NAMIBIA AIRPORTS COMPANY

ANNUAL REPORT 2020/21

NAMIBIA AIRPORTS COMPANY

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COMPANY INFORMATION

The Namibia Airports Company (NAC) was established in terms of the Airports Company Act (Act 25 of 1998) and provides for the acquisition, establishment, development, provision, maintenance, management, control or operation, in accordance with sound and generally accepted business principles of the aerodromes in Namibia.

The Namibia Airports Company's **Vision** is "to be a prime service provider in airport operations and management".

The Namibia Airports Company's **Mission** is "to develop, manage, and operate safe and secure airports on sound business principles with due consideration to our stakeholders' interest".

The **Purpose** of the Namibia Airports Company is the "acquisition, establishment, development, provision, maintenance, management, control or operation, in accordance with sound and generally accepted business principles, of any aerodrome, any part of any aerodrome or any facility or service, including a relevant activity at any aerodrome normally related to the functioning of an aerodrome".

The NAC provides and facilitates essential activities for developing, managing and operating eight (8) airports and aerodromes within Namibia.

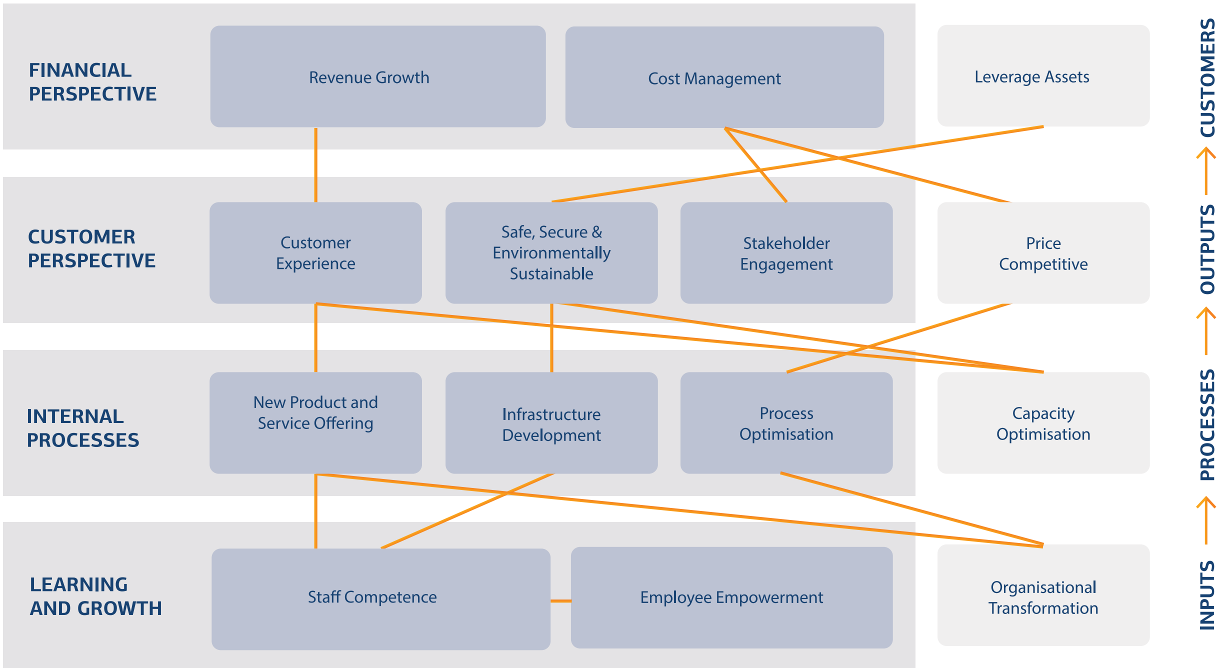
The airports under the NAC mandate are:

- Hosea Kutako International Airport (Windhoek)
- Eros Airport (Windhoek)
- Walvis Bay International Airport (Walvis Bay)
- Andimba Toivo ya Toivo Airport (Ondangwa)
- Rundu Airport (Rundu)
- Katima Mulilo Airport (Katima Mulilo)
- Keetmanshoop Airport (Keetmanshoop)
- Lüderitz Airport (Lüderitz)

OUR STRATEGIC MAP

VISION Prime services provider in airport operations and management

MISSION Develop, manage and operate safe and secure airports on sound business principles with due consideration to the interest of our stakeholders



OUR STRATEGIC THEMES

THEME 1
FINANCIAL SUSTAINABILITY

1. Revenue Growth
2. Cost Management
3. Leveraging Assets

THEME 2
CUSTOMER CENTRIC

1. Customer Experience
2. Safe, Secure and Environmentally Sustainable
3. Price Competitive
4. Stakeholder Engagement

THEME 3
QUALITY INFRASTRUCTURE

1. Capacity and Infrastructure Optimisation
2. Process Optimisation

THEME 4
ORGANISATIONAL TRANSFORMATION

1. Staff Competence
2. Employee Empowerment
3. Organisational Transformation

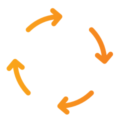
NAC VALUES

The themes and objectives for the Namibia Airports Company rely on the following **core values** of the organisation:

Professional
In All Our Interactions With Stakeholders And Customers

Agile
In Responding To A Changing Industry Sector

Vigilant
In Ensuring Safety, Security & Environmental Sustainability



Evolving
Continuous Improvement

MESSAGE FROM THE BOARD CHAIRPERSON

Dear Shareholders,

I am pleased to share with you the state of affairs at Namibia Airports Company for the financial year 2020 / 21.

The Coronavirus (COVID-19) first appeared in China in November 2019 and was subsequently declared a pandemic by the World Health Organisation on 11 March 2020. The effects were initially limited to airline operations in China as lockdown protocols were imposed on travel. Subsequently, as the nature of the health threat and the infectious risk to global populations became clear, countries in response imposed lockdown restrictions in varying degrees.

