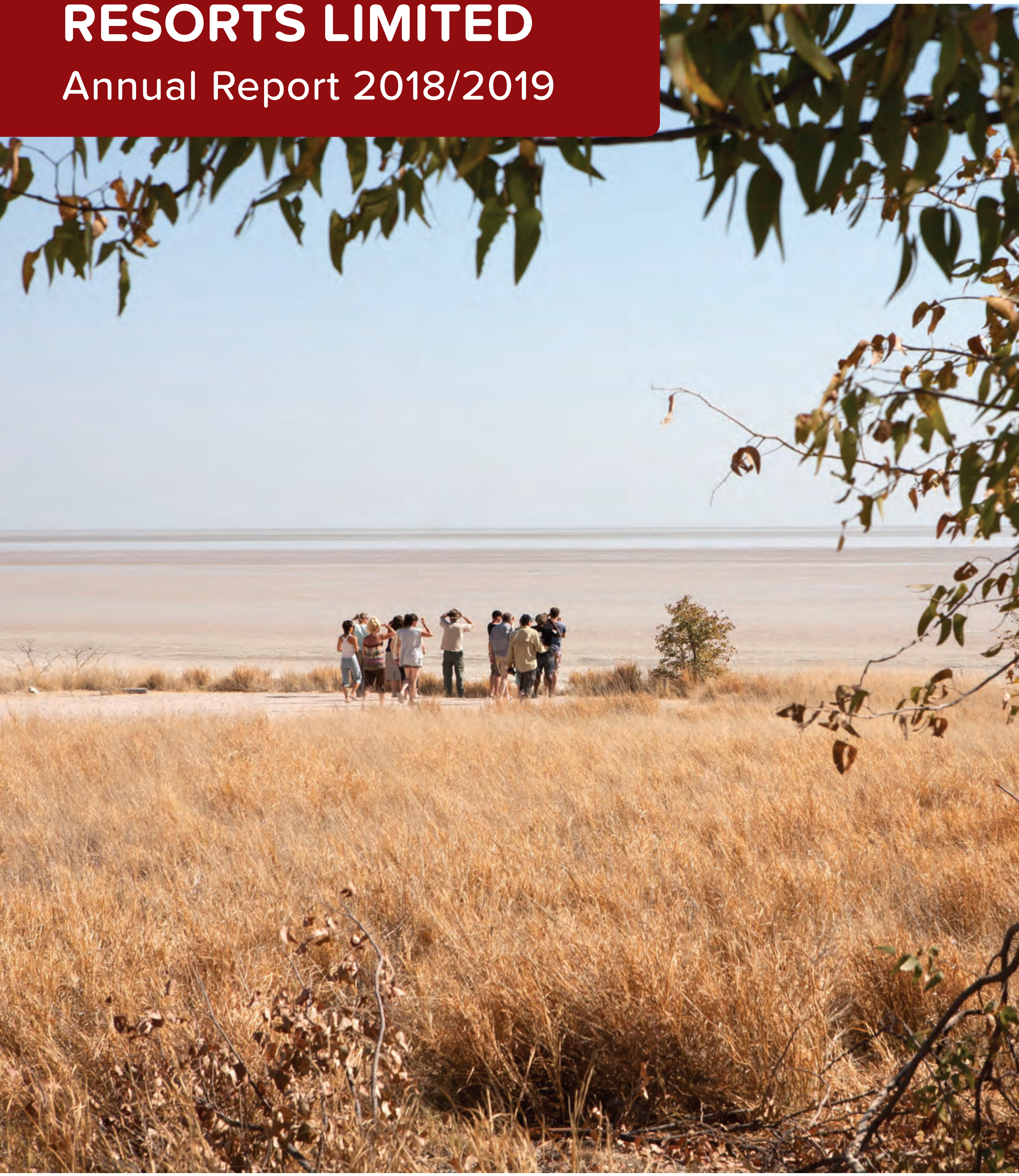
NAMIBIA WILDLIFE RESORTS LIMITED

Annual Report 2018/2019



namibia wildlife resorts

General information

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

CONTENTS

The reports and statements set out below comprise the Annual Report presented to the shareholder:

Annual financial statements

A few months after the close of our financial year, but before issuing of this report, COVID-19 made its indelible mark on the world.

As this report was being prepared, this unprecedented event continues to unfold, and while we know it has severely impacted the tourism industry in our country, the outcome cannot yet be fathomed. The principles we apply in doing business, and as highlighted in the production of this report, remain valid. This is how we conducted ourselves for the year that was, before Corona, and the principles of good governance remain our philosophy, no matter the changes that Corona brings to our world.

1. Introduction

1.1. Approach

We are pleased to present our annual report for the financial year ended 31 October 2019 to our stakeholders. This report provides a review of our financial, economic, social and environmental performance for the year ended 31 October 2019, on matters material to our strategy and our ability to create and sustain value into the future.

The financial information has been prepared in accordance with the requirements of International Financial Reporting Standards ('IFRS'), the Namibian Companies Act, and the Namibia Wildlife Resorts Act, and the other information presented herewith, is presented in accordance with good corporate governance.

Assurance for elements of this annual report has been provided through internal sources.

1.2. Scope

The content of this document relates to Namibia Wildlife Resort Ltd, for the year ended 31 October 2019.

The full set of financial statements, including the independent auditor's opinion, is attached as an appendix to this report, and is available online at nwr.com.

1.3. Board approval

The board is ultimately responsible for overseeing the preparation, presentation and integrity of the annual report. The directors confirm that they have collectively reviewed the output of the reporting process and the content of the annual report. The directors believe that this annual report addresses the material issues, that it is a fair presentation of the integrated performance of the company and offers a balanced view of the company's strategy and how it relates to its ability to create value in the short, medium and long term. We welcome any feedback at PRO@nwr.com.na.

Ambassador LN Iipumbu
Chairman of the Board

Rudie Putter
Finance, Risk and Audit committee chairman

06 July 2020

Date

2. Business Overview

2.1. Our vision

To be the destination of choice for tourism in Africa

2.2. Our mission

We create memorable experiences in a sustainable way

2.3. About NWR

COMPANY PROFILE

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

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

In June 2016 NWR was classified as a commercial public enterprise and was placed under the governance of the Ministry of Public Enterprises. Although the new hybrid centralised governance model resulted in NWR reported to the Ministry of Public Enterprises, the Ministry of Environment, Forestry and Tourism (MEFT) remained the line ministry that NWR reports to in terms of strategic and operational support until late in 2019, when the Ministry of Public Enterprises was officially mandated to oversee the Company.

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

- Managing, controlling, maintaining, utilising 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 the Namibian people.

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

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

OUR PRODUCTS

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

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

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

Camp / Resort / Lodge	Dolomite	Onkoshi	Popa Falls	Sossus Dune Lodge
Accommodation	●	●	●	●
Camping	●		●	
Restaurant	●	●	●	●
Bar	●	●	●	●
Kiosk / tourist shop			●	
Filling stations				
Activities / Value-added Services				
Bird life and birdwatching	●	●	●	
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 / floodlit waterholes / hides	●			

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

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

Camp / Resort / Lodge	/Ai-/Ais Hot Springs Spa	Gross Barmen	Halali	Hardap	Namutoni	Okaukuejo	Waterberg
Accommodation	●	●	●	●	●	●	●
Camping	●	●	●	●	●	●	●
Restaurant	●	●	●	●	●	●	●
Bar	●	●	●	●	●	●	●
Kiosk / tourist shop	●	●	●		●	●	●
Filling stations	●	●	●		●	●	●
Activities / Value-added Services							
Angling / fly-fishing / watersport				●			
Bird life and birdwatching	●		●	●	●	●	●
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 / archaeological 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 / floodlit waterholes / hides			●		●	●	

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

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

Camp / Resort / Lodge	Duwisib Castle	Hobas	Khorixas	Naukluft	Olifantsrus	Sesriem	Shark Island	Terrace Bay	Torra Bay
Accommodation	●	●	●	●			●	●	
Camping	●	●	●	●	●	●	●	●	●
Restaurant	●	●	●	●		●		●	●
Bar	●	●	●			●		●	
Kiosk / tourist shop		●			●			●	●
Filling stations		●				●		●	
Activities / Value Added Services									
4x4 trails / quad biking / off-road biking				●				●	
Angling / fly-fishing / watersport								●	●
Beach-related activities							●	●	●
Bird life and birdwatching				●					
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 / floodlit waterholes / hides					●				

NWR has the following seasonal campsites at the coast: Mile 108, Jakkalsputz and Mile 72.

In addition, NWR has three office centres, namely:

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

2.4. Performance highlights

First-time profits

EBITDA:
N$68m

1st time net profit:
N$22m

Cash inflow from operations:
N$26m

Total assets:
N$817m

Repayment of debts

Compliance with Development Bank loan repayments:
first two capital repayments made, with eight years remaining

Compliance with repayment of old Ministry of Finance debt:
Repaid N$12m, and in compliance with current tax obligations.

Audit up-to-date

2.5. How we create long-term sustainable value to our stakeholders

Who are our stakeholders, and how do we demonstrate sustainable value to them?

Our shareholder (The Government of the Republic of Namibia)

The government is our sole shareholder, and holds us accountable for providing not only a return to the Namibian people and the Namibian economy, but also a return on the assets invested in the company. In addition to our enacted mandate, it is our government's expectation that we, firstly, hold our own as a commercially minded enterprise, and secondly, provide a dividend to the shareholder.

We have taken over the resorts previously run by the Department of Nature Conservation, from the Ministry of Environment, Forestry and Tourism some 20 plus years ago, most of which were already aged at the time of establishing NWR, and we have maintained, and in some instances, even improved on the old infrastructure. It is imperative to our business, and our shareholder, that these assets are kept in good condition to not only utilise in the short term, but to also protect in the interest of our future generations.

With a long-term view, we have spent on average N$30m on replacing or enhancing capital assets for the past five years. In the last 3 years, this was funded out of our own operations.

In 2019 we have spent N$16m on repairs and maintenance in an effort to attract more, and retain our market in the face of stiff competition from the private sector.

While the value-adding section of the report deals with monetary distribution of the revenue we have generated, there remains an important element that is not adequately described in the Income Statement alone. In the section that follows, we attempt to illustrate the value NWR has brought to its shareholder.

Etosha road grading project.
It was heart-warming to see the tourism community coming together to support the Ministry of Environment, Forestry and Tourism with grading the roads in Etosha. In general, Namibia has a fairly good reputation when it comes to its extensive gravel road network, but our international, regional and local tourists could not cope with the damage to their cars (and their jolted bones) from travelling on some of the roads in National Parks.

NWR assisted in the way it could best do so. We granted free camping sites to the contractors, we provided water at no charge for the construction teams for their own use, and for use during the grading process, and we bought a couple of specialist tyres.

National parks public toilets
Contrary to general perception, NWR's mandate extends to the boundaries of the resorts only, and it has no mandate to take care of infrastructure in all the national parks. However, in the good spirit of mutual cooperation with the Ministry of Environment, Forestry and Tourism, NWR had taken on the servicing of the public toilets that are spread around the national parks. This means we have to dedicate vehicles and staff, as well as cleaning materials to travel to all the remote (and sometimes very aged/dilapidated) facilities to clean them regularly.

More than 15 points are serviced from our resorts.

We have also accepted responsibility for collecting the garbage from those toilets.

Accommodation & utilities & administrative support
To further foster good working relationships between NWR and the Ministry of Environment, Forestry and Tourism, where we share premises, we share the cost of utilities with the Ministry of Environment, Forestry and Tourism, and where they are travelling, they enjoy a 50% discount on our rates.

Also, as we generally operate in similar areas, we have accommodated their request to latch onto our procurement process recently, when we issued a tender for security at our resorts.

Refuse removal
We have taken our responsibility to remove the waste generated by our operations, one step further by concluding multi-party agreements (which includes the Ministry of Environment, Forestry and Tourism and the private sector) to move, sort and recycle waste, and to launch recycling projects that benefit local communities.

Training
We commenced with our Namibia Wildlife Resorts Hospitality Institute programme, and accommodated 10 Ministry of Environment, Forestry and Tourism officials on one of our first Customer Service Training sessions, hosted at the Waterberg.

Namibia Wildlife Resorts Hospitality Institute (NWR Hi)

Namibia's National Development Plan 5 (NDP 5) identifies the Tourism Industry as an important industry contributing to the country's economic growth. NWR, as the largest state-owned tourism industry player, needs to contribute significantly to the above-mentioned tourism national desired outcome.

It is within this context that the NWR Hospitality Institute (NWR Hi) was established in 2020 to provide Vocational Education, Apprenticeship and Training, so as to:

- Equip NWR employees to meet hospitality industry standards,
- Prioritize labour force work-readiness through vocational skills development for competences,
- Develop vocational education, and technical training (TVET) and apprenticeship facilities for talent development,
- Deliver a holistic passionate hospitality leadership capacity building,
- Develop the link between employment and quality education,
- Ensure proactive memorable guest experience through all NWR hospitality and safari experiences.

Globally, Vocational Education and Apprenticeship training is a key element for the labour market to function properly, create employment and to support employees both personally and professionally. It is also an essential factor in corporate competitiveness and quality service delivery. The establishment of the NWR Hi should be seen as an important intervention in achieving a diversified and competitive tourism sector in Namibia and increasing number of tourists.

NWR Hi Objectives and Goals

NWR Hi was established to fulfil the following objectives:

- To induct NWR programme and brand value propositioning to all newly recruited employees.
- To provide continuous training of current employees' applied knowledge on Standard Operating Procedures (SOPs) and customer care in order to support the highest level of motivation and service delivery.
- To provide upskilling through specifically designed and certified courses in modern hospitality and culinary arts as per the Namibia Training Authority (NTA) curriculum and industry demands.
- To contribute to talent development and retention of skilled and qualified personnel in key functional areas of tourism, hospitality and culinary arts.
- To participate in national TVET and Apprenticeship qualifications for hospitality, tour guiding, spa and wellness, retail tourism and culinary arts.

The NWR Hi offers training specialisation through its NWR facilities utilisation for exciting hospitality careers for Housekeeping and Laundry Operations, Food and Beverage Service, Quality Customer Services, Retail and Operational Finance, Basic Computer; the Innkeeper System, Front Office Operations, Food Hygiene, Food Preparation; OHS, MICE and banqueting, Maintenance and building, carpentry, Induction on NWR Policies; Standard Operating Procedures; Supervisory, Leadership Skills and Tour Guide.

NWR Hi programmes are developed in line with the Sector Skills Plan (SSP) for the Tourism and Hospitality (T&H) sector in line with a "roadmap" to create a skilled workforce, improve firm-level service delivery and increase the attractiveness of Namibia as a world-class tourist destination in a highly competitive global tourism market. Source: "NTA – Hospitality and Tourism Sector Skills Plan 2015".

NWR has invested about **N$15 million** over the last 3 years for NWR Hi TVET facilities, development and infrastructure. An additional **N$3 million** has been invested to procure kitchen equipment and office furniture, and for professional fees.

