------|---------------------|
| Cash on hand        | 26,437            | 44,482           | 2,610               |
| Bank balances       | 37,425,457        | 18,766,706       | 2,827,966           |
| Bank overdraft      | (14,854,469)      | (14,297,978)     | (14,602,587)        |
|                     | <b>22,597,425</b> | <b>4,513,210</b> | <b>(11,772,011)</b> |
| Current assets      | 37,451,894        | 18,811,188       | 2,830,576           |
| Current liabilities | (14,854,469)      | (14,297,978)     | (14,602,587)        |
|                     | <b>22,597,425</b> | <b>4,513,210</b> | <b>(11,772,011)</b> |

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

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**Notes to the Annual Financial Statements**

|   | 2017<br>N\$          | 2016<br>Restated *<br>N\$ | 2015<br>Restated *<br>N\$ |
|---|----------------------|---------------------------|---------------------------|
| <b>7. Share capital</b>   |                      |                           |                           |
| <b>Authorised</b>   |                      |                           |                           |
| 150,000,000 Ordinary shares of N\$1 each  | 150,000,000          | 150,000,000               | 150,000,000               |
| <b>Reconciliation of number of shares issued:</b>   |                      |                           |                           |
| Reported as at 01 November  | 100,004,000          | 100,004,000               | 100,003,000               |
| Issue of shares – ordinary shares   | -                    | -                         | 1,000                     |
|   | <u>100,004,000</u>   | <u>100,004,000</u>        | <u>100,004,000</u>        |
| <b>Issued</b>   |                      |                           |                           |
| Ordinary  | 100,004,000          | 100,004,000               | 100,004,000               |
| Share premium   | 1,002,349,729        | 1,002,349,729             | 1,002,349,729             |
|   | <u>1,102,353,729</u> | <u>1,102,353,729</u>      | <u>1,102,353,729</u>      |
| <b>8. Capital contribution</b>  |                      |                           |                           |
| 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. |                      |                           |                           |
| <b>Contributed capital</b>  |                      |                           |                           |
| Opening balance   | 14,559,933           | -                         | -                         |
| Contributions from shareholder  | 5,950,000            | 14,559,933                | -                         |
|   | <u>20,509,933</u>    | <u>14,559,933</u>         | <u>-</u>                  |
| <b>9. DBN loan</b>  |                      |                           |                           |
| <b>Held at amortised cost</b>   |                      |                           |                           |
| Bank loan   | 99,673,096           | 91,742,746                | 94,091,694                |
| The loan is repayable in March 2018, bears interest at 8.75% and is secured by a government guarantee. Refer to the directors report for post balance sheet event.  |                      |                           |                           |
| <b>Non-current liabilities</b>  |                      |                           |                           |
| At amortised cost   | -                    | 91,742,746                | 94,091,694                |
| <b>Current liabilities</b>  |                      |                           |                           |
| At amortised cost   | 99,673,096           | -                         | -                         |
|   | <u>99,673,096</u>    | <u>91,742,746</u>         | <u>94,091,694</u>         |

**Namibia Wildlife Resorts Limited**  
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|  | 2017 | 2016       | 2015       |
|--|------|------------|------------|
|  | N\$  | Restated * | Restated * |
|  | N\$  | N\$        | N\$        |

**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 severance liability was valued by an independent actuary, Mr D. Sauber, as at 31 October 2016, with a projected liability as at 31 October 2017. Based on the assessment performed by management, the projected liability of N\$12m for 2017 made in 2016, is deemed to be a fair estimation of the liability at year end.

No separate assets are held to meet the severance pay liability.