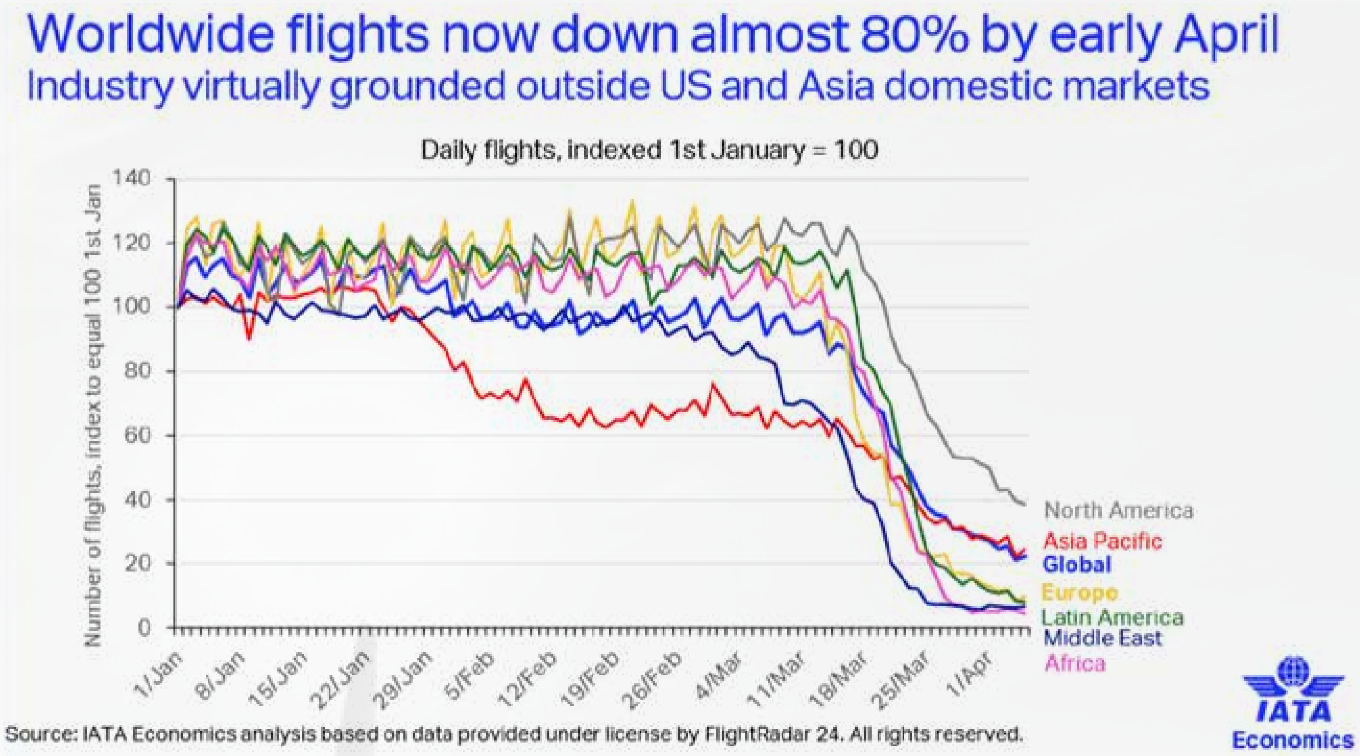
Despite delayed consequences as national governments digested the implications and imposed COVID-19 regulations, the global travel demand simply dissipated at the most rapid pace in aviation history.

It should be noted that whilst the world reduction in flights was 80%, the African continental volumes declined by 95% due to a reduction in air travel demand and travel restrictions.

It was subsequently clear that COVID-19 would have greater longer-term implications than initially anticipated. This impact extended to the full year 2020/21 as predictions were challenged with general uncertainty about air travel per sé. This includes consensus on when the outbreak would be considered under control and a collaborative restart of air transportation globally.

We foresaw a faster recovery in domestic passenger traffic. For international passenger traffic, the recovery would take longer as any international flight implies reciprocal permissions. As states will emerge from the current crisis at different times, the pace of relaxation of the recently imposed restrictions would vary.

The wider implication of the COVID-19 health threat is on the economics of each nation country and the structural impacts on aviation and the ability to recover. Immediately, the economic impacts are far greater than the recent 2008 financial crisis (this impacted demand for aviation but no structural changes) and the 9/11 terrorist attacks (structurally changed the industry from a security/screening perspective with significant cost implications).



Namibia's economic fundamentals and aspirations remain our stronghold.

As a board, when we took over in 2018 to conclude the term of 2017 to 2020, we were faced with challenges; challenges that we embraced and took on wholeheartedly to transform this company. This company plays a vital role in our national logistics hub drive and overall economic transformation.

We had three outstanding financial reports that we worked on from 2017 to 2019 and I must say we with the dedication of the CEO, Mr Bisey /Uirab and his team and of course our reliable auditors, we have closed this off and presented them to the shareholders.

Our balanced portfolio of airports showed its value in a complex market where global conditions reflect the rapid change in technology, geopolitics and demography – but Namibia's economic fundamentals and aspirations remain our stronghold.

We have transformed some of our assets and infrastructure to meet the demands and to comply with aviation regulations and standards. We have also responded to meet rising demand in airports handling capacity. You are all aware of the investment we had in the expansion project at Hosea Kutako International Airport. It is a project aimed at alleviating congestion at our flagship airport, Namibia's gateway to the world and beyond.

While this remains the most challenging year in our history, we have prevailed based on the efforts of our Shareholder, Board of Directors, CEO and management and staff. We have used this period to consolidate our operations in preparation for improved operations in the coming year.

I would like to thank the Board of Directors for their continued and unwavering support and guidance during this period.

Dr Leake Hangala
Chairperson

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The period under review is defined entirely by the Covid-19 pandemic, its effects and the ultimate ramifications of a sustained period of negligible operations on Namibia Airports Company for the full financial year of 2020/21.

The declaration of the State of Emergency in March 2020 followed by various stages of lockdown – coupled with travel restrictions – ensured that all but the most necessary travel (or movement of cargo) could take place. Key airline customers such as SAA, SA Express and Comair also entered differing stages of liquidation or business rescue. Air Namibia – effectively dormant and non-paying – would also follow with a formal liquidation in the following reporting period.

This precipitated an overall revenue decline of 78% with aeronautical revenue declining by 87% alone. Immediate cost containment measures were implemented with a high degree of success. Credit losses were limited having been fully recognised in previous reporting periods.The organisation continues to make progress with regard to outstanding litigation matters having reduced these from 35 cases to 5 in the previous reporting period. I am pleased to report that this is now at 2 outstanding matters as at end of the 2020/2021 financial year. This is likely to increase in the next period as the company has initiated a liquidation request against Air Namibia to ensure its rights regarding more than N$700m in outstanding debts.

The new Namibian Civil Aviation Regulations (NAMCARs) came into effect on 1 May 2020. These are extensively revised regulations first intended for adoption in 2018 and are now valid and enforceable. Due to the revised NAMCARS, international civil aviation Standards and Recommended Practices (SARPs) require the certification / licensing of aerodromes used for international or domestic air traffic for both commercial and non-commercial use. This affects the current licence/certification status of all airports under the NAC jurisdiction, including those recently licensed.