Our employees (900 strong workforce)

Our business is a people business. Without our employees being able to make our guests feel at home, we would have no business.

And caring for our employees is the right thing to do, whether those employees have been with us from the beginning, when they were transferred from the then Ministry of Environment, Forestry and Tourism; whether they are recent joiners; whether they are soon to be graduated from our new NWR Hi school.

Our human capital department has been facing challenges over the last few years, but by taking the time to identify and analyse those challenges, and taking determined action, management is slowly but surely bringing the department onto a level playing field. The Human Capital department is being revitalised to service the organisation, and the employees, in the best manner possible.

Over the last 5 years, various interventions like salary benchmarking, performance management training, skills audit, union negotiations and more recently, regular company-wide formal staff communication and information sharing, have all contributed to bring our working community closer together.

We are also happy to have internally launched our NWR Hi, based in Khorixas. Through continued skills upliftment we not only grow our own talent, but we enrich the lives of our staff.

We continue to face the ever increasing pressure to manage costs, yet at the same time attempt to protect the jobs of our employees. To that end we are encouraged to report that through natural attrition, we have brought down our staff complement from over 1,000 to under 900 as at financial year end.

And while we have not been able to afford a salary increase every year, we have managed to plan and implement, with conscious acknowledgement of the efforts of the union, increases above the current inflation in two years out of the last 5 years.

An extract from the report to the Human Capital Committee of the Board shows that our staff is entirely Namibian.

Table 9: Breakdown of current workforce profile as at 31 October 2019

Job category	Racially disadvantaged		Racially advantaged		Persons with disability		Non-Namibian		Total		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Total
Executive Directors [F1]	0	0	0	0	0	0	0	0	**0**	**0**	**0**
Senior Management [E1-E5]	5	2	0	1	0	0	0	0	**5**	**3**	**8**
Middle Management [D1-D5]	13	13	1	1	0	0	0	0	**14**	**14**	**28**
Specialised/Skilled/Senior Supervisory [C4-C5]	7	6	0	1	0	0	0	0	**7**	**7**	**14**
Skilled [C1-C3]	48	45	0	1	0	0	0	0	**48**	**46**	**94**
Semi-skilled [B1-B5]	210	195	1	0	0	0	0	0	**211**	**195**	**406**
Unskilled [A1-A3]	124	215	0	0	0	0	0	0	**124**	**215**	**339**
Total Permanent	**407**	**476**	**2**	**4**	**0**	**0**	**0**	**0**	**409**	**480**	**889**
Casual/temporary and seasonal	0	0	0	0	0	0	0	0	**0**	**0**	**0**
Total	**407**	**476**	**2**	**4**	**0**	**0**	**0**	**0**	**409**	**480**	**889**

Furthermore, we can report that half of our staff are under 40 years of age.

Table 10: NWR age profile as at 31 October 2019

Age group	Number of employees	Percentage %
20-29	191	21%
30-39	272	31%
40-49	257	29%
50-59	169	19%
60-69	0	0%
Total	**889**	**100%**

Our targeted training interventions picked up speed towards the end of the year and have included the following:

- With sponsorship from the Ministry of Commerce of the People's Republic of China, five NWR employees attended a Seminar on Tourism promotion for Namibia, from 30 September to 20 October 2019.
- Customer Care Training, covering not only Customer Care, but also employee attitude management, employee change management and employee motivation for ten NWR frontline staff, and seven Ministry of Environment gate attendants held from 21 to 25 October 2019.
- During the year, NWR had adopted an intern policy, which saw 6 short-term finance related internships, and 20 hospitality related internships give working experience to new graduates and students who otherwise would not have had the opportunity.
- IT related training included Parts 1 & 2 of Interconnecting Cisco Networking Devices during November and December 2019, and a CISA (Certified Information Systems Auditor) attempt during January 2020.
- During January 2020, we piloted a "German for beginners" course for 37 employees in Etosha.

Our Customers (local and international)

It goes without saying, without our customers we do not exist. Nearly half of our bookings come from Namibian sources (local based destination management companies, tour operators & agents as well as Namibian citizens). Our domestic market remains important, not only because we are mandated to cater for our fellow citizens, but because we want to share our resources with them.

The Namleisure card as revised in 2018 continues to grow in popularity and we now offer four different NamLeisure cards: Student, Solo, Plus & Family. The NamLeisure membership card offers members (Namibian Citizens) 50% discount on accommodation and 25% discount on meals and activities at all NWR Lodges and camps. In the year under review, 2983 membership cards were issued to Namibians resulting in accommodation revenue of NAD 7m generated from NamLeisure cardholders.

Did you know?

Namleisure gives you 50% discount! At any time!

In addition to the Namleisure discount, NWR also offers a 25% discount to Namibian citizens and a 35% discount to Namibian Senior citizens, and the proportion of bed nights derived from these discounts amount to 0.08% of total bednights which for the year under review stand at 528 123 bednights.

We engage with our international market through formal engagements with both local and international inbound and outbound tour operators, destination management companies as well as by attending international trade and road shows in the international market. Tour operators are an essential distribution channel for us and make a significant contribution to our bednights and revenue. We review their performance and contribution by monitoring their actual annual revenue realised in a given financial year. It is also worth to note that our online presence continues to grow and as a result, our online booking platform contributed NAD 92m to the overall revenue of NWR. Major international markets for NWR include Germany, the Netherlands, Switzerland and Italy whereas in the sub-region South Africa remains the biggest source market for NWR.

We value the support from our customers and guests alike and we always solicit feedback from them. According to the GuestRevu online Reputation management system, NWR achieved an online rating grade of 71%. This requires a lot of work from NWR for the next financial year as the ideal score to achieve is 90% and above.

Sources of booking	Percentages (%)
Germany	17%
Namibia	47%
South Africa	20%
Switzerland	2%
Other	14%
	100%

The nation (the Namibian economy and the Namibian society)

Namibia's relatively steady economic growth has not been enough to deal with the country's triple challenge of severe poverty, inequality, and unemployment.
https://www.worldbank.org/en/country/namibia/overview

It is our contribution to our economy to protect the jobs of our large workforce, yet at the same time maintaining productivity that will add to our GDP.

Tourism is said to contribute 10% to our GDP. It remains our belief, that if we protect resources, we protect our economy. And if we can enhance our resources, attracting more fresh tourist dollars into our economy, we can grow our economy.

Our environment, as a subset of our Namibian society:
Namibia Wildlife Resorts continues to expand and enhance its footprint in the way it operates. The focus was geared towards safeguarding the environment while ensuring that day to day operations are not compromised. 2018/19 saw that about 70% of the NWR resorts were compliant and had management plans in place to ensure sound environmental management practices.

A number of the environmental management plans were initiated, this includes projects such as the construction and upgrade of sewer reticulation lines (Sesriem and Sossus Dune Lodge), the establishment of the Dead Valley resort (Sesriem) and the project that addressed the use of renewable energy at two of our resorts, i.e. Sesriem and SDL. Phase 1 of this project kick-started NWR's drive to systematically introduce the use of green and cleaner energy sources for its operations in Sesriem and SDL. With significant savings observed in phase 1 of the project, 2019 (phase 2) commenced with increasing the number of solar panels to make the two camps solely reliant on solar energy by 2020.

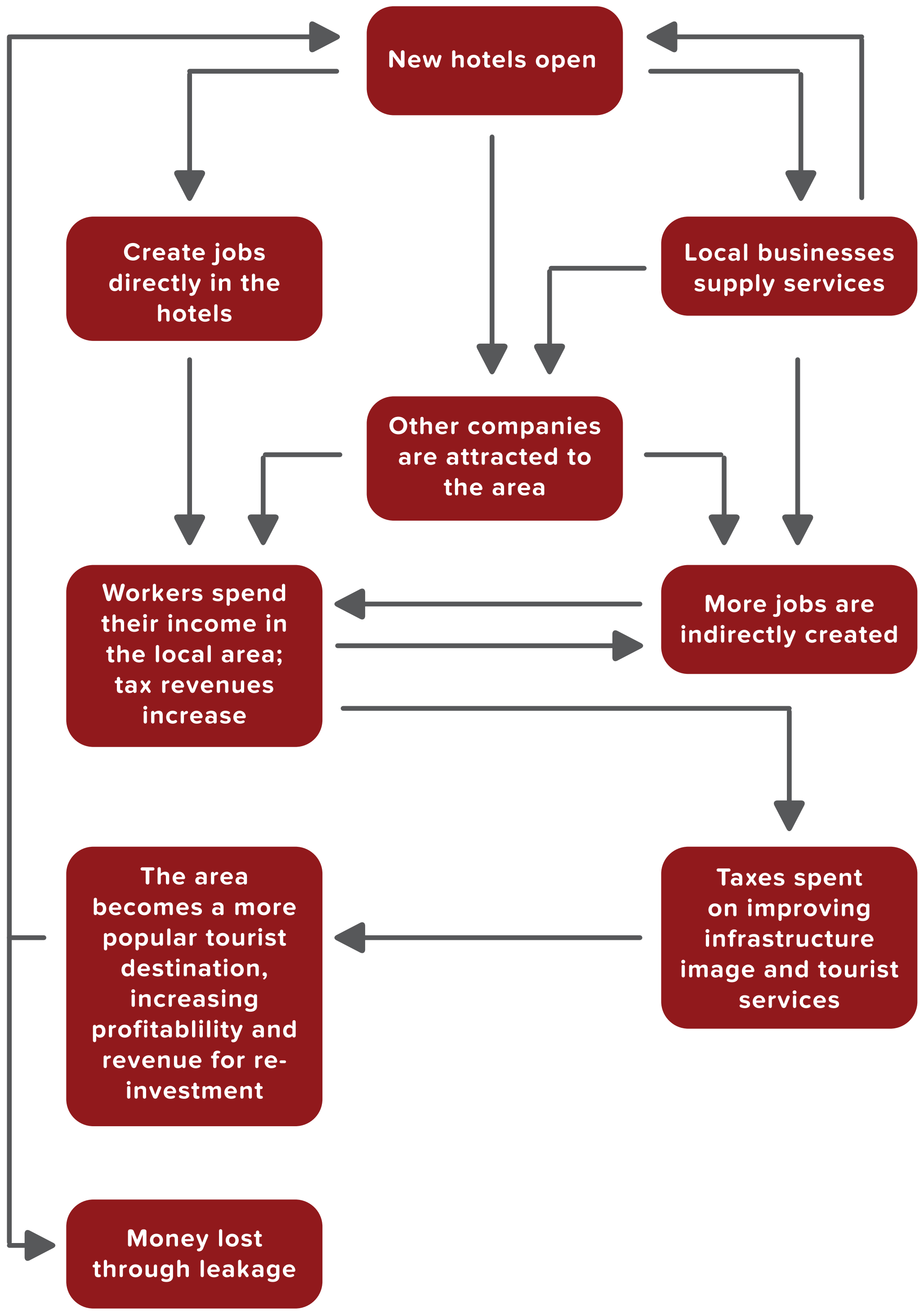
Tourism Multiplier Effect

Tourism not only creates jobs in the tertiary sector, it also encourages growth in the primary and secondary sectors of industry. This is known as the multiplier effect which in its simplest form is how many times money spent by a tourist circulates through a country's economy.

https://geographyfieldwork.com/TouristMultiplier.htm

The beginning of the financial year was marked by all six resorts in Etosha National Park receiving their Environmental Management Plans to guide them on how to reduce, reuse and recycle waste generated by our operations and mitigate potential environmental impacts. With the influx of tourists to our resorts, NWR is faced with the ever-increasing demand for managing the waste generated. Though waste management systems are in place, the cost of transporting waste over long distances for disposal at a designated site is a challenge. We believe this challenge could be overcome through joint planning with the MEFT.

Tourism Multiplier Effect



Our competition
There are very few operators in our direct Namibian context who provide more than 1,300 bedrooms per night. And yes, we do have privileged access to some of Namibia's prime destinations. But we do not see ourselves as the sole supplier of services to all of Namibia's travellers. We cannot be all things to all travellers, and we are part of an industry that is important to Namibia.

Through participation in industry forums, and our membership of HAN (Hospitality Association of Namibia), we keep in touch with our local competition, sharing challenges and supporting industry initiatives.

2.6. Our Business Model

INPUT - The Six Capitals

What do we have to put into the mix?

FINANCIAL

Debt Funding & Internal Resources
No Shareholder Funding for the past 3 years

SOCIAL

Customers
Suppliers
Joint Venture Partners
Community
MEFT

MANUFACTURED

Infrastructure (25 sites in Prime Tourist Attraction Areas, 23 Self-Managed)

INTELLECTUAL

Brand
Privileged Access to Parks

HUMAN

900 Engaged Staff
NWR Hi School
Employee Engagement/ Communication

NATURAL

Mandate to Protect
Energy Consumption
Water Consumption

THROUGHPUTS

What happens in the mix - how do we interact?