**Key actuarial assumptions**

|                     |      |      |      |
|---------------------|------|------|------|
| Number of employees | 877  | 877  | 877  |
| Average age         | 41   | 41   | 41   |
| Average service     | 11   | 11   | 11   |
| Discount rate       | 9.2% | 9.2% | 9.2% |
| Inflation rate      | 7.7% | 7.7% | 7.7% |

**The amounts recognised in the statement of financial position are as follows:**

|   | 2017              | 2016              | 2015             |
|---|-------------------|-------------------|------------------|
| Severance pay benefit provision             | 12,402,000        | 10,972,000        | 7,776,258        |
|   | <b>12,402,000</b> | <b>10,972,000</b> | <b>7,778,273</b> |
| Opening balance                             | 10,972,000        | 7,776,258         | 7,163,011        |
| Interest cost                               | 1,028,000         | 723,000           | 369,502          |
| Service cost                                | 789,000           | 559,000           | 243,745          |
| Benefit payments                            | (387,000)         | (396,814)         | -                |
| Movement through other comprehensive income | -                 | 2,310,556         | -                |
| <b>Closing balance</b>                      | <b>12,402,000</b> | <b>10,972,000</b> | <b>7,776,258</b> |

**11. Trade and other payables**

|   |                    |                    |                    |
|---|--------------------|--------------------|--------------------|
| Trade payables                              | 36,130,218         | 51,477,030         | 53,773,070         |
| VAT   | 64,401,174         | 38,347,765         | -                  |
| Other payables                              | 2,723,329          | 2,838,778          | 929,756            |
| Transaction levies - Namibian Tourism Board | 698,306            | 3,462,362          | 968,003            |
| Payroll related accrued expenses            | 32,109,867         | 26,732,533         | 23,311,448         |
| Accrued expenses                            | 793,512            | 759,000            | 892,145            |
| PAYE control account                        | 37,836,400         | 38,784,480         | 21,727,526         |
|   | <b>174,692,806</b> | <b>162,401,948</b> | <b>101,601,948</b> |

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**Namibia Wildlife Resorts Limited**  
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**Notes to the Annual Financial Statements**

|  | 2017               | 2016               | 2015               |
|--|--------------------|--------------------|--------------------|
|  | N\$                | Restated *         | Restated *         |
|  |                    | N\$                | N\$                |
| <b>11. Trade and other payables (continued)</b>        |                    |                    |                    |
| <i>Detailed break-down of Trade and other payables</i> |                    |                    |                    |
| <b>Trade liabilities</b>                               | <b>2017</b>        | <b>2016</b>        | <b>2015</b>        |
| Trade  | 36,130,218         | 51,477,030         | 53,773,070         |
| Other  | 2,723,329          | 2,838,778          | 929,756            |
| Accrued audit fees                                     | 793,512            | 759,000            | 892,145            |
| Payroll related accrued expenses                       | 32,109,867         | 26,732,533         | 23,311,448         |
| Subtotal   | 71,756,926         | 81,807,341         | 78,906,419         |
| <b>Regulatory liabilities</b>                          |                    |                    |                    |
| VAT  | 64,401,174         | 38,347,765         | -                  |
| PAYE   | 37,836,400         | 38,784,480         | 21,727,526         |
| NTB  | 698,306            | 3,462,362          | 968,003            |
|  | <b>174,692,806</b> | <b>162,401,948</b> | <b>101,601,948</b> |

**12. Advance deposits**

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

|                  |            |            |            |
|------------------|------------|------------|------------|
| Advance deposits | 40,329,005 | 29,367,674 | 18,471,182 |
|------------------|------------|------------|------------|

**13. Financial liabilities by category**

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

**2017**

|                          | Financial liabilities at amortised cost | Total              |
|--------------------------|---|--------------------|
| DBN loan                 | 99,673,096                              | 99,673,096         |
| Trade and other payables | 39,647,059                              | 39,647,059         |
| Bank overdraft           | 14,854,469                              | 14,854,469         |
| Finance lease payables   | 1,326,021                               | 1,326,021          |
|                          | <b>155,500,645</b>                      | <b>155,500,645</b> |

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**Notes to the Annual Financial Statements**

|  | 2017   | 2016               |
|--|--|--------------------|
|  | N\$  | Restated *<br>N\$  |
| <b>13. Financial liabilities by category (continued)</b> |  |                    |
| <b>2016</b>  |  |                    |
|  | <b>Financial liabilities at amortised cost</b> | <b>Total</b>       |
| DBN loan   | 91,742,746                                     | 91,742,746         |
| Trade and other payables                                 | 55,074,808                                     | 55,074,808         |
| Bank overdraft   | 14,297,978                                     | 14,297,978         |
| Finance lease obligations                                | 1,539,575                                      | 1,539,575          |
|  | <b>162,655,107</b>                             | <b>162,655,107</b> |