REVENUE (N$ MILLION)

	2019/2020	2020/2021	CHANGE
Aeronautical revenue	329.3	44.2	-86.6%
Non-aeronautical revenue	91.4	50.2	-45.0%
	420.7	94.4	-77.6%

OPERATING EXPENSES

	2019/2020	2020/2021
Staff costs	191.7	159.5
Maintenance and repairs	7.4	14.2
Administrative costs	104.2	74.8
Expected credit losses	203.1	35.5
Depreciation, impairment and amortisation	184.5	77.6
	690.8	361.6

KEY PROFITABILITY RATIOS

	2019/2020	2020/2021
EBITDA	+2%	-50.3%
Operating Profit Percentage	-42%	-142%
Net Profit Percentage	-18%	-133%

FLIGHT ACTIVITY

	2019/2020	2020/2021	CHANGE
Passenger Movements	1 165 592	178 038	-84.7%
Aircraft Movements	60 288	23 735	-60.6%

In terms of the new designations, NAC has 2 Category A airports: Hosea Kutako International Airport and Walvis Bay International Airport. They are required to be Certified. Consequently, Hosea Kutako International Airport (HKIA) and Walvis Bay International Airport (WVB) - being Category A airports - have been issued interim aerodrome certificates for a period of 18 months valid till 05 May 2022.

Similarly, Andimba Toivo Ya Toivo Airport (ATYA), being a previously licensed airport has also been issued with an interim aerodrome license for a period of 18 months. Eros Airport and the regional airports of Katima Mulilo, Rundu, Lüderitz, and Keetmanshoop have been issued with interim aerodrome licenses for a period of 24 months valid till 05 November 2022 respectively.

Despite the effects of the lockdown and associated construction delays, NAC managed to substantially complete the key capital projects identified in the previous period:

1. "Hosea Kutako Congestion Alleviation Project" will alleviate the congestion challenges in the terminal building and apron in the short term. It is aimed at doubling the handling capacity of the airport to increase passenger movements up until 2030.

2. "Eros Airport Runway Rehabilitation Project" which rehabilitated the runway to enhance safety at the airport.

During this period, NAC was represented on the National Revival Task Team under the International Tourism Revival Initiative which led to the re-opening of Hosea Kutako International Airport to leisure travellers effective 01 September 2020. The role of the NAC on this platform was to provide strategic interventions to promote Namibia as a preferred destination thus resulting in direct, indirect and induced effects in stimulating our economy.

As part of the recovery plan, extensive stakeholder engagements were undertaken with several airlines that serve the tourist source markets, in particular, Europe to resume flight operations and to increase their flight frequencies to Windhoek.

Despite the financial headwinds we faced, we are proud of the measures we were able to undertake in terms of the Covid-19 Relief plan for our customers:

- **Implementation of flexible account payment terms** – We resolved not to charge interest or late payment penalties on customers who failed to meet the 30-day payment terms between 1 April and 30 June 2020.

- **Waive Interest and penalties on late payment** – In a bid to ease the cash flow burden on our valued customers, NAC waived all interest accrued on overdue amounts held between 31 March 2020 and 30 June 2020.

- **Rental charges for non-aeronautical customers** – It was resolved that all rental charges for all concessionaires and airlines be waived for a period of 3 months. The concessionaire charge (percentage of turnover) remained applicable to all.

- **Delay in implementation of the increase in aeronautical charges** – Approval was granted to delay the 4.6% inflationary increase on passenger, security and aircraft parking charges with effect from 1 April 2020 until 30 September 2021.

The organisation has completed its 5-year Integrated Strategic Business Plan (ISBP) which was developed in-house. The ISBP for 2021-2025 was - subsequent to this reporting period - approved in April 2022 by the Ministry of Public Enterprises.

NAC takes the well-being of its employees seriously and the risk-based approach, response and prevention strategies are continuously implemented and observed. As part of the NAC COVID-19 readiness, preparedness and response continuous, evaluation and monitoring of adherence to the established protocols is ongoing.

During the country's second wave, the NAC experienced an increased number of cases amongst staff members. This resulted in the implementation of increased safety measures and increased downtime. Fortunately, no fatalities were reported to date and we are happy to report that since then all staff members recovered and are in good health.

The Performance Cycle for the Executive (EXCO) and Management (MANCO) committees commenced on 1 April 2020 with the mutual establishment of goals and development activities based on what is to be accomplished during the financial year and in line with the overall Strategic Plan of the organization.

For the period under review, the focus was towards ensuring that the first medium-term mock performance reviews were completed for the executive and management employees. This was naturally the next course of action after 100% of EXCO and MANCO employees for the first time signed the performance agreements for the 2020/2021 financial year.

The measurements were done to test the key performance indicators in the performance agreement and to review the progress made in terms of the key performance areas of the management employees. Moreover, the exercise also evaluated the organizational performance improvement.

I would like to thank our Chairperson, the Board of Directors and all our staff for their support during this time, our most challenging of all years.

Mr Bisey /Uirab
Chief Executive Officer

CORPORATE GOVERNANCE AND RISK MANAGEMENT FRAMEWORK

CORPORATE GOVERNANCE

The Board has a collective responsibility to provide and ensure good governance, therefore it is incumbent on the Board to ensure that the Board sets the tone in terms of power and accountability, and who makes decisions.

Corporate governance ensures that businesses have appropriate decision-making processes and controls in place so that the interests of all stakeholders (shareholders, employees, suppliers, customers and the community) are balanced.

Governance at a corporate level includes the processes through which a company's objectives are set and pursued in the context of the social, regulatory and market environment. It is concerned with practices and procedures for trying to make sure that a company is managed in such a way that it achieves its objectives while ensuring that stakeholders can have confidence that their trust in that company is well founded.

THE BOARD OF DIRECTORS

The Board of Directors executes the mandate they received from the shareholders to ensure that the NAC render prime airport services within the confines of good governance principles and within the required legislative framework.

The Directors of the Board of the NAC are non-executive Directors with the roles of the Chairperson and Chief Executive Officer being separate and distinct. The current number and stature of the independent directors serving on the Board ensure that significant decisions are made with sufficient independence. The Board of Directors is constituted with the appropriate mix of skills, experience and diversity to serve the interests of the company and its stakeholders.

FUNCTIONS OF THE BOARD

The Board sets the corporate strategy, major plans of action and policies, and monitors operational performance. Its duties include identifying risks to the company's sustainability, as well as monitoring risk management and internal controls. It also oversees compliance management, corporate governance, key performance indicators and annual budgets.

The Board is also responsible for managing favourable and productive relationships with stakeholders. All directors bear full fiduciary responsibility and are obliged to exercise care in all company matters commensurate with their ability and skills. The Board meets quarterly, with additional meetings convened as required.