Memorable experiences to our guests

Close cooperation with MEFT who co-habituate with us

OUTPUTS

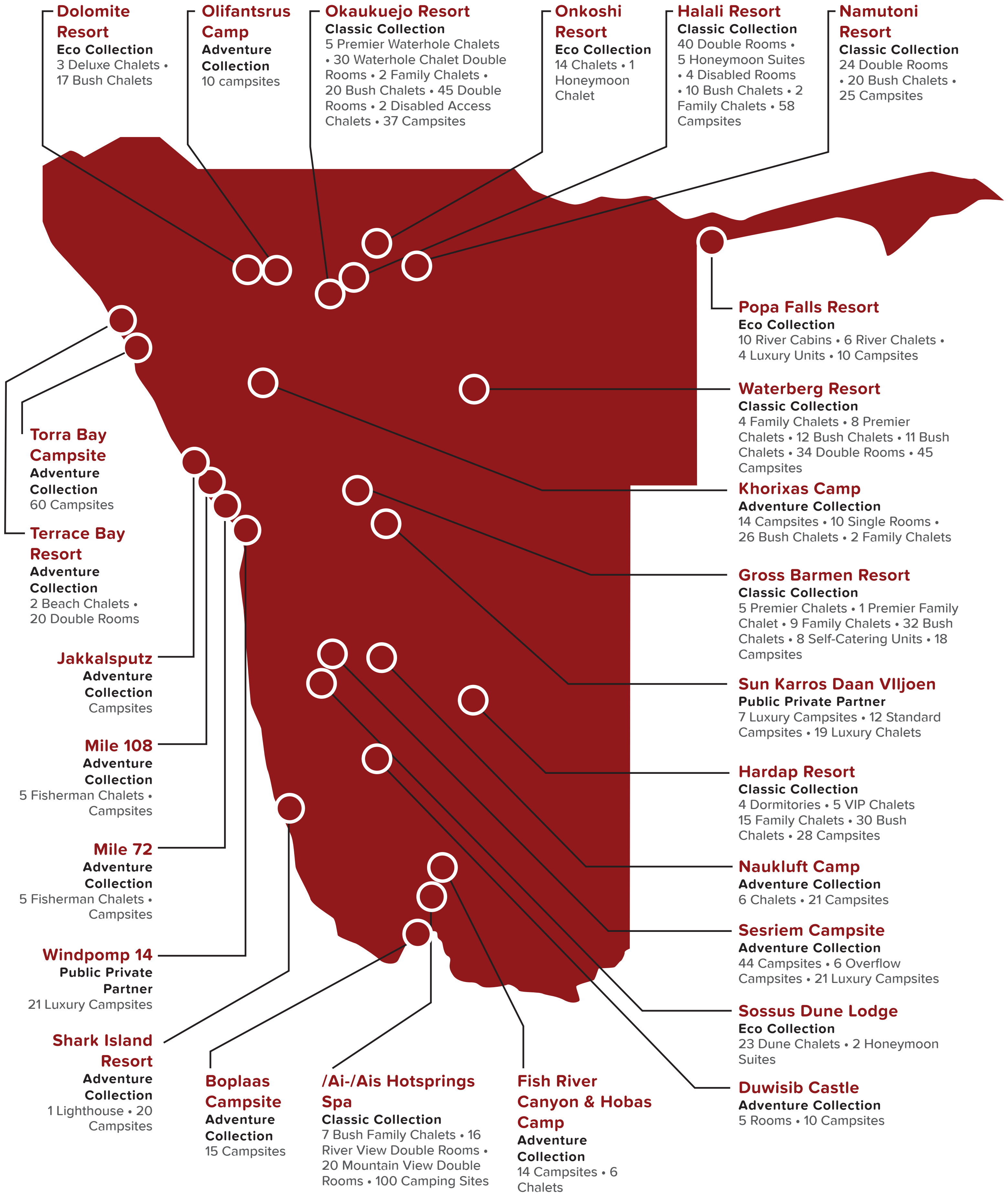
3 CATEGORY HOTELS/SITES

Eco Collection
Classic Collection
Adventure Collection

SOCIETAL/ ENVIRONMENTAL IMPACT

Conservation
Waste
Water & electrical consumption

2.7. Key features



2.8. Our capitals

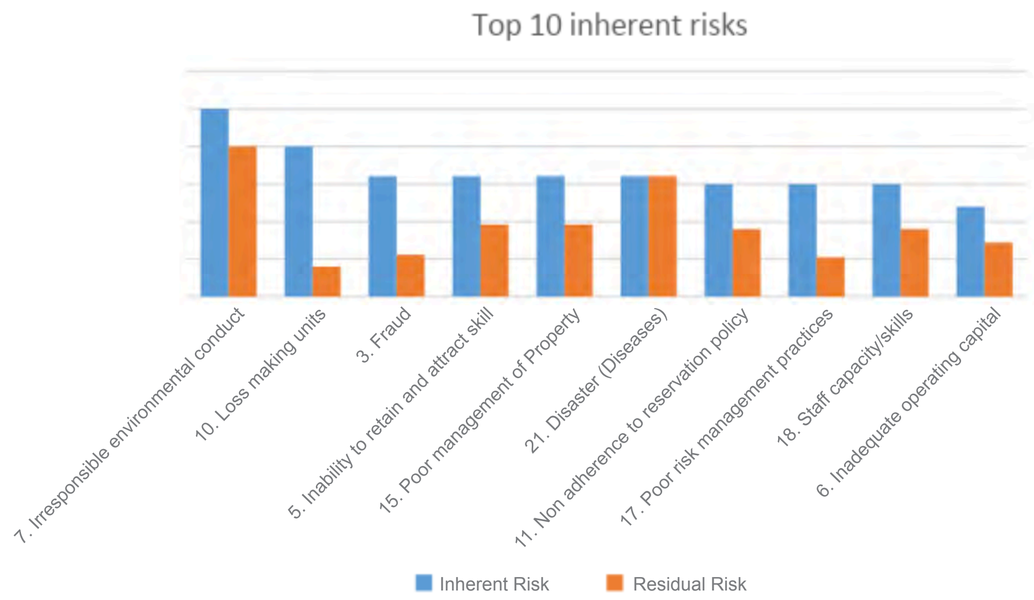
We have identified our most important capitals below, which links our reporting and business model to provide more insight into our performance and outlook, as well as how our capitals are deployed in our strategy and business model to generate and sustain value in the long term.

Our capitals	Utilisation of our capitals	Reference
Financial	Our ability to repay our debt out of operational cash flows determines the access we have to funding for our refurbishment programmes, and product development.	Balance sheet Cash flow statement
Social	Quality relationships with our key stakeholders are vital to the long-term sustainability of NWR. Popular misconceptions about the responsibilities of NWR vs MEFT regarding condition of the roads and park fencing, and the self-sustaining nature of NWR can significantly impact the company's reputation and value-generating ability. Building trust and credibility with our key stakeholders is key to retaining our social licence to operate.	Chairman's report
Manufactured	On formation of the company we were given 25 ageing resorts, some of which have received extensive modernisation, while others are in dire need of refurbishment. Being able to replace old and ageing infrastructure will determine our market presence.	Key features section
Intellectual	The ability for us to raise the profile of our brand, as well as Namibia as a prime tourist destination, in conjunction with NTB and other tourism industry players, will benefit not only the company, but also contribute to tourism as one of the more significant contributors to Namibia's GDP. We cannot be seen to be irresponsible with the task we have been given, i.e. to protect the National Assets, while operating a self-sustaining tourism business.	Our long-term sustainability
Human	We remain committed to the principles of an effective workforce. Not only do we remain committed to keeping Namibian jobs in spite of the current economic situation, but we have also launched the NWR school which serves as our investment in our people, and constant striving to raise the standard of performance. We have also embarked on a strategy of transparent and necessary information sharing with our employees who, after all, are the engine of this company, and we appreciate their role in the bigger picture.	Our employees as stakeholders
Natural	We have been given the mandate to contribute to conservation and maintain the natural asset, and we do not only do that because it is in our enabling act, but protect our environment because it is the right thing to do.	Managing Director's report on renewable energy projects.

2.9. Risks and opportunities

Our risk methodology requires us to identify risks, evaluate them in terms of likelihood and probability, and utilise our available resources to implement mitigating controls or actions on a resort/department level, and on a companywide level.

The following is a graph of our top 10 risks, which the board, through the audit committee, monitors on an on-going basis.

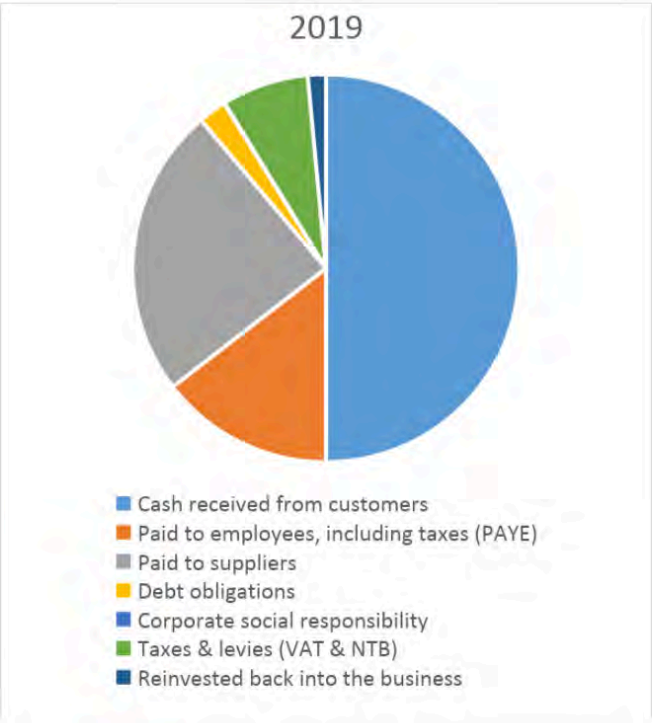


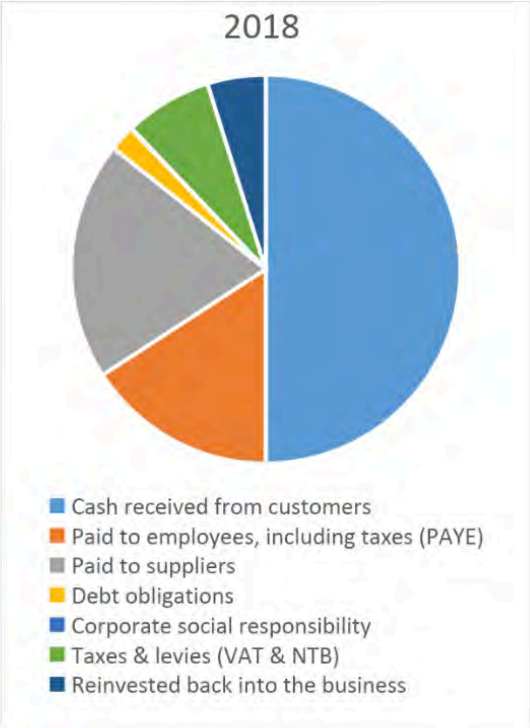
2.10. Stakeholders' Engagement

Stakeholder group	Why is it important that we engage	How we engage	Stakeholders' key interest
Funding institutions	Funding institutions (both present and future) are the providers of capital necessary for our growth. We need transparent communication and to understand potential concerns.	• One-on-one meetings • Sharing of monthly operational results	• Liquidity and gearing
Shareholder	As our sole shareholder, and the holder of our mandate, we risk failing to meet their expectation.	• Participation in key SOE and GRN strategic events, trade shows and workshops. • AGM • Annual reporting • Budget submission • Communication with line ministry, being the Ministry of Environment, Forestry and Tourism, and, as a commercial enterprise, with the Ministry of Public Enterprises	• Self-sustaining business model • Return on equity, and dividend yield • Reduction in water & energy consumption • Job protection
Customers	Without our guests we do not have a reason to exist	• Newsletters • Social media • Customer satisfaction surveys • Namibia's annual independence celebration specials (75% off)	• High standard of facilities • Good customer service • Special deals for Namibians • Value offerings
Communities	Engagement assists us to focus our efforts on empowering local communities, which contributes to our long-term viability	• Events & sponsorships	• Job creation
Employees and Unions	Our employees are core to delivering our customer experiences and we need to understand their needs, challenges and aspirations and for them to be aligned with our strategy	• Quarterly staff bulletins • Resort manager conferences • Email • Union meetings	• Job security • Salary increment
Suppliers and business partners	Our suppliers and business partners enable us to deliver consistent customer experiences	• One-on-one meetings • Procurement processes & legislation	• Reliable ordering and payment process • Fair treatment

Value added for the year ended 31 October 2019

These graphs represent how the cash generated by business was spent.





3. Performance and Outlook

3.1. Chairman's Report

Namibia is a remarkable and competitive tourist destination because of its comparative advantages which include wide open spaces with spectacular landscapes; abundant wildlife resources; diversity of experiences; excellent infrastructure; security, peace and stability; and low population densities. Namibia has a growing global reputation as a premier destination for ecotourism. On its turn, the tourism industry is an important contributor to the generation of foreign exchange earnings, investments, revenue, employment, rural development, poverty reduction and to the growth of the country's economy. Tourism also creates strong direct and peripheral benefits because of its multiplier effect, based on its reliance on a wide spread of supplies and services.

Within the above context it is with an immense sense of pride, and with due recognition to my fellow board members, management, and the non-managerial staff, that I submit the Annual Report and financial results of Namibia Wildlife Resorts (NWR) for the year ended 31 October 2019. This report is presented against the backdrop of slowing momentum in the global economy, elevated trade tensions and climatic induced disasters. However, despite all these dynamics, the financial year 2018/19 ends on a high note for the NWR Board, management and staff on numerous fronts. We have faced many a challenge as a business but emerged triumphant and in a much better shape.

After more than 20 years, NWR managed to record a profit for the first time since its creation in 1999. This was mainly achieved through increasing revenue by 11% compared to the 2018 financial year and by keeping operating expenses flat despite inflationary pressures. As in the years before, we continue to introduce specials and discounts, especially during the months of February, March and December, to our domestic market. These initiatives are aimed at encouraging domestic travellers to sign up for a Namleisure card which entitles Namibians to a 50% discount on accommodation. We are pleased to note that the domestic market is responding positively to our offers and specials and continues to grow.

At the time of writing this report, COVID-19 has been declared a pandemic by the World Health Organisation (WHO). The impacts of COVID-19 on the tourism industry are severe and devastating. With international travel restrictions effectively halting all progress in the tourism industry, we will not be able to repeat the successes of 2019 in the near future. The Directors' Report highlights the critical measures the company has implemented, or will continue to implement, to mitigate the effects of COVID-19 on the sustainability of the company and employees. Amongst others, these measures include guests and staff safety measures as prescribed by the Ministry of Health and Social Services at all our facilities, stringent cost control measures, negotiating with our guests on postponing their prepaid visits, rather than full cancellation, thereby minimising deposit refunds, aggressive sales drives, such as the post-lockdown specials of N$600 per person and collaborating with our social partners, the Namibian Public Workers Union, to implement certain cost-saving measures, while as far as possible attempting to protect jobs.

As a final note, allow me, on my own behalf and that of the Board of Directors, to congratulate the staff and management of NWR for continuing to affect improvements in the management and performance of the company. Lastly I wish to thank our shareholder, the Government of the Republic of Namibia, for their continued support. My fellow board members and I value the trust the shareholder has placed in us to direct the company as a commercial state-owned enterprise as per the Public Enterprises Governance Act 2019 (Act 1 of 2019) that came into operation on 16 December 2019 by way of Government Notice No 390.

Ambassador LN Iipumbu
Chairman of the Board

06 July 2020
Date

3.2. Managing Director's Report

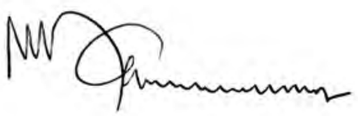
The NWR Managing Director is tasked with the day-to-day management of the company. There was a change in the day-to-day management of the company in April 2019 when the substantive MD left. An acting MD was appointed to steer the company for the remainder of the six months of the 2019 financial year. Despite the change in leadership, the company continued to operate as normal. This was due to the clear NWR Business Plan 2017 to 2021 approved by the Board of Directors that sets out the strategic objectives and focus areas of the company. The strategic themes and initiatives that continued to be implemented in 2019 are set out below:

1. Change company culture and establish high performing teams
2. Improve institutional capability
3. Attain guest satisfaction through operational and service excellence
4. Optimisation of profitability and growth of the company
5. Establish and optimise strategic partnerships and stakeholder relations
6. Sustainable development and growth over the short and long term

Strategic themes are ***business objectives*** *that provide strategic* ***differentiators*** *for NWR's five year strategic plan*

- Implement and enforce policies, standard operating procedures and initiatives.
- Set the tone at the top for compliance and a high performance culture with zero tolerance for non-conformance and misconduct
- Implement and maintain a performance management system.
- Human Resources Planning (staffing levels, structure alignment, staff retention, JDs, grading, remuneration)
- Standard Operating Procedures (SOPs)
- Drive Customer feedback
- Revenue Growth focus
- Cost controls
- Public Private Partnerships and Joint Ventures
- Develop new infrastructure with related products / services

As the 2019 Annual Financial Statements attest, there has been significant progress in the implementation of the NWR Business Plan 2017 to 2021. For instance, a profit scenario was recorded for the first time in the history of the company. There were also improvements in the adherence to standard operating procedures. Customer service levels also improved somewhat and positive feedback was received from customers. The negative media reports that characterised the company in the past, also significantly improved. We will continue to build on the successes and improvements recorded in 2019 so as to improve even more in the 2020 financial year.