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

**14. Revenue**

|   |                    |                    |
|---|--------------------|--------------------|
| Accommodation revenue                       | 163,673,193        | 159,441,558        |
| Administration and management fees received | 1,176,867          | 987,562            |
| Beverage sales                              | 27,160,684         | 26,705,193         |
| Commission received                         | 66,082             | 73,860             |
| Deposits forfeited                          | 4,203,869          | 2,868,319          |
| Filling station                             | 33,460,323         | 32,704,225         |
| General income                              | 2,382,298          | 2,952,467          |
| Government grants                           | -                  | 75,042             |
| Game drives                                 | 19,648,555         | 20,584,500         |
| Rendering of services - conference income   | 959,017            | 1,552,272          |
| Rental income                               | 8,997,136          | 8,740,336          |
| Restaurant meals                            | 84,141,252         | 71,249,858         |
| Tourist shop                                | 15,138,594         | 11,293,039         |
|   | <b>361,007,870</b> | <b>339,228,231</b> |

**Reclassifications**

In the current year, management assessed the transactions mapped to other income and this has resulted in all amounts previously classified as other income being reclassified to revenue. Consequently the comparative amounts have also been reclassified as follows to match current year classification.

|                          |   |              |
|--------------------------|---|--------------|
| Increase in revenue      | - | (27,061,455) |
| Decrease in other income | - | 27,061,455   |
|                          | - | -            |

**15. Cost of sales**

|               |            |            |
|---------------|------------|------------|
| Sale of goods | 85,380,059 | 88,153,012 |
|---------------|------------|------------|

**Namibia Wildlife Resorts Limited**  
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|   | 2017               | 2016               |
|---|--------------------|--------------------|
|   | N\$                | Restated *<br>N\$  |
| <b>16. Operating loss</b>   |                    |                    |
| Operating loss for the year is stated after charging the following, amongst others: |                    |                    |
| <b>Auditor's remuneration - external</b>  |                    |                    |
| Audit fees  | 1,441,900          | 909,450            |
| <b>Remuneration, other than to employees</b>  |                    |                    |
| Consulting and professional services  | 5,224,973          | 4,219,065          |
| Secretarial services  | 113,570            | 240,393            |
|   | <b>5,338,543</b>   | <b>4,459,458</b>   |
| <b>Employee costs</b>   |                    |                    |
| Salaries, wages, bonuses and other benefits   | 112,106,825        | 129,290,748        |
| Housing allowance   | 17,834,102         | 16,534,407         |
| Retirement benefit plans: defined benefit expense                                   | 1,430,000          | 1,282,000          |
| <b>Total employee costs</b>   | <b>131,370,927</b> | <b>147,107,155</b> |
| <b>Leases</b>   |                    |                    |
| <b>Operating lease charges</b>  |                    |                    |
| Premises  | 3,771,551          | 3,155,163          |
| <b>Depreciation and amortisation</b>  |                    |                    |
| Depreciation of property and equipment  | 42,575,213         | 40,525,683         |
| <b>Other</b>  |                    |                    |
| Profit on disposal of plant and equipment   | 3,261,547          | 64,810             |
| <b>Expenses by nature</b>   |                    |                    |
| The operating expenses are analysed by nature as follows:                           |                    |                    |
| Cost of sales   | 85,380,059         | 88,153,012         |
| Employee costs  | 131,370,927        | 147,107,155        |
| Operating lease charges   | 3,771,551          | 3,155,163          |
| Depreciation, amortisation and impairment   | 42,575,213         | 40,525,683         |
| Other expenses  | 129,094,218        | 130,964,143        |
|   | <b>392,191,968</b> | <b>409,905,156</b> |
| <b>17. Investment income</b>  |                    |                    |
| <b>Interest income</b>  |                    |                    |
| <b>From investments in financial assets:</b>  |                    |                    |
| Bank and other cash   | 84,976             | 42,855             |