The Board has established the following Committees that are responsible to report to Board on its operations quarterly:

BOARD AUDIT AND RISK COMMITTEE

The Board Audit and Risk Committee was established as a sub-committee of the Board of Directors and acts in accordance with an approved mandate and terms of reference, and assists the Board of Directors to fulfil its oversight responsibilities relating to:

- the safeguarding of assets;
- the operation of adequate systems and control processes;
- the preparation of accurate financial reports and statements in compliance with all applicable legal requirements and accounting standards;
- the preparation of accurate and reliable operational reports and statements, which comply with all applicable legal requirements and operational standards;
- Compliance of NAC to all relevant laws and regulations; and
- Ensuring the effective implementation and compliance with the NAC's risk management process.

In performing its duties, the Board Audit and Risk Committee maintains effective working relationships with the Board of Directors, management, the internal auditor(s) and external auditor(s).

THE MEMBERS OF THE NEW BOARD ARE LISTED BELOW:

Dr Leake Hangala
Chairperson
11 October 2018 and renewed on 01 October 2020

Ms Elizabeth (Elize) Petersen
Deputy Chairperson
Appointed: 01 October 2020

Mr Mathew //Gowaseb
Director
Appointed: 01 October 2020

Mr Ferdinand Nghiyolwa
Director
Appointed: 15 November 2021

Mr Lucien Mouton
Director
Appointed: 15 November 2021

Ms Carol Williams
Director
Appointed: 15 November 2021

THE MEMBERS OF THE OLD BOARD ARE LISTED BELOW:

Dr Leake Hangala
Chairperson
11 October 2018 and
renewed on 01 October 2020

Ms. Beverly Vugs
Deputy Chairperson
Appointed 01 September 2016
and retired on 30 September 2020

Mr. Rudolph Rittmann
Director
Appointed 01 August 2016 and
deceased on 13 July 2021

Adv Irene Visser
Director
Appointed 11 October 2018 and
deceased on 16 May 2021

Ms. Grace Mohammed
Director
Appointed 01 September 2016
Renewed on 30 July 2019
Resigned/Retired on
30 September 2020

Mrs. Ipupa Kasheeta
Director
Appointed 01 September 2016
Renewed on 30 July 2019
Resigned/Retired on
30 September 2020

HUMAN RESOURCES COMMITTEE

The Human Resources Committee is constituted as a Committee of the Board of Directors of the Namibia Airports Company and is accountable to the Board.

The Board has delegated certain responsibilities to this Committee. The Committee will assist the Board in fulfilling its oversight responsibilities of the Company in relation to the human capital function and these functions will be executed in line with good governance principles.

The primary role and objectives of the Committee are:

- to develop a human resources strategy through the creation of an effective and positive organizational culture,
- to develop structures and processes which seek to support the attraction and development of the right people and optimization of their potential to support the overall organizational strategy;
- to provide oversight on the remuneration strategy and related Conditions of Service; and
- to ensure that there is proper succession planning for the Chief Executive Officer, Executive Management and all core and critical skills.

SAFETY AND SECURITY COMPLIANCE COMMITTEE

The primary objective of the Committee is to assist the Board to fulfil its corporate governance and responsibilities relating to safety, security and operational risk management and compliance.

The Committee will oversee and make recommendations to the Board on:

- the safety (including health and safety), environmental and operational risk and compliance profile of the business to ensure that appropriate policies and procedures are adopted for the timely and accurate identification, and
- effective management and reporting of the significant risks;
- all safety, security and compliance matters of the company to ensure the organization operate with the highest degree of safety, security and compliance.

LEGAL AND TECHNICAL COMMITTEE

The Committee is tasked with reviewing and overseeing the execution and implementation of the company's airport technical operational manuals, policies, strategy and practices which is underpinned by a commitment to enhancing business performance through efficient and compliant airport operations; progressive and innovative technical advice on development, attraction and retention of technical staff; ensuring compliance within the prescribed regulatory environment;

The Committee provides oversight and directives on:

- The legal risk of the company;
- The legal ramifications of action/non-action taken by the company; and
- Consequences of non-adherence to prescribed laws, rules and regulations.

The Committee shall also be responsible (from a technical perspective) to:

- Render advice and directives on the Airport operations; the Maintenance and engineering function and general regulatory compliance in respect of both the legal compliance and technical operational functions.

COMPLIANCE WITH PEGA, DIRECTIVES AND PROCUREMENT ACT

The NAC is a corporate citizen and is of the opinion that it is substantially compliant in all material respects with the principles of relevant compliance legislature, among others the NamCode and King IV Report, the Namibian Companies Act, 2004, the Public Enterprises Governance Act, 2019 and the Public Procurement Act, 2015, for the financial year ended 31 March 2021

The NAC has lodged with the Registrar of Companies, at Windhoek, Namibia, all necessary returns required in terms of the Companies Act 28 of 2004, as amended, for the year ended 31 March 2021, and that all such returns are factual and current.

In terms of compliance to the PEGA and Procurement Act:

a. The ISBP 2021-2025 was submitted and approved
b. The Annual Report and Business Plan 2022/2023 was submitted and approved
c. Performance Agreements for the Chief Executive Officer and Executive Management were signed
d. The Annual Procurement Plan was submitted, and the NAC provides the required reports in a timely fashion to the Procurement Policy Unit

e. We have finalised the outstanding Audited AFS and Annual Reports for 2019/2020, 2020/2021 and are in the process of 2021/2022 (to be finalised by Sep 2022)

f. The Board Governance Agreement as well as Individual Directors Performance Agreements containing the shareholder's expectations in the form of predetermined objectives and key performance indicators thus ensuring alignment between the Board of Directors and the shareholder representative has been formalised and submitted to the relevant Ministry.

EXECUTIVE MANAGEMENT COMMITTEE (EXCO)

The Executive Management Committee of NAC comprises:

Mr Bisey /Uirab
Chief Executive Officer

Ms Ingrid Cupido
Company Secretary

Resigned:
07 September 2021

Mr Verengai Ruswa
Executive: Finance and Administration

Ms Mona-Lisa Jakobs
Head :Internal Audit

Mr Justin Strauss
Executive: Information Communication Technology

Mr Ralph !Gaoseb
Executive: Infrastructure Development and Asset Care

Ms Josephine Soroses
Executive: Human Resources

Mr Christian Faure
Executive: Risk, Compliance and Strategy

Ms Toska Sem
Executive: Commercial Services

Mr Leonard Shipuata
Executive: Operations

OUR FINANCIAL OVERVIEW

FINANCIAL SUSTAINABILITY

The financial year ended 31 March 2021 has been a difficult year for economies around the world and this has been most evident in the aviation industry. As the COVID-19 pandemic began affecting most countries including Namibia, financial forecasts made for the financial year were practically rendered unreliable.