Dr. Matthias Ngwangwama
Managing Director

06 July 2020

Date

3.3. Chief Financial Officer's Report

Avoiding the risk of repeating the messages of the MD and the Chairman, I take the opportunity to highlight salient features out of the financial results of the company.

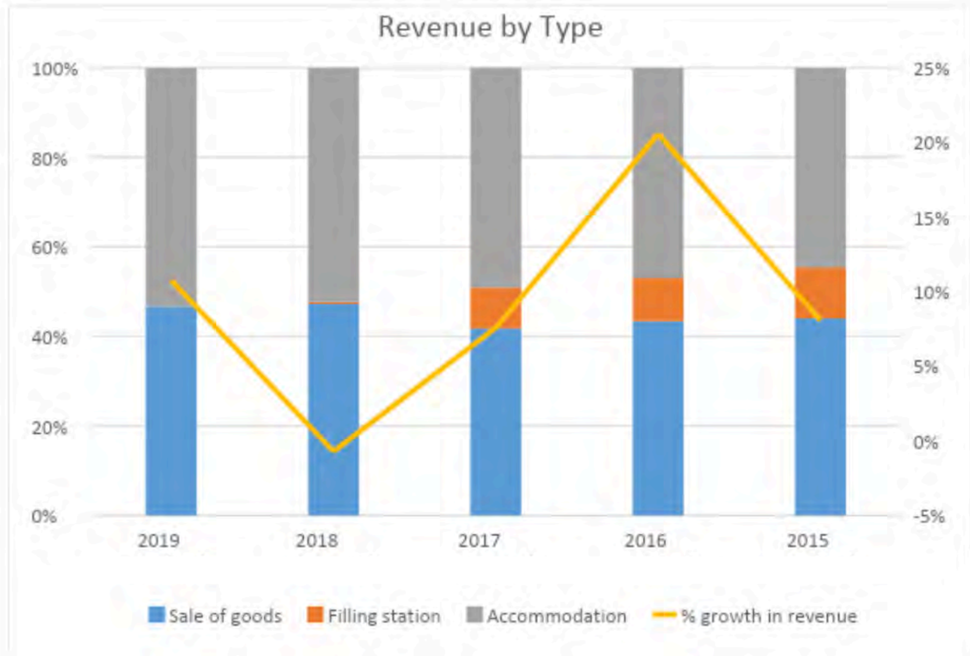
Firstly, I need to thank my team, and the staff of NWR, who put in the extra effort to bring the auditors the information they required, in the manner they required. We are proud to report that for the second year in a row, we are up to date with our audited financials.

The audit opinion is regretably a disclaimer opinion, which is one step backwards from last year, but understable given the impact of COVID-19 on the Going Concern principle.

The impact of COVID-19 is so severe in the tourism trade, that the Going Concern principle is brought into doubt. At this time we can only plan to respond to the best of our ability, and remain committed to look after our national assets, in the interest of the Namibian people.

Furthermore, with regard to other matters highlighted in the audit opinion, we can report that our controls subsequently have improved over employee file administration and manual invoices, and we are hard at work resolving the backlog in cleaning up our debtors ledger, which should address the remaining audit qualifications in time for the next year end.

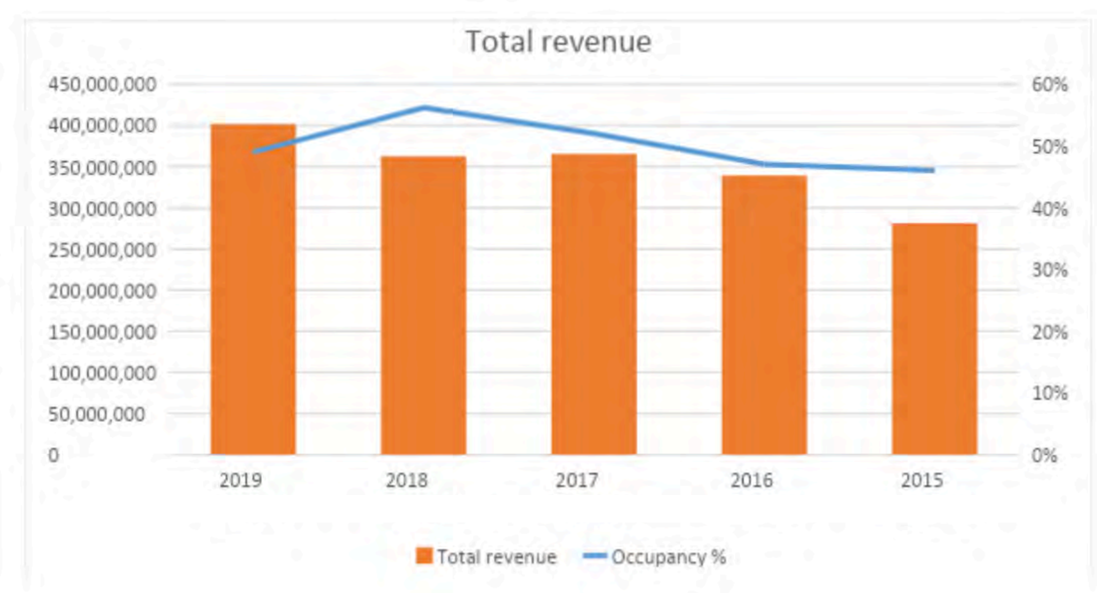
Our financial results



Graph 1 – Revenue by type

This graph demonstrates that the proportion of our accommodation revenue to other revenue has remained relatively stable, despite consumer spending decreasing as a result of economic pressures. We have achieved this by introducing more/different activities, such as nature walks, game drives, expanding tourist/curio shops etc.

It further highlights that we have managed to grow our revenue every year, with the exception of 2018.



Graph 2 – Total revenue

Graph 2 demonstrates the relationship between occupancy and revenue. There was an uptake on our Namleisure and other specials in 2018, which increased our occupancy, thereby managing to keep our total revenue relatively flat.

In 2019, in line with industry trends, our occupancy dropped. However, our total revenue increased through aggressive marketing from our sales channels during peak season.

4. Governance

GOVERNANCE STRUCTURES

Board of Directors

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

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

The board is assisted by a Company Secretary, Ms Charmaine Gaingos, an admitted legal practitioner.

The board was reappointed for a further term of 3 years in April 2019.

The Board of Directors comprised the following members:

Ambassador L.N. Iipumbu
Chairperson

Mrs. J. Wilson-Moore
Vice Chairperson

Dr. Matthias Ngwangwama
Managing Director

Ms. E.R. Petersen
Director

Ms. E.S. Shifotoka
Director

Mr. R. Putter
Director

Ms. C.R. Williams
Director

Mr. B.T. Schneider
Director

Corporate governance principles

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

Attendance at the following meetings held during the year:

Surname	First Name	Initials	Board meetings (x4)	Finance, Risk, Audit Committee Meeting (x4)	Human Capital Committee Meeting (x4)
Iipumbu	Leonard	LN	3	3	
Petersen	Elise(Elizabeth)	E	4		4
Putter	Rudie	R	4	4	4
Schneider	Bernd	BT	3		3
Shifotoka	Eva	E	4		2
Williams	Carol Rosheta	CR	4	4	2
Wilson-Moore	Janet	J	4	4	

The board members are remunerated in accordance with Government Notice 69 of 2018, *Amendment of Government Notice No. 174 of 2010: Directives in Relation to Remuneration Levels for Chief Executive Officers and Senior Managers of State-Owned Enterprises and Annual Fees and Sitting Allowance for Board Members: Public Enterprises Governance Act, 2006*, as published in Gazette 6572 in April 2018.

During November 2019, the board evaluated its own performance in line with the King Code on corporate governance, and the performance of individual board members. This evaluation was shared with the shareholder.

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

The Finance, Risk, Audit and Compliance Committee

The Finance, Risk, Audit and Compliance Committee is primarily tasked to provide oversight over:
- Risk management
- Financial control, accounting systems and financial reporting
- Internal audit and internal control
- Compliance with policies, laws and regulations which may impact NWR
- External audit process
- Advisory to the Board in providing strategic direction on the company's asset & liability management activities
- Marketing oversight

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

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

KPMG Namibia was re-appointed as the external auditors during the 2019 financial year.

The Human Capital Committee

The Human Capital Committee (HCC) provides human resources-related oversight. The HCC determines and develops NWR's remuneration strategy and related conditions of service competitive enough to attract, retain and motivate human capital of the quality required by NWR. Its primary responsibility includes reviewing, monitoring and making recommendations to the Board of Directors on NWR's human capital strategy and policies. Furthermore, the committee is responsible for:
- Determining the compensation of the Managing Director and other senior management in line with the relevant laws and guiding principles;
- Recommendation of the succession of senior management;
- Recommendation of professional development for senior management;
- Recommendation of incentive compensation plans and equity-based plans;
- Human capital strategies;
- The management of pension and significant benefit plans for employees; and
- Any additional matters delegated to the Human Capital Committee by the Board.
- Recommendation of the organisational structure of the company

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

Internal audit function

We continue to uphold our internal audit charter, and can report a high completion rate for internal audits completed for FY19, and reported to the audit and risk committee of the board.

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

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

COMPLIANCE

The company is compliant with its primary legislation, i.e. the NWR Act and the SOE Act. The only outstanding item is the transfer of all resorts to NWR which is being actioned.

The company has some non-compliance items especially in the Human Capital field but these are being actioned by the newly appointed HC administration manager.

SENIOR MANAGEMENT

Our exco structure consists of the chief of departments, plus the next layer of reporting responsibility where the department is small, but requires high profile attention.

Ms. Charmaine Gaingos
Company Secretary

Dr. Matthias Ngwangwama
Managing Director

Mr. Mufaro Nesongano
Corporate Communications & Online Media Manager

Mrs. Talita Horn
Chief Financial Officer

Mr. Sebulon Chicalu
Chief Operations Officer

Mr. Epson Kasuto
Chief Marketing Officer

Mrs. Fransiska Nghitila
Environmental and Compliance Specialist

Mr. Martin Kantika
Chief Information Officer

Mr. Zandry Haimbondi
Chief Risk, Internal Audit Officer

Exco is represented through the Managing Director on the board, and may be invited to participate in board meetings by virtue of their respective offices.

Management is empowered to implement board decisions, through the Delegation of Authority Matrix.

The Managing Director completes management's formal performance evaluations once a year, after close of the financial year, and concludes the performance agreement for the year ahead, at that time.

The Board assesses the performance of the Managing Director once a year.

The company has an internal audit department, which reports functionally to the audit committee chair person, and administratively to the Managing Director. The function is currently supported with additional resources, on a co-sourced contract with external service providers.

Enterprise-wide risk registers are completed for the larger head office departments and for each resort, and for the company as a whole, with the support of the Chief Risk, Internal Audit Officer.

5. 5 Year Financial Review

Income statement

	2019	2018	2017	2016	2015
Occupancy %	49%	56%	52%	47%	46%
Sale of goods and other revenue	186,168,874	175,008,831	167,897,831	150,746,839	127,600,394
Filling station	-	1,657,352	33,460,323	32,704,225	32,114,950
Accommodation	209,301,741	185,794,843	163,902,703	159,441,558	125,433,650
Total revenue	395,470,615	362,461,026	365,260,857	342,892,622	285,148,994
Cost of sales	- 54,972,204	- 59,381,491	- 82,331,899	- 88,153,012	- 85,700,429
Gross profit/(loss)	340,498,411	303,079,535	282,928,958	254,739,610	199,215,706
Other income	- 440,265	1,100,689	3,261,547	64,810	15,143,321
Operating expenses	- 308,016,186	- 313,882,046	- 310,030,061	- 321,752,144	- 305,383,651
Operating profit/(loss)	32,041,960	- 9,701,822	- 23,839,556	- 66,947,724	- 90,791,765
Investment revenue	1,191,073	227,423	84,976	42,855	1,388,036
Finance costs	- 10,782,754	- 11,899,290	- 11,937,009	- 15,184,832	- 11,036,975
Profit/(loss) for the year	**22,450,279**	**- 21,373,689**	**- 35,691,589**	**- 82,089,701**	**- 100,440,704**
OCI	-	2,648,438	-	673,444	-
Total profit/(loss)	**22,450,279**	**- 18,725,251**	**- 35,691,589**	**-81,416,257**	**- 100,440,704**

(Comparatives restated for retrospective correction)

Balance sheet

	2019	2018	2017	2016	2015
Property and Equipment	668,159,151	697,877,263	720,819,037	737,841,103	747,324,111
Investment Property	10,068,340	10,267,386	10,466,433	10,665,480	10,864,527
Lease income in advance	44,762,223	41,353,976	37,811,559	34,147,168	30,371,892
Current Assets	84,232,844	73,064,292	53,278,948	37,002,499	28,049,490
Assets held for disposal	10,237,454	187,000			
Total assets	**817,460,012**	**822,749,917**	**822,375,977**	**819,656,250**	**816,610,020**
Equity	481,851,177	459,400,898	478,126,149	507,867,738	574,688,733
Long-term liabilities	168,993,948	191,509,119	11,058,279	100,751,293	103,383,974
Current liabilities	166,614,887	171,839,900	333,191,549	211,037,219	138,537,313
Total equity & liabilities	**817,460,012**	**822,749,917**	**822,375,977**	**819,656,250**	**816,610,020**

(Comparatives restated for retrospective correction)

APPENDIX A

Annual Financial Statements 2018/2019

Directors' responsibilities and approval

The directors are responsible for the preparation of the annual financial statements of Namibia Wildlife Resorts Limited, comprising the statement of the financial position as at 31 October 2019, the statements of comprehensive income, changes in equity and cash flows for the year then ended, significant accounting policies, notes to the financial statements and the directors' report.

The directors are required in terms of the Companies Act of Namibia to maintain adequate accounting records, and they 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 operational risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

Despite the catastrophic impact of COVID-19 after the financial year end on the hospitality industry, and resultant significant uncertainty of the company's ability to continue as a going concern in these circumstances, it remains the intention of the directors, through the activities and plans referred to in note 32, to continue as a going concern.

The external auditors are responsible for independently auditing and reporting the company's financial statements. The annual financial statements have been examined by the company's external auditors.