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|  | 2017              | 2016              |
|--|-------------------|-------------------|
|  | N\$               | Restated *<br>N\$ |
| <b>18. Finance costs</b>   |                   |                   |
| Trade and other payables   | 2,359,043         | 4,177,432         |
| DBN loan and finance lease interest paid   | 8,078,520         | 9,246,986         |
| Bank overdraft   | 1,499,446         | 1,760,414         |
| <b>Total finance costs</b>   | <b>11,937,009</b> | <b>15,184,832</b> |
| <b>19. Deferred tax</b>  |                   |                   |
| No deferred tax asset has been recognised as there is currently no indication that there will be future taxable income against which the tax loss can be utilised. |                   |                   |
| <b>20. Income tax expense</b>  |                   |                   |
| No provision for income taxation was made as the company has not generated taxable income during the year.   |                   |                   |
| Estimated tax loss to set off against future taxable income  | 529,380,876       | 482,013,620       |
| <b>21. Cash generated from operations</b>  |                   |                   |
| Loss before taxation   | (39,774,584)      | (85,754,092)      |
| <b>Adjustments for:</b>  |                   |                   |
| Depreciation   | 42,575,213        | 40,525,683        |
| Gains on disposal of property and equipment  | (3,261,547)       | (64,810)          |
| Interest income  | (84,976)          | (42,855)          |
| Finance costs  | 11,937,009        | 15,184,832        |
| Movement in bad debt provision   | 6,844,521         | (1,366,725)       |
| Non cash movement in severance pay provision   | 1,430,000         | 885,186           |
| Movement in deferred revenue liability   | -                 | (75,042)          |
| <b>Changes in working capital:</b>   |                   |                   |
| Inventories  | (909,002)         | (383,845)         |
| Trade and other receivables  | (3,571,262)       | 8,778,173         |
| Trade and other payables   | 12,290,858        | 60,799,941        |
| Advance deposits   | 10,961,331        | 10,896,492        |
|  | <b>38,437,561</b> | <b>49,382,938</b> |

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|   | 2017               | 2016               |
|---|--------------------|--------------------|
|   | N\$                | Restated *<br>N\$  |
| <b>22. Changes in liabilities arising from financing activities</b>           |                    |                    |
| <i>Reconciliation of liabilities arising from financing activities - 2017</i> |                    |                    |
|   | Opening<br>balance | Interest           |
| DBN loan  | 91,742,746         | 7,930,350          |
| Finance lease liabilities   | 1,539,575          | 148,169            |
|   | <b>93,282,321</b>  | <b>8,078,519</b>   |
|   | Total              | Cash flows         |
|   | 7,930,350          | -                  |
|   | 148,169            | (361,723)          |
|   | <b>8,078,519</b>   | <b>(361,723)</b>   |
| <b>Total liabilities from financing activities</b>                            | <b>93,282,321</b>  | <b>100,999,117</b> |

*Reconciliation of liabilities arising from financing activities - 2016*

|  |                    |                  |                  |                     |                    |
|--|--------------------|------------------|------------------|---------------------|--------------------|
|  | Opening<br>balance | Interest         | Total            | Cash flows          | Closing<br>balance |
| DBN loan   | 94,091,694         | 8,922,562        | 8,922,562        | (11,271,510)        | 91,742,746         |
| Finance lease liabilities                          | 851,985            | 324,424          | 324,424          | 363,166             | 1,539,575          |
|  | <b>94,943,679</b>  | <b>9,246,986</b> | <b>9,246,986</b> | <b>(10,908,344)</b> | <b>93,282,321</b>  |
| <b>Total liabilities from financing activities</b> | <b>94,943,679</b>  | <b>9,246,986</b> | <b>9,246,986</b> | <b>(10,908,344)</b> | <b>93,282,321</b>  |

**23. Contingencies**

A claim was instituted against the company by Jerry Shangadi. The case is still pending at 31 October 2017. The potential exposure to the company per summons, including legal cost amounts to N\$ 595,866.