The lockdowns and travel restrictions implemented in various jurisdictions saw the near decimation of incomes earned from passenger movements by airports and airlines across the world. Despite the gradual easing of these lockdown restrictions in Namibia and various countries worldwide in the latter part of the year, the COVID-19 pandemic continued to spread with its effect being felt for the entire 2020/2021 financial year.

Namibia Airports Company's revenues and operations were severely impacted by the drastic reduction in air travel which resulted from travel restrictions implemented at different times during the year.

Furthermore, as the entire aviation industry worldwide suffered irreparable damage, some of NAC's clients such as South African Airways, Air Namibia, South African Express and Comair entered varying forms of liquidation or business rescue processes. This implied a potential loss of revenue as well as challenges in recovering balances owing from these and other customers.

FISCAL INTERVENTIONS

In response to the significantly diminished revenues and collections, it was resolved that the following interventions would be immediately implemented:

- Suspension of all discretionary spending on operational expenditure until such a time as the revenues stabilise.
- Deferment until further notice of all previously negotiated adjustments to remuneration of staff which included:
  - Any inflationary increases on the remuneration of all levels.
  - Suspension of payment of any performance bonuses except in the case of the structured thirteenth cheque for applicable employees.
  - Deferment of the proposal to implement medical aid for staff in the bargaining unit as agreed in the realignment process concluded in 2019.
- Suspension of all recruitment of staff except in instances where EXCO considers such recruitment necessary.
- Suspension of any capital projects except for those for which funding has already been secured.
- Suspension of any capital expenditure except for those considered absolutely necessary for the furtherance of safety and security responsibilities of the company.
- Ceasing any purchase of motor vehicles for management for qualifying staff members on the motor vehicles scheme.

In addition, management revised all spending priorities in 2020/2021 budget to reflect the available resources. As a result of this, a revised capital and operational budget with revised spending priorities were presented and approved to the Board for each quarter during the 2020/2021 financial year.

The company's management also diligently monitored spending at all levels across all departments to ensure that only unavoidable spending is incurred. Furthermore, reviews of cash flow forecasts were performed on a weekly and monthly basis to ensure that sufficient cash flows continue to be available.

As a result of these interventions, operating and capital expenditure significantly reduced as evidenced by a 16% drop in staff costs and a 40% decrease in administrative costs as of the period ended 31 March 2021 compared to the comparative period in 2019/2020.

During the year, management also increased efforts to collect from customers as well as reduce the risk of default in future. These efforts included:

- Undertaking an exercise to review leases and ensure that billing is done accurately.
- Reviewing the debtors' books and clearing those balances that are considered to be unrecoverable.
- Increasing engagements with customers whose accounts contained long outstanding balances.
- Formulating an aggressive collection strategy.

REVENUES

During the year ended 31 March 2021, NAC recorded a decline of 78% in total revenue compared to the 2019/2020 financial year. For aeronautical revenue, the drop against comparable revenues in 2019/2020 was 89%, while non-aeronautical revenues declined by 45%. In addition, the ability of customers to settle outstanding balances was considerably impaired compared to the previous year.

In addition to revenue generated by the company during the year, grants worth N$93 million were availed by the shareholder. Of these grants, N$46 million was utilized for operational expenditure, and this is recorded in other operating income. N$47 million of the grants was earmarked for the HKIA Congestion Alleviation Project, while the remainder was utilized for the Eros Runway Holding Action.

PROFITABILITY

During the 2019/2020 financial year, management and the Board diligently monitored spending at all levels across the organisation to ensure that only unavoidable spending is undertaken. Furthermore, reviews of cash flow forecasts were performed on a weekly and monthly basis to ensure that sufficient cash flows continue to be available. As a result of these the above interventions, operating and capital expenditures were significantly reduced as evidenced by a 16% drop in staff costs and a 28% decrease in administrative costs as of the period ended 31 March 2021 compared to the comparative period in 2019/2020.

An aggressive approach to collecting from problematic customers, as well as a reduction in revenues also resulted in a considerable decrease in the expected credit losses recorded during the financial year.

OPERATING EXPENDITURE

Despite concerted efforts to reduce spending across the board, NAC's cost base is largely fixed. Consequently, considerable losses were recorded during this financial year. With the continued effect of COVID, it is expected that the company will only recover after the 2023/2024 financial year.

FUNDING AND CASH RESERVES

During the financial year ended 31 March 2021, cash reserves declined from N$ 256 million at 1 April 2020 to only N$ 59 million at 31 March 2021. During this period, a total of N$ 146 million was withdrawn from investments to cover operational expenses. This was in addition to N$ 93 million which was received in cash from the government, N$ 46 million of which was used to fund operations while the rest was earmarked for the HKIA congestion alleviation project. With the continuation of reduced travel, low revenues and depressed cash inflows, management estimated that without any assistance or other cash intervention, the company will run out of cash at the beginning of June 2021.

The company commenced the process of securing debt funding of N$143 million from local financial institutions to fund various capital expenditure projects. As at the end of the year, a proposal to negotiate with RMB Namibia had been approved by the Board of Directors but negotiations had not commenced. It is expected that this will be concluded during the 2021/2022 financial year.

COLLECTIONS AND QUALITY OF RECEIVABLES

With most of NAC's debtors operating in the aviation industry, collection of revenue has been a major challenge during the year. The company's largest customer, Air Namibia was placed on provisional liquidation in February 2021 after which NAC approached the High Court to seek to recover amounts due of N$712 million through the liquidation process.

Furthermore, during the year, South African Airways and Comair went into business rescue processes while South African Express was placed on provisional liquidation. This placed in doubt the prospects to collect about N$750 million of receivables outstanding at 31 March 2021. The balances from these customers were fully impaired in the company's records.

REVENUE (N$ MILLION)

	2019/2020	2020/2021	CHANGE
Aeronautical revenue	329.3	44.2	-86.6%
Non-aeronautical revenue	91.4	50.2	-45.0%
	420.7	94.4	-77.6%

OPERATING EXPENDITURE

	2019/2020	2020/2021
Staff costs	191.7	159.5
Maintenance and repairs	7.4	14.2
Administrative costs	104.2	74.8
Expected credit losses	203.1	35.5
Depreciation, impairment and amoritisation	184.5	77.6
	690.8	361.6

KEY PROFITABILITY RATIOS

	2019/2020	2020/2021
EBITDA	2%	-50.3%
Operating profit percentage	-42%	-142%
Net profit percentage	-18%	-133%

ORGANISATIONAL PERFORMANCE REPORT

SAFE AND SECURE AIRPORTS

Akin to world airports, the Covid-19 pandemic negatively impacted the operations of the NAC airports following the travel bans and lockdown measures implemented locally and internationally to prevent the spread of covid-19. As such all flight operations by major carriers that have been operating at NAC airports came to a halt in exception for cargo and repatriation flights.