The annual financial statements set out on pages 32 to 67, which have been prepared on the going concern basis, and the supplementary schedules set out on pages 68 to 73, were approved by the board and were signed on the board's behalf by:

Director

Windhoek

Director

06 July 2020

Date

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 32 to 67, which comprise the Statement of financial position as at 31 October 2019, and the Statement of comprehensive income, the Statement of changes in equity and the Statement of cash flows for the year then ended, Accounting policies, Notes to the 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

The company reported a profit for the year ended 31 October 2019 of N$22 450 279 but as at that date its current liabilities exceeded its current assets by N$72 144 589. As indicated in note 32 to the financial statements the COVID-19 pandemic, a non-adjusting subsequent event, has had a significant impact on the company. The note further indicates that the possible effects of the future implications of COVID-19 on the future prospects, performance and cashflows of the company are unknown and describes how the directors plan to deal with these events and circumstances. The note states that the company will receive financial support from its shareholder, however, the directors have not provided us with sufficient appropriate audit evidence from the shareholder to support the commitment for ongoing funding for the foreseeable future. The cash flow forecasts provided, to support the appropriateness of the financial statements being prepared using the going concern basis of accounting, do not provide sufficient appropriate evidence to support the 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, we were unable to obtain sufficient and appropriate audit evidence in respect of employee costs due to inadequate controls over the administration of employee documentation. As a result, we were unable to determine whether any adjustments were necessary in respect of employee costs, other payroll related liabilities, leave pay provision and the severance pay provision.

Furthermore, the company did not have adequate internal controls in respect of the recording of manual invoices and the recording of rental income included in total revenue of N$395 470 615. Consequently, we were unable to determine whether any adjustments were necessary in respect of revenue recorded.

In addition, the company did not have adequate internal controls in respect of unallocated receipts of N$18 258 201 included in contract liability as per note 16 to the financial statements. As a result, we were unable to determine whether any adjustments were necessary in respect of unallocated receipts included in contract liability.

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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Namibia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

KPMG

KPMG Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Valens Mugabo
Partner
Windhoek, Namibia
28 July 2020

Directors' report

The directors are pleased to submit their report on the annual financial statements of Namibia Wildlife Resorts Limited for the year ended 31 October 2019.

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 the conduct of wildlife resort and related hospitality services, as mandated through the Namibia Wildlife Resorts Company Act (Act of 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, except for new standards effective this year (refer to note 2).

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 (2018: N$ nil).

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

Directors	Nationality	Changes
Ambassador LN Iipumbu (Chairperson)	Namibian	
Dr M Ngwangwama (Managing Director)	Namibian	From 1 April 2020 (Acting from 15 July to 1 April)
Mrs. Z Hengari (Managing Director)	Namibian	Until 15 July 2019
Mr. BT Schneider	Namibian	
Ms. CR Williams	Namibian	
Ms. ER Petersen	Namibian	
Ms. ES Shifotoka	Namibian	
Mrs. JA Wilson-Moore	Namibian	
Mr. R Putter	Namibian	

Directors were reappointed on 15 June 2019 for a further 3 year term.

8. Directors' interests in contracts
During the financial year, no contracts were entered into which directors or officers of the company had an interest in, or which significantly affected the business of the company.

9. Property and equipment
Property to the value of N$10,237,454 was reclassified to Non-Current Assets Held for Disposal in the current year (2018: N$187,000).

At 31 October 2019 the company's investment in property and equipment amounted to N$668,159,151 (2018: N$697,877,263), of which N$16,403,941 (2018: N$ 14,384,589) was added in the current year through additions.

At 31 October 2019, the company's investment in investment property amounted to N$10,068,340 (2018: N$10,267,386).

Refer to note 31 for prior period error.

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

11. Events after the reporting period
Due to the COVID-19 pandemic the company's income for the 2020 financial year to date has been impacted by the reduced occupancy levels at the resorts which were experienced due to the global and national lockdown measures. The company has significant fixed costs such as payroll obligations and with the reduction in income following the lockdown, this has resulted in a reduction in profitability and cash in-flows. Management expects that the decrease will have a negative impact on the targeted financial results for the 2020 financial year. Management has implemented, and will continue to implement, actions to sustain the operations of the company.

Except for the impact of COVID-19 on the company, there are no other siginificant events which occurred after the reporting date up to the date of this report.

12. Going concern
Please refer to note 32 for disclosure regarding the going concern.

13. Litigation statement
The company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business.

Refer to note 28, Contingent Liabilities, for a brief description of the most significant matters.

14. Auditor
KPMG Namibia continued in office as the auditors for the company for 2019.

15. Secretary
The company secretary is Ms C Gaingos.

Postal address: Private Bag 13378
Windhoek
Namibia

Business address: Gatheman Building
344 Independence Avenue
Windhoek
Namibia

16. Public Private Partnership agreements
The company has commenced action to review certain agreements signed with Sun Karros. The action is based on the signature of the agreements being done without following due Board approval processes, and to address concepts within the agreements that are vague. The outcome of the action relates to future profits, and is targeted to be beneficial to both parties. These joint venture type of agreements relate to property developments, shared responsibilities, obligations and profits.

Statement of financial position

as at 31 October 2019

	Note(s)	2019 N$	2018 Restated * N$	2017 Restated * N$
Assets				
Non-Current Assets				
Property and Equipment	4	668,159,151	697,877,263	720,819,037
Investment property	5	10,068,340	10,267,386	10,466,433
Lease income in advance	6	44,762,223	41,353,976	37,811,559
		722,989,714	**749,498,625**	**769,097,029**
Current Assets				
Inventories	7	5,794,345	6,281,298	7,139,294
Trade and other receivables	8	12,777,552	7,332,973	8,687,760
Cash and cash equivalents	9	65,660,947	59,450,021	37,451,894
Property held for disposal	10	10,237,454	187,000	-
		94,470,298	**73,251,292**	**53,278,948**
Total Assets		**817,460,012**	**822,749,917**	**822,375,977**
Equity and Liabilities				
Equity				
Share capital	11	1,122,863,662	1,122,863,662	1,102,353,729
Capital contribution		-	-	20,509,933
Accumulated loss		(641,012,484)	(663,462,764)	(644,737,513)
		481,851,178	**459,400,898**	**478,126,149**
Liabilities				
Non-Current Liabilities				
DBN loan	12	73,893,650	82,794,211	-
Finance lease liabilities		-	-	1,158,890
Grant liability		4,825,464	4,900,507	975,549
Severance pay provision	13	8,073,000	7,116,000	8,923,840
Trade and other payables - long term	14	82,201,833	96,698,401	-
		168,993,947	**191,509,119**	**11,058,279**
Current Liabilities				
Trade and other payables - short term	15	78,795,570	96,087,145	178,092,806
DBN loan	12	10,000,000	10,000,000	99,673,096
Finance lease liabilities		1,506,939	493,051	167,131
Grant liability		75,042	75,042	75,042
Contract liability	16	64,247,983	57,899,934	40,329,005
Bank overdraft	9	11,989,353	7,284,728	14,854,469
		166,614,887	**171,839,900**	**333,191,549**
Total Liabilities		**335,608,834**	**363,349,019**	**344,249,828**
Total Equity and Liabilities		**817,460,012**	**822,749,917**	**822,375,977**

* See note 31

Statement of comprehensive income

	Note(s)	2019 N$	2018 Restated * N$
Revenue	17	395,470,615	362,461,026
Cost of sales	18	(54,972,204)	(59,381,491)
Gross profit		**340,498,411**	**303,079,535**
(Loss) / profit on disposal of property, plant and equipment	19	(440,265)	1,100,689
Other operating expenses		(308,016,186)	(313,882,046)
Operating profit (loss)	20	**32,041,960**	**(9,701,822)**
Finance income	22	1,191,073	227,423
Finance cost	23	(10,782,754)	(11,899,290)
Profit / (loss) for the year		**22,450,279**	**(21,373,689)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements on net defined benefit liability		-	2,648,438
Other comprehensive income for the year net of taxation		**-**	**2,648,438**
Total comprehensive income (loss) for the year		**22,450,279**	**(18,725,251)**

* See note 31

Statement of changes in equity

	Share capital N$	Share premium N$	Total share capital N$	Capital contribution N$	Accumulated loss N$	Total equity N$
Opening balance as previously reported	100,004,000	1,002,349,729	1,102,353,729	20,509,933	(682,549,072)	440,314,590
Prior period errors*	-	-	-	-	37,811,559	37,811,559
Balance at 01 November 2017 as restated	**100,004,000**	**1,002,349,729**	**1,102,353,729**	**20,509,933**	**(644,737,513)**	**478,126,149**
Loss for the year as restated	-	-	-	-	(21,373,689)	(21,373,689)
Other comprehensive income	-	-	-	-	2,648,438	2,648,438
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**(18,725,251)**	**(18,725,251)**
Shares issued	2,000	20,507,933	20,509,933	(20,509,933)	-	-
Total contributions by and distributions to owners of company recognised directly in equity	**2,000**	**20,507,933**	**20,509,933**	**(20,509,933)**	**-**	**-**
Opening balance as previously reported	100,006,000	1,022,857,662	1,122,863,662	-	(704,816,740)	418,046,922
Prior period errors*	-	-	-	-	41,353,977	41,353,977
Balance at 01 November 2018 as restated*	**100,006,000**	**1,022,857,662**	**1,122,863,662**	**-**	**(663,462,763)**	**459,400,899**
Profit for the year	-	-	-	-	22,450,279	22,450,279
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**22,450,279**	**22,450,279**
Balance at 31 October 2019	**100,006,000**	**1,022,857,662**	**1,122,863,662**	**-**	**(641,012,484)**	**481,851,178**
Note(s)	11	11	11			

* See note 31

Statement of cash flows

	Note(s)	2019 N$	2018 N$
Cash flows from operating activities			
Cash generated from operations	24	35,137,570	61,591,834
Interest income	22	1,191,073	227,423
Interest paid		(9,683,315)	(11,899,290)
Net cash from operating activities		**26,645,328**	**49,919,967**
Cash flows from investing activities			
Purchase of property and equipment		(13,375,463)	(14,384,589)
Sale of property and equipment		251,026	1,744,345
Net cash to investing activities		**(13,124,437)**	**(12,640,244)**
Cash flows from financing activities			
Repayment of DBN loan	12	(10,000,000)	(6,878,885)
Finance lease repayments		(2,014,590)	(832,970)
Net cash to financing activities		**(12,014,590)**	**(7,711,855)**
Total cash movement for the year		**1,506,301**	**29,567,868**
Cash at the beginning of the year		52,165,293	22,597,425
Total cash at end of the year	9	**53,671,594**	**52,165,293**

Accounting policies

1. Significant accounting policies
The financial statements for the year ended 31 October 2019 were authorised for issue on 06 July 2020, in accordance with a resolution of the directors, dated 25 June 2020.

The principal 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 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, except for the effect of adoption of IFRS 9, Financial Instruments and IFRS 15, Revenue from contracts with customers.

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

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

Key sources of estimation uncertainty

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

In accordance with IFRS 9, the company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date. Refer to note 1.5 for the full description of impairments, including judgements applied in estimating the loss allowance.

Useful lives 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 13.

1.3 Investment property
Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Investment property is subsequently recognised at cost minus accumulated depreciation and impairment losses.

Cost model
Depreciation is charged to profit or loss using a method that best reflects the pattern in which the economic benefits are consumed by the company.

Depreciation is provided to write down the cost, less estimated residual value and useful life of the property, which is as follows:

Item	Useful life
Land	indefinite
Buildings	45 years

The useful lives of items of investment property are assessed on an annual basis.

1.4 Property and equipment
Property and equipment are tangible assets and software which the company holds for its own use 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 recognised at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Costs incurred are capitalised to assets under construction, until they are ready for use, at which time they are transferred to property and equipment.

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.

Property and equipment is subsequently stated at cost minus accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost.

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. 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, and remain unchanged from the prior period:

Item	Depreciation method	Average useful life
Buildings	Straight line	45 years
Land	Not depreciated	-
Plant and machinery	Straight line	1 to 10 years
Furniture and fixtures s	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.

1.5 Financial instruments
Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are debt instruments:
- Amortised cost.

Financial liabilities:
- 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.

Note 3 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Trade and other receivables

Classification
Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 8).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement
Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment
The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses
The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Write off policy
The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Loans and borrowings

Classification
Borrowings are classified as financial liabilities at amortised cost.

Recognition and measurement
Borrowings are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 3 for details of risk exposure and management thereof.

Trade and other payables

Classification
Trade and other payables - short term (note 15), excluding VAT and amounts received in advance, are classified as financial liabilities at amortised cost, using the effective interest method.

Recognition and measurement
They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 3 for details of risk exposure and management thereof.

Cash and cash equivalents
Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Cash and cash equivalents are classified as financial assets at amortised cost.

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 recognised at fair value and subsequently at amortised cost.

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

Bank overdrafts are classified as financial liabilities at amortised cost.

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.

Derecognition

Financial assets
The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities
The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting financial assets and financial liabilities
Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The company has also entered into arrangements that do not meet the criteria for offsetting, but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

1.5 Financial instruments: IAS 39 comparatives

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

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

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

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

Financial instruments are measured initially at fair value.

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

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

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

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

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 group of financial assets has been impaired.

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

Impairment losses are recognised in profit or loss.

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

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

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

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

Trade and other receivables are classified as loans and receivables.

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

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

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

Cash and cash equivalents are classfied as loans and receivables.

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

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

1.6 Tax

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

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

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

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

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

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

Tax expenses
Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

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.

1.7 Leases
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor
Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Any contingent rent is recognised in the period in which it is earned and when it can be reliably measured.

Operating leases – lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

1.8 Inventories
Inventories are measured at the lower of cost and net realisable value on the weighted average basis.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are 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 as an expense 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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of non-financial 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 other than goodwill 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 other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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

1.10 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.

1.11 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 as profit or loss in 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.

1.12 Provisions and contingencies

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

1.13 Government grants

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

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

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

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

1.14 Revenue

Revenue is measured as the consideration to which the company expects to be entitled in exchange for transfer of promised goods and services provided in the normal course of business, net of trade discounts and value added tax.

Revenue comprises revenue from contracts with customers and other income.

Revenue from contracts with customers

The company earns revenue in the form of accommodation related services, banqueting and venue hire, and sundry revenues.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

Rooms revenue is recognised over time due to the nature of accommodation being consumed by customers over a period of time. The customer simultaneously receives and consumes the benefits provided as provision of a room is made to the customer.

Revenue from food, beverage, activities such as game drives and tourist shop sales is recognised at a point in time. Banqueting, venue hire and hotel sundry revenues are recognised over time as the customer receives and consumes the economic benefits.

No element of financing is deemed present as the sales customer payments are generally made in cash received in advance, or at the time the performance obligation is fulfilled, or negotiated credit terms of 30 days. The company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The company does not have significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers as the revenues mentioned above are all based on standalone selling prices and pre-determined settlement dates.

The company's Namleasure card allows our guests to enjoy discounts as and when they use the card. There is no element of deferring sales/points to be redeemed on future transactions. Revenue from the sale of Namleisure cards is recognised at a point in time.

1.15 Revenue: IAS 18 comparatives

Revenue from the sale of goods (such as sale of food & beverage and shop items) 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.

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

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

1.16 Cost of sales

When inventories are sold, 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 as an expense 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 as an expense in in cost of sales the period in which the reversal occurs.

1.17 Borrowing costs

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

Notes to the financial statements

1.18 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.