A claim was instituted against the company by Debbie Maxuilili-Ankama. The case is still pending at 31 October 2017. The potential exposure to the company per summons, including legal cost amounts to N\$ 5,000,000.

**24. Related parties**

**Relationships**

Ultimate shareholder  
Post employment benefit plan for employees  
State owned entity

Government of the Republic of Namibia  
Government Institutions Pension Fund  
Development Bank of Namibia

**Related party balances**

**Loan accounts - Owing to related parties**

Development Bank of Namibia (DBN) (99,673,096) (91,742,746)

**Pension Fund Contributions**

Government Institutions Pension Fund 9,027,711 -

**Amounts included in Trade Receivable (Trade payable) regarding related parties**

Government and other related entities - receivables 2,792,943 1,295,863  
Government and other related entities - payables (4,233,312) (4,759,141)

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|  | 2017             | 2016              |
|--|------------------|-------------------|
|  | N\$              | Restated *<br>N\$ |
| <b>24. Related parties (continued)</b>                                   |                  |                   |
| <i>Related party transactions</i>  |                  |                   |
| <i>Amounts included in Sales and Purchases regarding related parties</i> |                  |                   |
| Government and other related entities - sales                            | 9,604,308        | 14,750,406        |
| Government and other related entities - purchases                        | (41,374,615)     | (61,104,162)      |
| <br><i>Compensation to directors and other key management</i>            |                  |                   |
| Short-term employee benefits   | <u>1,076,492</u> | <u>1,761,974</u>  |

**25. Directors' emoluments**

*Directors*

**2017**

|                      | Directors'<br>fees | Total            |
|----------------------|--------------------|------------------|
| Directors emoluments | <u>2,244,300</u>   | <u>2,244,300</u> |

**2016**

|                      | Directors'<br>fees | Total            |
|----------------------|--------------------|------------------|
| Directors emoluments | <u>1,175,300</u>   | <u>1,175,300</u> |

**26. Financial assets by category**

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

**2017**

|                             | Loans and<br>receivables | Total             |
|-----------------------------|--------------------------|-------------------|
| Trade and other receivables | 8,687,760                | 8,687,760         |
| Cash and cash equivalents   | 37,451,894               | 37,451,894        |
|                             | <u>46,139,654</u>        | <u>46,139,654</u> |

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|   | 2017                             | 2016<br>Restated *       |
|---|----------------------------------|--------------------------|
|   | N\$                              | N\$                      |
| <b>26. Financial assets by category (continued)</b> |                                  |                          |
| <b>2016</b>   |                                  |                          |
|   | <b>Loans and<br/>receivables</b> | <b>Total</b>             |
| Trade and other receivables                         | 11,961,019                       | 11,961,019               |
| Cash and cash equivalents                           | 18,811,189                       | 18,811,189               |
|   | <u><b>30,772,208</b></u>         | <u><b>30,772,208</b></u> |

**27. Prior period errors**

The correction of the error(s) results in adjustments as follows:

|  |                           |                           |                           |
|--|---------------------------|---------------------------|---------------------------|
| <b>Opening retained earnings - as restated</b>         | 2017                      | 2016                      | 2015                      |
| Opening retained earnings - as previously stated       | 640,801,083               | 559,376,425               | 455,160,445               |
| 1. Restatement relating to accrued revenue - 2015      | 6,159,544                 | 6,159,544                 | 5,644,062                 |
| 1. Restatement relating to accrued revenue - 2016      | 636,876                   | -                         | -                         |
| 2. Restatement relating to depreciation on land - 2015 | (7,499,081)               | (7,499,081)               | (5,999,265)               |
| 2. Restatement relating to depreciation on land - 2016 | (1,750,091)               | -                         | -                         |
| 3. Restatement relating to leave pay provision - 2016  | 7,753,207                 | -                         | -                         |
|  | <u><b>646,103,555</b></u> | <u><b>558,038,904</b></u> | <u><b>454,807,257</b></u> |
| <b>Current year earnings - as restated</b>             |                           |                           |                           |
| Current year earnings - as previously stated           | -                         | 81,424,658                | 104,215,980               |
| 1. Restatement relating to accrued revenue             | -                         | 636,876                   | 515,482                   |
| 2. Restatement relating to depreciation on land        | -                         | (1,750,091)               | (1,499,816)               |
| 3. Restatement relating to leave pay provision         | -                         | 7,753,207                 | -                         |
|  | <u><b>-</b></u>           | <u><b>88,064,650</b></u>  | <u><b>103,231,646</b></u> |