Notwithstanding the foregoing, NAC's flagship Hosea Kutako International Airport successfully facilitated the repatriation of flights and large volumes of Cargo in relation to the fight against the Covid-19 pandemic. Eros airport, on the other hand, facilitated the movement of light cargo in Namibia.

Taking into account the impact of the Covid-19 pandemic on the operations of NAC airports and the need to re-start flight operations after the lifting of the travel bans and lockdown measures, a re-start plan, titled "Resumption of Activities" was developed to importantly prepare the NAC airports for the gradual re-opening of the airport operations and more so to instil confidence in the passengers and airport stakeholders in terms of the protection against the spread of covid-19 at NAC airports.

The re-start plan scooped a third best plan for African Airports re-start plan competition by the Airports Council International (ACI) out of the twelve competing airports.

For the period under review, the Namibia Civil Aviation Authority (NCAA) amended the Namibia Civil Aviation Regulations (NAMCARs) (2001 Regulations) which provides for Part 139 – Aerodromes and Ground Aids (AGA). In accordance with Government Notice 112/2020, dated 30 April 2020, the amended NAMCARS Part 139 (on Categories A to C Aerodromes) came into effect on 01 May 2020. The amended regulations (2018 Regulations) contains revised regulation on the licensing/certification of aerodromes.

Pursuant to the provisions of the amended Namibia Civil Aviation Regulations (NAMCARs) Part 139 and the Aviation Directives published by the Namibia Civil Aviation Authority (NCAA) on 08 June 2020 and 18 September 2020 respectively, the application packages for the issuance of aerodrome licenses and certificates for NAC airports were successfully completed as part of phase two (2) of the five (5) phases of the aerodrome licensing/certification process.

A total of eighteen (18) manuals in particular the Aerodrome Manual, Airport Emergency Management System, Maintenance Programmes, Quality Assurance System, Safety Management System, and the Runway Safety Programme were developed through the Airport Safety Committees and submitted to NCAA on 04 November 2020 as part of the application packages.

As an outflow of the said exercise and following a cursory review of the said documentation, NAC airports were successfully issued with the interim aerodrome licenses and certificates by the Namibia Civil Aviation Authority as follows:

- Hosea Kutako International Airport and Walvis Bay International Airport being Category A airports and previously licensed airports have been issued interim aerodrome certificates valid for a period of eighteen months (18) until 05 May 2022.
- In addition to the above, Andimba Toivo Ya Toivo, a Category C airport and being a previously licensed airport has been issued with an interim aerodrome license valid for a period of eighteen months (18) until 05 May 2022.
- The previously unlicensed Category C aerodromes, in particular, Eros, and the four regional airports of Rundu, Katima Mulilo, Lüderitz and Keetmanshoop Airports have been issued with interim aerodrome licenses valid for a period of twenty-four (24) months until 05 November 2022.

The remaining phases of the licensing/certification process are to be completed within the time frame of the interim licenses/certificates in the manner detailed above.

It is however important to note that the interim aerodrome certificates and licenses were issued with conditions where NAC was required to submit to the Namibia Civil Aviation Authority (NCAA) Compliance Reports and Implementation Plans by 05 February 2021. NAC was further required to submit alternative means of compliance in respect of the outstanding Corrective Action Plans (CAPs) for the previously licensed aerodromes.

Following consultative engagements with NCAA, the Compliance Reports in the form of checklists and associated implementation plans in respect of all NAC airports were completed successfully and submitted to NCAA on 05 February 2021. Furthermore, alternative means of compliance were developed in respect of outstanding CAPs for the previously licensed aerodromes and submitted to NCAA as per the aerodrome certificates and license conditions issued to NAC airports.

AERONAUTICAL REVENUE

Passenger traffic declined by 84.7% during the 2020/21 financial year as compared to the previous 2019/20 financial year. Similar to passenger traffic, aircraft movement fell by 60.6% during the same period. This negative decline rates in both passenger and aircraft movement have direct negative impacts on the aeronautical revenue due to NAC.

As a result of the significant decline rate brought about by the COVID-19 pandemic, aeronautical revenue has reduced by

86.6% (from N$ 329m to N$ 44m) during the 2021 financial year as compared to the same period in 2020.

NON-AERONAUTICAL REVENUE

As is the case with aeronautical revenue, due to reduced business activities brought about by declining passenger traffic and aircraft movements, non-aeronautical revenue has recorded a decline rate of about 38% during the 2021 financial year as compared to the same period in 2020. This translates to a loss of revenue amounting to N$ 30m on non-aeronautical revenue in the 2021 financial year.

AERONAUTICAL CHARGES

It has been recommended that Passenger fees (International & Domestic), domestic landing fees and aircraft parking fees (international and domestic) remain unchanged (0% increase). This is due to taking into account that such charges are currently at their peak as compared to other airports in the regional market.

Furthermore, the slow economic growth brought about by the COVID-19 pandemic is also a crucial factor in not further hiking these aeronautical charges.

The International landing fees are also proposed to remain unchanged (0% increment) in the 2022/23 financial year despite NAC`s international landing fees being one of the lowest compared to the regional market. This will serve as an incentive for international carriers that are intending to make use of our airports as flight volumes recover after the COVID-19 pandemic.

AIR SERVICES DEVELOPMENT

As part of the Revival of Tourism Initiative at Hosea Kutako International Airport, Ethiopian Airlines resumed services with a maiden flight on 11 September 2020.

Further, Eurowings returned to Namibia on Sunday, 20 September 2020 at Hosea Kutako International Airport (HKIA) as the Tourism Revival Initiative gained momentum. Germany is part of Namibia's top source markets for tourists and NAC continues to play its role in promoting Namibia as a tourist destination by stimulating economic development opportunities whilst complying with the COVID-19 protocols.

Turkish Airlines have expanded its footprint in Africa and has commenced with a scheduled cargo operation once a week between Istanbul – Johannesburg – Windhoek permanently in December 2020.

This newly established cargo route is operational under the Bilateral Air Service Agreements (BASA) between the Government of the Republic of Namibia and the Republic of Turkey to promote international commercial air transport services and, business and trade between the two countries. The Turkish Airlines has increased its number of destinations for direct cargo services to 15 by adding Windhoek to its Africa networks.