1.19 Contract liabilities
The company derives accomodation revenue over time, and recognises food and beverage revenue at a point in time. The revenue accounting policy is detailed in note 1.14. When the company receives payment in advance, these Advance Deposits are recognised as a liability (contract liabilities) as disclosed in note 16, until such time as the accommodation and related services are delivered, at which time they are recognised as revenue. Or, if the reservation is cancelled and deposit forfeit rules are applied, then the set percentage forfeiture is recognised as revenue, and the balance refunded.

1.20 Non-current assets held for sale
Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups are classified as held for distribution to owners when the entity is committed to distribute the asset or disposal group to the owners. This condition is regarded as met only when the distribution is highly probable and the asset (or disposal group) is available for immediate distribution in its present condition, provided the distribution is expected to be completed within one year from the classification date.

Non-current assets (or disposal groups) held for sale (distribution to owners) are measured at the lower of their carrying amount and fair value less costs to sell (distribute).

A non-current asset is not depreciated (or amortised) while it is classified as held for sale (held for distribution to owners), or while it is part of a disposal group classified as such.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale (distribution to owners) are recognised in profit or loss.

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:

IFRS 15 Revenue from Contracts with Customers
The utilisation of contract liabilities (advance deposits) has not changed as result of adopting IFRS 15. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Company adopted IFRS 15 from 1 November 2018 which resulted in changes in accounting policies. The company derives revenue over time and at a point in time. The adoption of IFRS 15 does not have a material impact on the company's revenue recognition and no change has been made to the Company's opening retained income.

IFRS 9 Financial instruments
IFRS 9 replaces the "incurred loss" model in IAS 39, and in accordance with the new requirements the company now applies the IFRS 9 simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for trade receivables measured at amortised cost. The balance of the company's financial assets measured at amortised cost are lease receivables and cash and cash equivalents to which the general model is applied. The company was required to revise its impairment methodology under IFRS 9 for each of these classes of assets and the company now provides for current debts, but the impact was immaterial to warrant an adjustments to opening retained earnings on transition.

2.2 Standards and interpretations not yet effective

IFRS 16 Leases
IFRS 16 must be applied for financial years commencing on or after 1 January 2019. The company will apply the new standard from 1 November 2019. The standard will affect the way the company accounts for its operating leases, being mostly property, where the company is the lessee. At 31 October 2019, the company's outstanding commitments under noncancellable operating lease agreements amounted to N$8.9m on an undiscounted basis, and the corresponding right to use assets of N$7.4m.

The impact on the statement of comprehensive income will be creating new line items. Consequently there will be classification changes, but the impact on profit or loss for the period is not expected to be material.

Where the company is the lessee, the company intends to apply the simplified transition approach and will not restate comparative amounts for the first year of adoption. The company will apply the practical expedient per IFRS 16 C3 in that the IFRS 16 definition of a lease would only be applied to assess whether contracts entered into after the date of initial application (1 November 2019) are, or contain, leases. The company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying IAS 17 Leases and IFRIC 4, Determining Whether an Arrangement Contains a Lease. All contracts previously assessed not to contain leases will not be reassessed. The company will also apply the recognition exemptions for short-term leases (a lease that, at the commencement date, has a lease term of 12 months or less) and leases of low-value items (mainly small items of office equipment and furniture).

Where the company is the lessor, it is not required to make any adjustments on transition for leases in which it is a lessor, however, there may be additional disclosures with effect from 1 November 2019.

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 2019 or later periods, as they are not applicable to the company:

Standard/ Interpretation:	*Effective date: Years beginning on or after*	*Expected impact:*
• IFRS 17 Insurance Contracts	01 January 2021	Not applicable
• IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019	Not applicable

3. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2019

	Note(s)	Amortised cost	Total
Lease income in advance	6	44,762,223	44,762,223
Trade and other receivables	8	11,253,945	11,253,945
Cash and cash equivalents	9	65,660,947	65,660,947
		121,677,115	**121,677,115**

2018 (Restated)

	Note(s)	Amortised cost	Total
Lease income in advance	6	41,353,976	41,353,976
Trade and other receivables	8	7,236,683	7,236,683
Cash and cash equivalents	9	59,450,021	59,450,021
		108,040,680	**108,040,680**

Categories of financial liabilities

2019

	Note(s)	Amortised cost	Total
Trade and other payables	15	38,616,826	38,616,826
Finance lease obligations		1,506,939	1,506,939
DBN loan	12	83,893,650	83,893,650
Bank overdraft	9	11,989,353	11,989,353
		136,006,768	**136,006,768**

2018

	Note(s)	Amortised cost	Total
Trade and other payables	15	49,540,855	49,540,855
Finance lease obligations		493,051	493,051
DBN loan	12	92,794,211	92,794,211
Bank overdraft	9	7,284,728	7,284,728
		150,112,845	**150,112,845**

*Restated - See note 31

Pre tax gains and losses on financial instruments

Gains and losses on financial assets

2019

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest income	22	1,191,073	1,191,073
Decrease/(increase) in expected credit loss allowance		1,885,889	1,885,889
Net gains (losses)		**3,076,962**	**3,076,962**

Gains and losses on financial liabilities

2019

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Finance costs	23	(10,782,754)	(10,782,754)

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 12, cash and cash equivalents disclosed in note 9, trade and other payables in note 15 and equity as disclosed in the statement of financial position.

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

The capital structure and gearing ratio of the company at the reporting date was as follows:

		2019	2018
DBN loan	12	83,893,650	92,794,211
Finance lease liabilities		1,506,939	493,051
Trade and other payables	15	78,795,570	96,087,146
Total borrowings		**164,196,159**	**189,374,408**
Cash and cash equivalents	9	(53,671,594)	(52,165,293)
Net borrowings		**110,524,565**	**137,209,115**
Equity		481,851,181	459,400,898
Gearing ratio		23 %	30 %

Financial risk management

Overview
The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (including cash flow interest rate risk).

Credit risk
Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet their contractual obligations.

The company is exposed to credit risk on trade and other receivables, lease receivables and cash and cash equivalents.

Credit risk exposure arising on cash and cash equivalents is managed by the company through dealing with well-established financial institutions with high credit ratings.

The maximum exposure to credit risk is presented in the table below:

		2019		
		Gross amount	Credit loss allowance	Net carrying amount at amortised cost
Lease income in advance	6	44,762,223	-	44,762,223
Trade receivables	8	37,517,645	26,523,547	10,994,098
Other receivables	8	259,846	-	259,846
Cash and cash equivalents	9	65,660,947	-	65,660,947
		148,200,661	**26,523,547**	**121,677,114**

Refer to the notes specific to the exposures in the table above, for additional information concerning credit risk.

Liquidity risk
The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the company 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 maturity profile of contractual cash flows of non-derivative financial liabilities is presented in the following table. The cash flows are undiscounted contractual amounts. Other than the DBN loan and finance lease liabilities, balances due within 12 months equal their carrying value as the impact of discounting is not significant.

2019

		Less than 1 year	Between 2 and 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
DBN loan	12	16,981,106	76,645,158	26,298,211	119,924,475	83,893,650
Current liabilities						
Trade and other payables - short term	15	38,616,826	-	-	38,616,826	36,616,826
Finance lease liabilities		1,506,939	-	-	1,506,939	1,506,939
Bank overdraft	9	11,989,353	-	-	11,989,353	11,989,353
		69,094,224	**76,645,158**	**26,298,211**	**172,037,593**	**134,006,768**

2018

		Less than 1 year	Between 1 and 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
DBN loan	12	18,693,392	64,273,569	50,267,780	133,234,741	92,794,211
Current liabilities						
Trade and other payables - short term	15	49,540,855	-	-	49,540,855	49,540,855
Finance lease liabilities		493,051	-	-	493,051	493,051
Bank overdraft	9	7,284,728	-	-	7,284,728	7,284,728
		76,012,026	**64,273,569**	**50,267,780**	**190,553,375**	**150,112,845**

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

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

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

At 31 October 2019, if interest rates on Namibia dollar denomindated borrowings had been 1%-2% higher/lower with all other variables held constant, post-tax profit for the year would have been between N$1 million and N$2 million (2018: N$1 million and N$2 million) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

Cash Flow Interest rate risk

Financial instrument (N$)	*Current interest rate*	*Due in less than a year*	*Due in one to ten years*
Overdraft facilities	9.50%	11,989,353	-
DBN loan	10.50%	10,000,000	73,893,650

4. Property and equipment

	2019			2018*		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	36,910,477	-	36,910,477	36,910,477	-	36,910,477
Buildings	848,410,681	(258,575,208)	589,835,473	849,503,369	(239,347,585)	610,155,784
Plant and machinery	18,087,774	(12,027,841)	6,059,933	13,988,289	(10,558,250)	3,430,039
Furniture and fixtures	33,048,231	(19,092,889)	13,955,342	31,994,440	(16,675,659)	15,318,781
Motor vehicles	49,624,776	(31,867,963)	17,756,813	50,912,605	(33,144,753)	17,767,852
Office equipment	207,824	(194,067)	13,757	207,824	(187,971)	19,853
IT equipment	9,066,475	(7,953,786)	1,112,689	8,236,914	(7,377,260)	859,654
Computer software	2,757,437	(2,385,055)	372,382	2,583,027	(1,925,485)	657,542
Assets under construction	1,466,887	-	1,466,887	10,244,406	-	10,244,406
Other minor assets	2,227,918	(1,552,520)	675,398	2,078,894	(1,216,019)	862,875
Total	**1,001,808,480**	**(333,649,329)**	**668,159,151**	**1,008,310,245**	**(310,432,982)**	**697,877,263**

*Restated - See note 31

Reconciliation of property and equipment - 2019

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	38,560,477	-	-	(1,650,000)	-	36,910,477
Buildings	610,155,784	-	-	4,159,082	(24,479,393)	589,835,473
Plant and machinery	3,430,039	4,099,485	-	-	(1,469,591)	6,059,933
Furniture and fixtures	15,318,781	1,053,791	-	-	(2,417,230)	13,955,342
Motor vehicles	17,767,852	6,271,693	(647,329)	-	(5,635,403)	17,756,813
Office equipment	19,853	-	-	-	(6,096)	13,757
IT equipment	859,654	873,523	(43,962)	-	(576,526)	1,112,689
Computer software	657,542	174,409	-	-	(459,569)	372,382
Assets under construction	10,244,406	3,782,017	-	(12,559,536)	-	1,466,887
Other minor assets	862,875	149,023	-	-	(336,500)	675,398
	697,877,263	**16,403,941**	**(691,291)**	**(10,050,454)**	**(35,380,308)**	**668,159,151**

Reconciliation of property and equipment - 2018 (Restated)

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	38,747,477	-	-	(187,000)	-	38,560,477
Buildings	634,769,531	-	-	1,141,714	(25,755,462)	610,155,784
Plant and machinery	4,303,426	516,780	(612,165)	-	(778,002)	3,430,039
Furniture and fixtures	15,469,490	2,254,568	(14,639)	-	(2,390,638)	15,318,781
Motor vehicles	20,621,932	3,322,452	(8,430)	-	(6,168,102)	17,767,852
Office equipment	35,596	-	-	-	(15,743)	19,853
IT equipment	959,394	562,705	-	-	(662,445)	859,654
Computer software	730,747	313,818	-	-	(387,023)	657,542
Assets under construction	4,115,616	7,270,504	-	(1,141,714)	-	10,244,406
Other minor assets	1,065,828	143,762	(8,422)	-	(338,293)	862,875
	720,819,037	**14,384,589**	**(643,656)**	**(187,000)**	**(36,495,708)**	**697,877,263**

*Restated - See note 31

Property and equipment encumbered as security
No assets have been encumbered as security for secured long-term borrowings.

The register containing a description of the land and buildings, disclosing the location, date of transfer, cost at date of transfer and subsequent additions thereto, is available for inspection at the company's head office, in terms of section 120 of the Companies Act.

Most properties were last valued on 31 July 2017. Properties were valued by The Trust & Estate Co (Pty) Ltd. Because the NWR act restricts the disposal of properties, and because the cost of obtaining new valuations for all properties far outweighs the benefits of obtaining regular values, properties are not regularly valued, and are carried at historical cost.

Transfer of Certain Fixed Assets to Namibia Wildlife Resorts

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

5. Investment property

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	5,004,800	-	5,004,800	5,004,800	-	5,004,800
Buildings	8,133,787	(3,070,247)	5,063,540	8,133,787	(2,871,201)	5,262,586
Total	**13,138,587**	**(3,070,247)**	**10,068,340**	**13,138,587**	**(2,871,201)**	**10,267,386**

Reconciliation of investment property - 2019

	Opening balance	Depreciation	Total
Investment property	10,267,386	(199,046)	10,068,340

Reconciliation of investment property - 2018 (Restated)

	Opening balance	Depreciation	Total
Investment property	10,466,433	(199,046)	10,267,386

*Restated - See note 31

Refer to note 20 for disclosure of the income and expenses related to these properties.

Daan Viljoen, Mile 14, and Von Bach properties are subject to rental agreements (with fixed and variable components), which expire in June 2038, February 2048 and July 2058 respectively, subject to the extention clauses in the respective contracts.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

Because the NWR act restricts the disposal of properties, and because the cost of obtaining new valuations for all properties far outweighs the benefits of obtaining regular values, properties are not regularly valued, and are carried at historical cost.

Most properties were last valued for disclosure purposes on 31 July 2017. Properties were valued by The Trust & Estate Co (Pty) Ltd.

	2019 N$	2018 N$
Future minimum lease payments		
-Within one year	1,623,467	1,475,879
-in second to fifth year inclusive	8,287,959	7,555,312
-later than five years	175,008,677	177,364,791

	2019 N$	2018 N$

6. Lease income in advance*

	2019 N$	2018 N$
Opening balance	41,353,976	37,811,559
Lease income recognised for the year	4,884,125	4,884,125
Lease payments received	(1,475,878)	(1,341,708)
	44,762,223	**41,353,976**

*Restated - See note 31

The three investment properties (as stated under note 5), are subject to rental agreements with fixed escalation clauses. These rental contracts expire in 2038, 2048, and 2058 respectively.

These lease agreements were assessed for credit risk. Based on the payment history and high level compliance with the terms and conditions of the lease which indicated continued occupation of the property, there is no significant credit risk associated with this lease straight lining asset.

7. Inventories

	2019 N$	2018 N$
Beverage stock	1,935,657	2,210,692
Food stock	1,510,107	2,074,682
Sundry stock	2,348,581	1,995,924
	5,794,345	**6,281,298**

No inventory is subject to any pledge or collateral arrangements.