1. In prior years, revenue was accrued at the end of year, for services rendered, relating to the revenue earned on non refundable deposits received.

In error, the company did not reverse those accruals in the new year, when processing the invoices relating to these deposits.

This was only done in the current year.

Therefore a restatement of prior periods is required.

The affected balance sheet line items have been restated in note 5 - trade receivables.

2. Depreciation was calculated in error, on the value of land since acquisition. This was corrected in the current year, and a restatement of prior periods is required.

The affected balance sheet line items have been restated in note 4, property and equipment.

3. Excess leave was forfeited in prior years, but a restatement to accrued balances in the current year led to restatement of prior periods.

The affected balance sheet line items have been restated in note 11, Trade and other payables.

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|  | 2017 | 2016       | 2015       |
|--|------|------------|------------|
|  | N\$  | Restated * | Restated * |
|  | N\$  | N\$        | N\$        |

**27. Prior period errors (continued)**

Because the company is not in a tax paying position, and because deferred tax is not recognised, the tax effect of those restatement adjustments is nil.

**28. Comparative figures**

Where necessary, comparative figures are reclassified in line with current year presentation.



# Namibia Wildlife Resorts Limited

Annual Financial Statements for the year ended 31 October 2017

## Detailed Statement of Comprehensive Income

|   |         | 2017                 | 2016                 |
|---|---------|----------------------|----------------------|
|   | Note(s) | N\$                  | Restated *<br>N\$    |
| <b>Revenue</b>                              |         |                      |                      |
| Sale of goods                               |         | 84,141,252           | 71,249,858           |
| Conference fees                             |         | 959,017              | 1,552,272            |
| Deposits forfeited                          |         | 4,203,869            | 2,868,319            |
| Filling station                             |         | 33,460,323           | 32,704,225           |
| PPP rental income                           |         | 8,997,136            | 8,740,336            |
| Tourist shop                                |         | 15,138,594           | 11,293,039           |
| Commission received                         |         | 66,082               | 73,860               |
| Administration and management fees received |         | 1,176,867            | 987,562              |
| Game drives                                 |         | 19,648,555           | 20,584,500           |
| Government grants                           |         | -                    | 75,042               |
| Beverage sales                              |         | 27,160,684           | 26,705,193           |
| Accommodation sales                         |         | 163,673,193          | 159,441,558          |
| General income                              |         | 2,382,298            | 2,952,467            |
|   | 14      | <u>361,007,870</u>   | <u>339,228,231</u>   |
| <b>Cost of sales</b>                        |         |                      |                      |
| Opening stock                               |         | (6,230,292)          | (5,846,447)          |
| Purchases                                   |         | (86,289,061)         | (88,536,857)         |
| Closing stock                               |         | 7,139,294            | 6,230,292            |
|   | 15      | <u>(85,380,059)</u>  | <u>(88,153,012)</u>  |
| <b>Gross profit</b>                         |         | <u>275,627,811</u>   | <u>251,075,219</u>   |
| <b>Other operating gains (losses)</b>       |         |                      |                      |
| Gains on disposal of assets                 |         | 3,261,547            | 64,810               |
| <b>Expenses (Refer to page 43)</b>          |         | <u>(306,811,909)</u> | <u>(321,752,144)</u> |
| <b>Operating loss</b>                       | 16      | <u>(27,922,551)</u>  | <u>(70,612,115)</u>  |
| Investment income                           | 17      | 84,976               | 42,855               |
| Finance costs                               | 18      | (11,937,009)         | (15,184,832)         |
| <b>Loss for the year</b>                    |         | <u>(39,774,584)</u>  | <u>(85,754,092)</u>  |