Namibia's private airline FlyWestair (subsequently renamed FlyNamibia) along with South Africa's Airlink connected Namibia to South Africa following the opening of International travel between the two neighbours.

FlyWestair made history when it became the first privately-owned Namibian airline to operate a scheduled passenger route between Windhoek Hosea Kutako International Airport and Johannesburg O.R. Tambo International Airport and subsequently the Windhoek – Cape Town route.

STAKEHOLDER AND CLIENT ENGAGEMENT

At the Annual General Meeting held on 22 June 2021 our shareholder, the Government of the Republic of Namibia, overwhelmingly endorsed the operational and financial reports for the year under review.

In the face of COVID-19, Hosea Kutako International Airport specifically aided the Government's Targeted International Tourism Revival Initiative during July and August 2020.

The progress of the Hosea Kutako Congestion Alleviation Project was closely monitored by the Cabinet Special Committee led by the Deputy Prime Minister, Honourable Netumbo Nandi-Ndaitwah. The Project Team capitalised on the downtime of airport operations due to the impact of COVID-19.

The outcome of the Customer Satisfaction Survey conducted during the previous reporting period has been incorporated into the strategic plan to ensure that the organization delivers on its mandate to the expectation of its customers and shareholder.

NAC ENGINEERING AND INFRASTRUCTURE PROJECTS

DEPARTMENTAL OVERVIEW

The Infrastructure Development and Asset Care Department are responsible for the planning, designing, project supervision, Contract administration and maintenance of all airport infrastructures under the Namibia Airports Company (NAC) in accordance with national (NAMCARs & NAMCATs) and international (ICAO) civil aviation requirements and engineering standards.

The department remained on course with the majority of our key departmental targets. These are broken down in terms of Capital, Maintenance and Operational Compliance Projects.

OPERATIONAL COMPLIANCE PROJECTS

The following surveys and tests required to monitor compliance for pavements, airfield lighting and Aeronautical Data were done at various NAC airports:

- Runway Friction Testing at; Hosea Kutako, Walvis Bay, Andimba Toivo Ya Toivo, Eros & Luderitz;
- Photometric testing at; Hosea Kutako, Walvis Bay & Andimba Toivo Ya Toivo.
- Aeronautical Data gathering by ATNS completed at all eight (8) NAC airports

CAPITAL PROJECTS

Table 11.1: Progress for the period April 2020 to March 2021

AIRPORT NAME	PROJECT NAME	PERFORMANCE
Hosea Kutako International Airport (HKIA)	Congestion Alleviation Project	Terminal 2 Building 80% of the building work has been completed. So far phases 1.3, 1.5, 2.1, 2.2, 1.6 & 1.7 has been handed over for beneficial occupation. Terminal Building (T1 & VIP): The concept designs have been completed by the professional project team. MIRCO in principle has approved the concept designs. Apron The feasibility study has been completed for the apron expansion. Construction is pending on the availability of funds.
Eros Airport	Emergency Maintenance (Holding Action) works on the runway and taxiway	The temporary repair work was completed on the uneven and unsafe runway and taxiway. The design and documentation for full rehabilitation were completed.
Andimba Toivo Ya Toivo Airport	Construction of a new fire station	Detailed designs has been completed and pending funding for implementations Approval has been granted by NCAA to proceed with construction subject to the submission of a safety plan after the appointment of the contractor.
Katima Mulilo Airport	Rehabilitation of runway and apron	Detailed designs has been completed and pending funding for implementations Approval has been granted by NCAA to proceed with construction subject to the submission of a safety plan after the appointment of the contractor.

MAINTENANCE PROJECTS

Table 11.2: Progress for the period April 2020 to March 2021

AIRPORT NAME	PROJECT NAME	PERFORMANCE
Hosea Kutako International Airport (HKIA)	Implementation of Maintenance Programme	The maintenance programme was implemented and updated where required.
Hosea Kutako International Airport (HKIA)	Maintenance Service Level Agreements (SLA) for Rosenbauer fire trucks	Service Level Agreements are in place, and all maintenance activities are being conducted under the SLA.
Hosea Kutako International Airport (HKIA)	Sealing of shoulders at HKIA	The Contractor could not continue the project due to financial constraints.
Walvis Bay International Airport	Implementation of Maintenance Programme	The maintenance programme was implemented and updated where required.
Andimba Toivo Ya Toivo Airport	Implementation of Maintenance Programme	The maintenance programme was implemented and updated where required.
Eros Airport	Development of maintenance programme	The maintenance programme was developed for submission to NCAA for approval, 90% complete.
All 8 airports	Maintenance Service Level Agreements (SLA) for Marcé fire trucks	Service Level Agreements are in place, and all maintenance activities are being conducted under the SLA.
All 8 airports	Maintenance Service Level Agreements (SLA) for Astrophysics scanners	Service Level Agreements are in place, and all maintenance activities are being conducted for the following key airport equipment: • X-ray machines • Rosenbauer & Marce Fire Engines.

LEGAL

There are two litigious matters for the current reporting period, the gist of which is provided below.

NAC // ALLIANCE MEDIA (NAMIBIA) (PTY) LTD

NAC instituted legal proceedings against Alliance Media in the High Court pursuant to Alliance Media's breach of the agreement it entered into with NAC in respect of the indoor and outdoor advertising concession at HKIA. NAC seeks cancellation of the aforesaid agreement, eviction of Alliance Media from HKIA, as well as the amount due to NAC in light of Alliance Media's breach of contract. This matter is currently at the stage of judicial case management in the High Court.

NAC // AIR NAMIBIA (PTY) LTD (IN LIQUIDATION)

NAC instituted urgent legal proceedings in February 2021 seeking the winding-up of Air Namibia on account of the latter's inability to pay considerable sums that it owes to the former. A provisional winding-up order was issued by the High Court on 26 February 2021, whereas the final winding-up order was issued on 26 March 2021. The Joint Liquidators that have been appointed by the Master of the High Court for aforesaid purposes, namely, Bruni and McLaren will now commence with the post-litigation component of the liquidation process to wind up the estate of Air Namibia, in keeping with an order of the High Court referred to above.

We will continue to proactively manage the legal risk associated with these legal matters, to avert any adverse impacts on NAC operations.

INFORMATION COMMUNICATION TECHNOLOGY

The main aim of the department is to be a key strategic partner bringing value, efficiencies, and process improvements across the organization through technology solutions, initiatives and projects that benefits the organization and stakeholders. The department must also provide the necessary support related to any Information Technology systems and act as an ICT support service for the entire organization.