8. Trade and other receivables

	2019 N$	2018 N$
Financial instruments:		
Trade receivables	10,994,099	7,236,683
Other receivables	259,846	-
Non-financial instruments:		
Employee costs in advance	107,366	96,290
Prepayments	1,416,241	-
Total trade and other receivables	**12,777,552**	**7,332,973**

Categorisation of trade and other receivables
Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	11,253,945
Non-financial instruments	1,523,607
	12,777,552

Exposure to credit risk
Trade receivables inherently expose the company to credit risk, being the risk that will incur financial loss for the company if customers fail to make payments as they fall due.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Expected credit loss rate:	2019 Estimated gross carrying amount at default	2019 Loss allowance (Lifetime expected credit loss)	2019 Nett gross carrying amount at default
Not past due	1,393,531	-	1,393,521
Less than 30 days past due	5,147,233	616,886	4,530,347
31 - 60 days past due	1,293,241	94,800	1,198,441
61 - 90 days past due	1,859,748	1,617,172	242,576
91 - 120 days past due	1,304,927	1,134,719	170,208
More than 120 days past due	26,518,965	23,059,970	3,458,995
Total	**37,517,645**	**26,523,547**	**10,994,098**
Related parties	14,884,549	12,943,086	3,855,520
Other	22,633,096	13,580,461	7,138,579
Total	**37,517,645**	**26,523,547**	**10,994,098**
Debtors impaired	36,124,114	26,523,547	9,600,567
Debtors not impaired	1,393,531	-	1,393,531
Total	**37,517,645**	**26,523,547**	**10,994,098**

Other balances owing are spread over a wide range of guests and travel agents and corporates, with no distinct concentration in any particular geographical location.

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

	2019 N$	2018 N$
Opening balance in accordance with IAS 39	28,409,435	-
Adjustments upon application of IFRS 9	-	-
Reversal of loss allowance per IFRS 9	(1,885,888)	-
Closing balance under IFRS 9	**26,523,547**	**-**

Credit risk disclosures for comparatives under IAS 39

The following sections provide comparative information for trade and other receivables which have not been restated. The information is provided in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade receivables

Counterparties without external credit rating	
Carrying value	7,236,683

Trade and other receivables past due but not impaired

Trade and other receceivables which are less than 2 months past due are not considered to be impaired.

As at 31 October 2018 trade and other receivables of N$ 28,409,435 were past due and provided for.

Trade and other receivables impaired

The amount of the provision was N$ 28,409,435 as of 31 October 2018.

Reconciliation of provision for impairment of trade and other receivables

	2019 N$	2018 N$
Opening balance		28,659,435
Unused amounts reversed		(250,000)
		28,409,435

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

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

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

	2019 N$	2018 N$
Cash on hand	61,053	71,116
Bank balances	65,599,894	59,378,905
Bank overdraft	(11,989,353)	(7,284,728)
	53,671,594	**52,165,293**
Current assets	65,660,947	59,450,021
Current liabilities	(11,989,353)	(7,284,728)
	53,671,594	**52,165,293**

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

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

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

	2019 N$	2018 N$
Credit rating		
First National Bank of Namibia (Ba1)	60,569,360	52,461,925
Standard Bank Namibia Limited (Ba1)	2,764,556	4,150,213
Nampost Limited (i)	2,265,978	2,766,767
	65,599,894	**59,378,905**

(i) There have been no past losses, nor other indicators of credit risk for Nampost Limited.

10. Property held for disposal*

Included in assets held for disposal is the property ERF 209, Luderitz Town, with a carrying value of N$187 000 (2018: N$ 187,000). During 2018, the company entered into proceedings to dispose of the property to its shareholder and this transfer was not complete at reporting date.

Assets and liabilities

	2019 N$	2018 N$
Non-current assets held for sale		
Property	10,237,454	187,000

*Restated - See note 31

A board decision, dated 29 November 2018, commits the company irrevocably to the disposal of the Reho Spa property to the Rehoboth Town Council via the shareholder.

Appropriate ministerial approvals are in process.

Following correspondence with relevant authorities, the carrying value of the property at year end was assessed, but no impairment was required.

2019	*Opening balance*	*Transfer*	*Depreciation*	*Total*
Land	187,000	1,650,000	-	1,837,000
Building	-	8,400,454	-	8,400,454
	187,000	**10,050,454**	**-**	**10,237,454**

11. Share capital

	2019 N$	2018 N$
Authorised		
150,000,000 Ordinary shares of N$1 each	150,000,000	150,000,000
Reconciliation of number of shares issued:		
Reported as at 01 November	100,006,000	100,004,000
Issue of shares	-	2,000
	100,006,000	**100,006,000**
Issued and fully paid		
Ordinary	100,006,000	100,006,000
Share premium	1,022,857,662	1,022,857,662
	1,122,863,662	**1,122,863,662**

12. DBN loan

	2019 N$	2018 N$
At amortised cost		
Loan	83,893,650	92,794,211

The capital is repayable in annual installments, and interest payable twice a year, with last installment in March 2028. The loan bears interest at 10.5%.

Split between non-current and current portions		
Non-current liabilities	73,893,650	82,794,211
Current liabilities	10,000,000	10,000,000
	83,893,650	**92,794,211**

13. Severance pay provision

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

	2019 N$	2018 N$
Key actuarial assumptions		
Number of employees	909	909
Average age	41	41
Average service	9	9
Discount rate	10.1%	10.1%
Inflation rate	7.6%	7.6%
The amounts in the statement of financial position are as follows:		
Severance pay provision	8,073,000	7,116,000
Opening balance	7,116,000	8,923,840
Interest cost	730,000	829,639
Service cost	644,000	638,959
Benefit payments	(417,000)	(628,000)
Movement through other comprehensive income:		
- actuarial gains	-	(2,648,438)
	8,073,000	**7,116,000**

Sensitivity analysis (interest rate)	***3.5%***	***2.5% (valuation based)***	***1.5%***
Accrued liability	6,637,000	7,116,000	7,657,000
Change	-6.7%	0.0%	7.6%
Service cost	595,000	644,000	701,000
interest cost	681,000	730,000	785,000
Total	**1,276,000**	**1,374,000**	**1,486,000**
Change	-7.1%	0.0%	8.2%

The above table shows that the financial position of the severance pay liability is not overly sensitive to change in the financial assumptions.

Demographic assumptions

The most important demographic assumption is the withdrawal rate. The table below sets out the financial impact of assuming a 50% lower withdrawal rate.

Withdrawals (N$)	***Valuation basis***	***50% lower***
Accrued liability	7,116,000	8,193,000
Change	0.0%	15.1%
Service cost	644,000	803,000
interest cost	730,000	840,000
Total	**1,374,000**	**1,643,000**
Change	0.0%	19.6%

14. Trade and other payables - long term

	2019 N$	2018 N$
VAT	51,647,300	64,381,655
PAYE	30,554,533	32,316,746
	82,201,833	**96,698,401**

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

15. Trade and other payables - short term

	2019 N$	2018 N$
Financial instruments:		
Trade payables	31,986,024	40,944,528
Other payables	1,840,001	1,770,599
Other payroll related liabilities	2,881,692	2,715,878
Accrued expenses	1,909,109	4,109,850
	38,616,826	**49,540,855**
Non-financial instruments:		
Transaction levies - Namibian Tourism Board	816,689	805,704
PAYE	3,715,087	5,726,057
VAT	11,813,848	11,575,773
Leave pay provision	23,833,120	28,438,756
	40,178,744	**46,546,290**
	78,795,570	**96,087,145**

Leave pay provisions have been reclassified in the comparatives from other payroll-related liabilities to better reflect the nature of the liability.

16. Contract liability

	2019 N$	2018 N$
Advance deposits on hand for future bookings	45,989,782	46,332,004
Unallocated receipts	18,258,201	11,567,930
	64,247,983	**57,899,934**
Opening balance	57,899,934	40,329,005
Total deposits received in advance for obligations related to reservations	276,505,144	253,101,345
Total deposits applied to obligations for current year reservations or cancellation / refunds	(270,157,095)	(235,530,416)
	64,247,983	**57,899,934**

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

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

17. Revenue*

	2019 N$	2018 N$
Revenue from contracts with customers		
Accommodation revenue	209,301,741	185,794,843
Beverage sales	24,466,119	23,947,813
Conference income	2,599,751	1,288,212
Deposits forfeited	8,789,977	5,861,869
Filling station	-	1,657,352
Game drives	27,416,354	28,032,180
General income	3,772,592	2,723,989
Restaurant meals	81,307,294	79,589,241
Tourist shop	28,507,218	20,392,485
Rental Income	2,925,742	6,948,409
	389,086,788	**356,236,393**
Revenue other than from contracts with customers		
Administration and management fees received	1,472,283	1,271,527
Laundry income	27,419	68,981
Straightline lease income	4,884,125	4,884,125
	6,383,827	**6,224,633**
	395,470,615	**362,461,026**

18. Cost of sales

	2019 N$	2018 N$
Food, beverages and other	54,972,204	59,381,491

19. Other operating (losses) / gains

	2019 N$	2018 N$
Gains (losses) on disposals, scrappings and settlements		
Property and equipment	(440,265)	1,100,689

20. Operating profit / (loss)

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

	2019 N$	2018 N$
Auditor's remuneration - external		
Audit fees	1,205,466	836,420
Remuneration, other than to employees		
Consulting and professional services	4,230,397	6,952,946
Employee costs		
Salaries, wages, bonuses and other benefits	135,209,733	138,044,578
Retirement benefit plans	1,374,000	1,468,598
Total employee costs	**136,583,733**	**139,513,176**

Housing allowances which were separately disclosed in the prior year, have been included in salaries in the comparative disclosures in the current year as it better reflects the total cost of employment.

*Restated - See note 31

	2019 N$	2018 N$
Leases		
Operating lease charges		
Premises	3,483,664	3,483,664
Operating lease income		
Straight-line lease income from investment properties	4,884,125	4,884,125
Expenses for investment properties - depreciation	(199,046)	(199,046)
	4,685,079	**4,685,079**

Refer to note 21 commitments for additional details of operating leases.

	2019 N$	2018 N$
Depreciation and amortisation		
Depreciation of investment property on the cost model	199,046	199,046
Depreciation of property and equipment	35,380,308	36,495,708
Total depreciation and amortisation	**35,579,354**	**36,694,754**

Expenses by nature

The other operating expenses are analysed by nature as follows:

	2019 N$	2018 N$
Employee costs	136,583,733	139,513,176
Operating lease charges and operating equipment and rentals	12,493,339	10,129,438
Depreciation	35,579,354	36,694,754
Other expenses	57,454,739	66,130,444
Motor vehicle expenses	14,201,566	14,305,569
Municipal expenses	35,913,560	32,371,293
Repairs and maintenance	16,695,904	12,166,715
Movement in expected credit loss (2018: movement in provision for bad debts)	(1,885,888)	(250,000)
Bad debts written off	979,879	2,820,657
	308,016,186	**313,882,046**

21. Commitments

Operating leases – as lessee

	2019 N$	2018 N$
Minimum lease payments due		
- within one year	4,045,098	3,253,470
- in second to fifth year inclusive	11,003,071	15,048,169
	15,048,169	**18,301,639**

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

22. Investment income

	2019 N$	2018 N$
Interest income		
Investments in financial assets:		
Bank and other cash	1,191,073	227,423

23. Finance cost

	2019 N$	2018 N$
Trade and other payables	324,685	1,056,835
Finance leases	119,496	42,908
Bank overdraft	1,024,400	1,065,858
DBN	9,314,173	9,733,689
Total finance costs	**10,782,754**	**11,899,290**

24. Cash generated from operations

	2019 N$	2018 N$
Profit / (loss) before taxation	22,450,279	(21,373,689)
Adjustments for:		
Depreciation- owner occupied	35,380,308	36,495,708
Depreciation- investment properties	199,046	199,046
Losses (gains) on sale of property and equipment	440,265	(1,100,689)
Interest received	(1,191,073)	(227,423)
Interest paid	10,782,754	11,899,290
Expected credit loss / impairment	(1,885,889)	1,250,000
Movement in payroll liabilities	165,814	-
Movement in lease income in advance	(3,408,247)	(3,542,417)
Movement in grant liability	(75,042)	3,924,957
Movement in leave pay provision	(4,605,636)	(955,233)
Movement in severance pay	957,000	840,598
Changes in working capital:		
Inventories	486,953	857,996
Trade and other receivables	(3,558,690)	104,787
Trade and other payables	(27,348,321)	15,647,974
Contract liability	6,348,049	17,570,929
	35,137,570	**61,591,834**

25. Related parties

Relationships	
Shareholder	Government of the Republic of Namibia
Post employment benefit plan for employees	Government Institution Pension Fund
Fellow state-owned entity	Development Bank of Namibia

	2019 N$	2018 N$
Related party balances		
Loan accounts - Owing (to) by related parties		
Development Bank of Namibia (DBN) (note 12)	(83,893,650)	(92,794,211)
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Government and other related entities - receivables	14,884,549	15,717,379
Government and other related entities - payables	(3,856,702)	(7,014,091)
Related party transactions		
Pension Fund Contributions		
Government Institutions Pension Fund	9,375,612	9,477,101
Interest paid to (received from) related parties		
DBN	9,314,173	9,733,689
Amount included in Revenue and Purchases regarding related parties		
Government and other related entities - revenue	17,020,494	26,955,115
Government and other related entities - purchases	(47,139,052)	(46,084,291)
Compensation to directors and other key management		
Short-term employee benefits	7,702,960	5,844,742

	2019 N$	2018 N$

26. Taxation

No provision has been made for 2019 tax as the company has no taxable income.

27. Deferred tax

	2019 N$	2018 N$
Unrecognised deferred tax asset consists of:		
Estimated loss	162,600,772	170,375,310

A deferred tax asset of N$162,600,772 (2018: N$170,375,310) has not been recognised in the current financial year due to uncertainty on whether there will be sufficient taxable profits in the foreseeable future against which the estimated tax loss of N$508,127,411 (2018: N$ 532,422,844) can be utilised.

28. Contingent liabilities

1. Medical aid liability

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

2. Litigation by previous managing director

Following the conclusion of her 5 year contract with the company, the previous managing director has instituted various legal actions against the company, its directors, and its shareholder. The company has filed its intention to defend the current claim of N$8.5 million.

29. Directors' emoluments

Directors

2019

	Emoluments	Total
Directors' emoluments	937,706	937,706

2018

	Emoluments	Total
Directors' emoluments	1,090,210	1,090,210

30. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2019

	Opening balance	Interest	New loans	Total movements	Cash flows	Closing balance
DBN loan	92,794,211	9,314,173	-	9,314,173	(18,214,734)	83,893,650
Finance lease liabilities	493,051	119,497	3,028,478	3,147,975	(2,134,087)	1,506,939
	93,287,262	**9,433,670**	**3,028,478**	**12,462,148**	**(20,348,821)**	**85,400,589**
Total liabilities from financing activities	**93,287,262**	**9,433,670**	**3,028,478**	**12,462,148**	**(20,348,821)**	**85,400,589**

Reconciliation of liabilities arising from financing activities - 2018

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

31. Prior period errors

Investment Properties

(i) Some of the company's properties (as described in note 5) are subject to rental agreements concluded in previous years. These properties were incorrectly classified as property and equipment (i.e. held for own use), whereas they should have been classified as investment property (i.e. held for rental income).

There is no impact on the profit/(loss) for the presented years, nor any impact on taxation, equity and cash flow statement.