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## Detailed Statement of Comprehensive Income

|  |         | 2017          | 2016              |
|--|---------|---------------|-------------------|
|  | Note(s) | N\$           | Restated *<br>N\$ |
| Advertising                                |         | (3,808,336)   | (2,834,809)       |
| Auditors remuneration - external auditors  | 16      | (1,441,900)   | (909,450)         |
| Bad debts written off                      |         | (10,985,401)  | 505,497           |
| Bank charges                               |         | (3,615,264)   | (2,411,751)       |
| Cleaning                                   |         | (8,923,092)   | (4,403,756)       |
| Commission paid - credit cards             |         | (2,864,120)   | (2,409,518)       |
| Complimentary food & accommodation         |         | (3,214)       | -                 |
| Computer maintenance, support and training |         | (2,802,173)   | (1,709,734)       |
| Consulting fees                            |         | (3,801,429)   | (1,510,044)       |
| Courier and postage                        |         | (229,607)     | (187,585)         |
| Depreciation                               |         | (42,575,213)  | (40,525,683)      |
| Donations and sponsorships                 |         | (230,800)     | (238,060)         |
| Employee costs                             |         | (131,370,927) | (147,107,155)     |
| Entertainment                              |         | (202,296)     | (65,655)          |
| Equipment hire & rental                    |         | (1,861,367)   | (3,122,909)       |
| Debtors discount                           |         | (2,334)       | -                 |
| First Aid and fire fighting                |         | (682,391)     | (172,703)         |
| Game drive - food and beverages            |         | (687,003)     | (311,673)         |
| Insurance                                  |         | (3,874,238)   | (3,279,011)       |
| Internet data/ mail band lease             |         | (782,605)     | (747,228)         |
| Legal fees                                 |         | (1,423,544)   | (2,709,021)       |
| Licensing fees                             |         | (5,710,426)   | (4,016,006)       |
| Motor vehicle expenses                     |         | (11,096,252)  | (10,374,442)      |
| Municipal expenses                         |         | (36,548,130)  | (32,300,024)      |
| <b>Other operating expenses</b>            |         |               |                   |
| Packaging                                  |         | (322,167)     | (341,651)         |
| Penalties and interest                     |         | (4,586,574)   | (36,558,554)      |
| Pest control                               |         | (404,004)     | (51,260)          |
| Plants and decorations                     |         | (419,268)     | (171,450)         |
| Pool cleaning                              |         | (835,966)     | (910,985)         |
| Printing and stationery                    |         | (837,668)     | (819,036)         |
| Property rental                            |         | (3,771,551)   | (3,155,163)       |
| Repairs and maintenance                    |         | (11,127,930)  | (5,971,389)       |
| Secretarial fees                           |         | (113,570)     | (240,393)         |
| Security                                   |         | (4,700,135)   | (3,520,297)       |
| Staff meals                                |         | (123,740)     | -                 |
| Subscriptions                              |         | (416,640)     | (330,813)         |
| Subsistence and travel - foreign           |         | (1,972,252)   | (1,537,262)       |
| Subsistence and travel - local             |         | (1,879,350)   | (1,428,943)       |
| Sundry expense recoveries - resorts        |         | 5,449,812     | (810,127)         |

# **Namibia Wildlife Resorts Limited**

Annual Financial Statements for the year ended 31 October 2017

## **Detailed Statement of Comprehensive Income**

|                       | 2017                 | 2016                 |
|-----------------------|----------------------|----------------------|
|                       | N\$                  | Restated *           |
| Note(s)               |                      | N\$                  |
| Telephone and fax     | (2,932,558)          | (1,606,919)          |
| Trade fairs           | (1,100,780)          | (2,168,577)          |
| Training              | (1,194,026)          | (1,288,605)          |
| Transport and freight | (1,480)              | -                    |
|                       | <u>(306,811,909)</u> | <u>(321,752,144)</u> |