Straight-lining of lease income

(ii) The properties subject to rental agreements (as described in note 5) have rental contracts with fixed and variable income elements. The variable element was, and continues to be, recognised when the company is certain that the amounts will be received. In the past, the fixed element, which has a fixed escalation clause, was recognised when invoiced. It was invoiced in line with the payment terms as agreed in the contract. However, it should have been straight-lined in terms of IAS17, Leases. Consequently, there is a restatement to opening retained earnings and the face of the statement of financial position. As the company has no taxable income, even after the restatement, the prior period restatement has no income tax impact. There is no impact on the statement of cash flows.

Property held for disposal

iii) During 2018, the company entered into proceedings to dispose of the property ERF 209, Luderitz Town, consisting of land and buildings, to its shareholder. The property was also incorrectly disclosed as "Shark Island - ERF 209, Luderitz Town". The property has been reclassified as property held for disposal at its carrying value of N$187,000, from property and equipment. There is no impact on the opening retained earnings, tax or cash flows, as no depreciation had previously been applied to the building.

Statement of changes in equity

	2018 N$	2017 N$
Retained earnings		
Opening accumulated losses - as previously stated	(682,549,072)	(643,193,092)
- Decrease in retained deficit (ii)	37,811,559	34,147,168
Opening accumulated losses - as restated	**(644,737,513)**	**(609,045,924)**
(Loss)/profit for the year - as previously stated	(24,916,106)	(39,355,980)
- Straight-lining of lease income - decrease in loss	3,542,417	3,664,391
(Loss)/Profit for the year - as restated	**(21,373,689)**	**(35,691,589)**
Closing accumulated losses - as previously stated	(704,816,740)	(682,549,072)
- Straight-lining of lease income (ii)	41,353,976	37,811,559
Closing accumulated losses - as restated	**(663,462,764)**	**(644,737,513)**

	2018 N$	2017 N$
Statement of financial position		
Property		
Property - as previously stated	708,331,650	731,285,470
- Classification of property (i) and (iii)	(10,454,386)	(10,466,433)
Property - as restated	**697,877,264**	**720,819,037**
Investment property		
Investment property - as previously stated	-	-
- Classification of Investment property (i)	10,267,386	10,466,433
Property - as restated	**10,267,386**	**10,466,433**
Lease income recognised in advance		
Lease income recognised in advance - as previously stated	-	-
- Straight-lining of lease income (ii)	41,353,976	37,811,559
Lease income recognised in advance - as restated	**41,353,976**	**37,811,559**
Property held for disposal		
As previously stated	-	
Classification of property held for disposal (iii)	187,000	
Property held for disposal as restated	**187,000**	
Statement of comprehensive income		
Revenue		
Revenue - as previously stated	358,918,609	361,596,466
- Increase in rental income for the year (ii)	3,542,417	3,664,391
Revenue - as restated	**362,461,026**	**365,260,857**

32. Going concern and subsequent events

On 15 March 2020, the President of the Republic of Namibia declared a state of emergency in response to the global pandemic, referred to as COVID-19 (Coronavirus).

This action crystalised the threat to the global tourism industry and in a hard hitting manner to the Namibian tourism industry. While total lockdown in Namibia has been lifted at the time of approving these financial statements, the continued closure of international borders, restrictions on local travel and the size of gatherings and so forth, has seen a significant impact on forecast occupancy and revenues.

It is not possible to quantify the impact on our business, and the potential consequences on our organisation's ability to continue as a going concern.

Management has put together a response plan, which incorporates the following brief, both long-term and short-term actions:

- Financing:
  - Requesting payment holidays from financiers and major suppliers
  - Applying for fiscal stimulus packages as announced by the Ministry of Finance
- Operations:
  - Deferral/cancellation of discretionary expenditure
  - Encouraging postponement of reservations with no penalty clause, and avoiding refunding of advance deposits
  - Aggressive marketing campaigns and pricing strategies for local tourism
  - Temporary closure of low occupancy resorts
- Human capital:
  - Paid leave (encouraged staff to take paid leave)
  - No increment (memorandum of understanding signed with NAPWU to suspend annual increment negotiations)

With reference to the past financial year, the financial performance of the company had improved significantly compared to previous years. Not only did the company manage to remain technically solvent, its current ratio had improved, and most notably, the company had earned a profit for the first time for the 2019 financial year.

	2019 - Ratio # / N$ m	*2018 - Ratio # / N$ m*	*2017 - Ratio # / N$ m*
Net profit/(loss) for the year	22.0	18.0	39.0
NWR remains technically solvent, with its total assets exceeding its total liabilities at an improving ratio of:	2.40	2.26	2.39
Total assets	817	823	822
Total liabilities	336	363	344
Total assets exceed total liabilities by:	481	459	478
The current ratio has improved dramatically over the last three years since 2017:	0.56	0.43	0.16
Current assets	93	73	53
Current liabilities	167	172	333
Current liabilities exceed current assets by:	72	99	280

The company had complied with its 2 major debt obligations, namely paying the capital and interest on the DBN loan when due, and meeting the monthly repayment plan negotiated with the Ministry of Finance.

Conclusion

The company's plans are continually updated as the COVID-19 situation unfolds, and together with the continued support from the company's shareholder that enables the company to fulfill its legislated mandate while there is a material uncertainty, it remains the intention of the company to continue as a going concern.

Detailed Income Statement

	Note(s)	2019 N$	2018 Restated * N$
Revenue			
Accommodation revenue		209,301,741	185,794,843
Administration and management fees received		1,472,283	1,271,527
Beverage sales		24,466,119	23,947,813
Conference fees		2,599,751	1,288,212
Filling station		-	1,657,352
Game drives		27,416,354	28,032,180
Deposits forfeited		8,789,977	5,861,869
General income		3,772,592	2,723,989
Laundry income		27,419	68,981
Rental income		7,809,867	11,832,534
Restaurant meals		81,307,294	79,589,241
Tourist shop		28,507,218	20,392,485
	17	395,470,615	362,461,026
Cost of sales			
Opening stock		(6,281,298)	(7,139,294)
Purchases		(54,485,251)	(58,523,495)
Closing stock		5,794,345	6,281,298
	18	**(54,972,204)**	**(59,381,491)**
Gross profit		340,498,411	303,079,535
Other operating gains (losses)			
(Loss) / gains on sale of property and equipment		(440,265)	1,100,689
Expenses (Refer to page 54)		**(308,016,186)**	**(313,882,046)**
Operating profit (loss)	20	**32,041,960**	**(9,701,822)**
Investment income	22	1,191,073	227,423
Finance cost		(10,782,754)	(11,899,290)
Profit (loss) for the year		**22,450,279**	**(21,373,689)**

*Restated - See note 31

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

	Note(s)	2019 N$	2018 N$
Other operating expenses			
Advertising		(2,797,159)	(3,248,439)
Auditors remuneration - external auditors	20	(1,205,466)	(836,420)
Bad debts written off and movement in provision		906,009	(2,570,657)
Bank charges		(2,799,009)	(2,539,005)
Cleaning		(8,124,228)	(5,714,777)
Commission paid - credit cards		(3,448,287)	(3,212,402)
Complimentary food & accommodation		(140)	(1,261)
Computer maintenance, support and training		(1,977,521)	(1,926,446)
Consulting fees		(1,992,456)	(5,075,290)
Courier and postage		(495,238)	(328,813)
Depreciation		(35,579,354)	(36,694,754)
Donations and sponsorships		(255,660)	(384,354)
Employee costs		(136,583,733)	(139,513,176)
Entertainment		(285,098)	(233,438)
Equipment hire & rental		(6,123,951)	(5,520,428)
First Aid and fire fighting		(365,108)	(588,990)
Game drive expenses		(1,305,955)	(1,619,487)
Insurance		(3,965,816)	(4,197,155)
Internet data/ mail band lease		(1,439,088)	(1,077,137)
Legal fees		(2,237,941)	(1,877,656)
Licensing fees		(4,860,521)	(5,600,058)
MD's Functions		(26,648)	(234,921)
Motor vehicle expenses		(14,201,566)	(14,305,569)
Municipal expenses		(35,913,560)	(32,371,293)
Packaging		(408,213)	(370,316)
Penalties and interest		(5,388)	(5,832,644)
Pest control		(833,618)	(667,409)
Plants and decorations		(38,649)	(140,280)
Pool cleaning		(1,480,128)	(897,660)
Printing and stationery		(991,254)	(1,205,561)
Property rental		(3,483,664)	(3,812,009)
Repairs and maintenance		(16,695,904)	(12,166,715)
Security		(6,387,174)	(5,310,680)
Staff meals		(812,825)	(436,506)
Staff welfare		(10,550)	-
Subscriptions		(628,418)	(556,779)
Subsistance and travel - foreign		(1,326,765)	(3,797,077)
Subsistance and travel - local		(3,155,637)	(2,733,807)
Sundry expense - resorts		(1,180,883)	(596,081)
Telephone and fax		(1,924,463)	(4,611,368)
Trade fairs		(2,885,724)	(797,001)
Training and levies		(688,400)	(262,828)
Transport and freight		(1,035)	(15,399)
		(308,016,186)	**(313,882,046)**

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

Schedule of properties

Additional disclosures

Property

Fair value as per 2017 valuation

Land held	***Situated***	***Size***	***Title Deed***	***Land***	***Improvements***
Ai-Ais	Registration Division V, Karas Region	99,4131 Ha	Transferred, not yet registered at Deed Office	10,000,000	170,000,000
Dolomite	Registration Division A, Etosha	Not valued	Transferred, not yet registered at Deed Office	30,000,000	36,000,000
Duwisib Castle - Portion 1 of Farm Duwisib No.84	Registration Divison B, Hardap Region	50,3873 Ha	T34/2009	800,000	12,200,000
Gross Barmen - Portion 6 of Portion D of the Farm Gross Barmen No.7	Registration Divison J, Okahandja District, Otjozondjupa Region	98,4668 Ha	T34/2009	Not valued	Not valued
Gross Barmen - Portion A of the Farm Gross Barmen No.7	Registration Divison J, Okahandja District, Otjozondjupa Region	1,5343 Ha	T34/2009	Not valued	Not valued
Gross Barmen - Portion 1 of Gross Barmen No.7	Registration Divison J, Okahandja District, Otjozondjupa Region	1,523 square metres	T34/2009	Not valued	Not valued
Halali - Farm Halali No.1378	Registration Division B, Kunene Region	68,0485	T4501/2010	51,400,000	92,600,000

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Land held	***Situated***	***Size***	***Title Deed***	***Land***	***Improvements***
Hardap - Farm Hardap Resort No 693	Registration Division R, Hardap Region	242.49780 Ha	T1263/1967, T898/1978 and T1154/1975 Transferred, not yet registered at Deed Office	24,000,000	16,600,000
Hobas - Farm Hobas No.374	Registration V, Karas Region	181,0896 Ha	T1055/2011	15,000,000	30,000,000
Jakkalsputz - The Farm, Jakkalsputz No 242	Registration Division G, Erongo Region	100.0146 Ha	T1505/80 & T2862/74 Transferred, not yet registered at Deed Office	10,150,000	950,000
Khorixas - Portion of Khorixas Town Lands No.884	Town of Khorixas		PTO 49/1754	1,700,000	6,300,000
Mile 108 - Consolidated farm Mile 108 No 240	Registration Division C, Erongo Region	160.8914 Ha	Transferred, not yet registered at Deed Office	2,450,000	950,000
Mile 72 - Portion 3 of the farm Kap Cross No 143 (comprising of 1 and 2)	Registration Division C, Erongo Region	560.2801 Ha	Transferred, not yet registered at Deed Office	8,500,000	500,000
Namutoni - Farm Namutoni No,1379	Registration Division B, Etosha	63,6290 Ha	T4500/2010	47,000,000	119,000,000
Naukluft - Portion 1 of the farm Naukluft No.9	Registration Divison P, Maltahohe District	55,0932 Ha	T4506/2010	1,000,000	17,000,000
Okaukuejo - Farm Okaukuejo New No.1107(Comprising 1 and 2)	Registration Divison A, Etosha	99,4129 Ha	T4506/2010	77,000,000	173,000,000
Olifantsrus	Registration Division A, Etosha	Not valued	Transferred, not yet registered at Deed Office	1,000,000	12,000,000

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Land held	Situated	Size	Title Deed	Land	Improvements
Onkoshi - Farm Onkoshi No 2040	Registration Division B, Etosha	100,9295 Ha	Transferred, not yet registered at Deed Office	78,000,000	42,000,000
Popa Falls - Portion of Popa Game Park No.1155	Okavango District, Division B	25,2049 Ha	T761/2009	4,700,000	46,300,000
Sesriem - Portion 1 (a portion of portion 1) of the farm Sesriem No.137	Registration Division P, Hardap Region	245,9491 Ha	T4499/2010	20,000,000	48,000,000
Luderitz office - Erf 626, Luderitz Town	Registration N, Municipality of Luderitz, Karas Region	920 square metres	T34/2009	Not valued	Not valued
Sossus Dune Lodge - Farm Sesriem Portion 3 of No.137	Registration Division P, Maltahohe District	161,0461 Ha	T1057/2011	12,800,000	67,200,000
Terrace Bay - Farm Terrace Bay No.1016	Registration Divison A, Kunene Region	687,0566 Ha	T4505/2010	19,000,000	41,000,000
Torra Bay - Farm Torra Bay No 1017	Registration Divison A, Kunene Region	54,4677 Ha	T4504/2010	1,700,000	6,300,000
Waterberg - Portion 7 of the Farm Rodenstein No 307	Registration Division D, Otjozondjupa Region	398.3705 Ha	T2557/69 & T977/72. Transferred, not yet registered at Deed Office	14,800,000	165,200,000
Windhoek erf	Registration Division K, Khomas Region Erf: 1030 & 1034	1807 square meters and 2958 square metres	T6090/2009	Not valued	Not valued

Land held	Situated	Size	Title Deed	Land	Improvements
Investment Properties:					
Daan Viljoen - Portion 14 (a portion of portion 7) of the Consolidated Farm Augeigas No 34	Registration K, Khomas Region	112,9511 Ha	T4498/2010	16,000,000	94,000,000
Mile 14 - Consolidated farm Mile 14 No 240	Registration Division G, Erongo Region	323.8756 Ha	Transferred, not yet registered at Deed Office	16,200,000	14,800,000
Von Bach - Portion A of Farm Osoina Commonage No 65	Registration Division J, Otjozondjupa Region	470.0504 Ha	Transferred, not yet registered at Deed Office	37,000,000	53,000,000
Subtotal			-	69,200,000	101,800,000
Properties held for disposal:					
Property - Erf No.209, Luderitz Town	Registration N, Municipality of Luderitz, Karas Region	2424 square metres	T34/2009	2,070,000	4,330,000
Reho Spa - Erf No. 221 Rehoboth C (Reho Spa)	Town of Rehoboth	6,9880 Ha	Registration No. 110/2004	7,000,000	9,000,000
Subtotal				-	-
			Total	**9,070,000**	**13,330,000**

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