Technology plays an important role in many of the NAC's services and operations by facilitating communication between employees and the necessary stakeholders; by encouraging collaboration and innovation; expediting tasks, increasing productivity and operational efficiencies; by enhancing the service delivery of any related Information Technology service offered internally by the business unit.

CURRENT PERFORMANCE

During the 2020/2021 financial year, there were certain goals that the ICT section worked towards and are summarized below:

- Ensure Network Infrastructure setup at all airports to enable efficient communication.
- Continuous Monitoring of the Server Infrastructure at the four (4) major airports, Hosea Kutako International Airport (HKIA), Walvis Bay International Airport (WIA), Eros Regional Airport and Andimba Toivo ya Toivo (Ondangwa) Airport.
- Continuous Monitoring and upkeep of the Enterprise Resource Planning (ERP) system to assist with the allocation of resources in the form of an Oracle e-Business Suite application as well as an Airport Information Management System which assists with the billing of our Airlines as they consume our services. These systems are now in need of upgrading to ensure the organization move along with the technological advances which have taken shape during the course of the five (5) years.
- NAC has Flight Information Display systems (FIDS) at the four major airports which have been identified as a critical system to ensure up-to-date information is displayed at the airports.

As ICT is a very essential support service to the organization, we must ensure that all our systems are available. We have achieved an average percentage uptime of 99.57 % for all our Windows Servers and an average percentage uptime of 99.98 % for all our Linux Servers which included the main ERP system servers. This is clearly an indication that our internal systems are available over 99% of the time. We will continue to monitor our systems and ensure they are highly available. The availability of the entire network infrastructure stands at 93.97%.

ACHIEVEMENTS

To mitigate risks and ensure our current ERP system is moved to a more efficient and modern system the ICT staff have added functionality to improve the efficiency of the system, these include functionalities such as online leave applications and pay slip generation. The ICT department has also embarked on a study to assess the way forward regarding the upgrade of the ERP system which will benefit greatly from the company's digital transformation strategy.

With the implementation of the Microsoft Enterprise Agreement (MEA), NAC now has access to the Microsoft Office 365 platform. This product allows the company to leverage on very reliable services in terms of productivity and security. It also allows us to use services without the need to procure additional hardware to host these software services.

Microsoft Office 365 is a cloud-based service that is designed to help meet an organization's needs for robust security, reliability, and user productivity. As part of our Enterprise Agreement, the NAC has access to these services. This entitles us to set up services/features as listed below without the need to invest in additional capital expenditure in terms of additional hardware needed.

The ICT division migrated all the users to this new platform which enhanced efficiency and allowed for faster implementation timeframes. The full implementation of the Office 365 services was completed by the end of April 2020.

In addition to the above NAC invested in Audio/Visual equipment for the boardrooms to ensure virtual meetings can be conducted in the advent of the Covid 19 pandemic.

This has enabled the use of Microsoft Teams and all devices such as laptops and mobile devices. This enabled the NAC to continue providing the necessary services by making use of these new virtual technologies. The network infrastructure was also revamped at the Sanlam Head Office with Wi-Fi capabilities available through the 5th and 13th Floor Sanlam Offices. A new access control system was also installed to secure the 5th and 13th Floor at Sanlam.

The ICT department with the assistance of our local Microsoft partner created an Intranet website to ensure information can be shared by the different business units. Individual portals have been created for each of the respective business units across the organisation to share information easily and conveniently.

NEW ICT PROJECTS FOR 2020/21

The table below indicates new projects to be undertaken:

AREA	PROJECT
IT Infrastructure	• System Infrastructure Upgrade (Core Server and Data Storage Equipment) • Migration to the Office 365 platform • Establish a Disaster Recovery Data Centre with all procedures and plans • Wi-Fi Project • Implementation of a CUTE system
Application Infrastructure	• Implementation of Intranet (Content Management System-CMS) and Revamping the external Website, add features such as e-Procurement • Implementation of a Helpdesk System • Enterprise Resource System (ERP) Upgrades and Integration of all Systems • Parking Management System (PMS) Upgrades • Emergency Control Centre and Systems at Airports
Operations	• Continuous Monitoring of all ICT Services • Review/Update existing Service Level Agreements (SLA) and implement SLAs where required • License Renewal of all Hardware and Software
Governance	• Backup configuration to applicable local regulations and standards • Review of ICT Policy • Implementation of Cybersecurity Policy as per ICAO regulations • Establish an Organizational wide Business Continuity Plan
Andimba Toivo Ya Toivo Airport	• Organization-wide process improvement • Business Intelligence (BI) / Reporting Mechanisms/ Artificial Intelligence and Internet of Things/ Statistical Information • Cloud Technology to supplement Disaster Recovery Datacenter
Innovation	• Organization-wide process improvement • Business Intelligence (BI) / Reporting Mechanisms/ Artificial Intelligence and Internet of Things/ Statistical Information • Cloud Technology to supplement Disaster Recovery Datacenter
Team Development	• Staff development, training and certification plan • Teambuilding and leadership initiatives

HUMAN RESOURCES

PROVIDE POSITIVE WORK ENVIRONMENT

This year was extraordinarily challenging in many ways as the world, early in the year, was introduced to COVID-19 as indicated in the last report. The Airports Company employees and leadership showed resilience and presence in this difficult time through adopting new ways of work, and processes and enduring complete downtime at the Airports. However, the employees continued to provide their services during these difficult times. The Namibia Airports Company (NAC) takes the well-being of its employees seriously, and the risk-based response and prevention strategies are continuously implemented and observed with respect to the COVID-19 ramifications on the employees and other human resources management functions.

As part of the NAC COVID-19 readiness, preparedness and response continuous evaluation and monitoring of adherence to the established protocols is ongoing.

During the country's second wave, the NAC experienced an increased number of cases amongst its staff members. This resulted in the implementation of increased safety measures and a lot of downtimes. Fortunately, no fatalities were reported to date, and we are happy to report that since then all staff members recovered and are in good health as at the end of the financial year.

The NAC continues to put in a concerted effort in ensuring adherence to the COVID-19 rules and regulation as set out by the Ministry of Health and Social Services. As part of the NAC COVID-19 readiness, preparedness and response, items were procured and distributed to all airports and the Head Office. In addition, employees were identified, trained and certified on disinfection/fumigation in order to fumigate and disinfect the work environment and airports ourselves which resulted in the Company saving on costs incurred for outsourcing the fumigation and disinfection services. For this period, it is important to recognise that as the world is dealing with the COVID-19 pandemic, the Namibia Airports Company is not spared the impact thereof. The operational activities of the company reduced immensely, but the company, more than ever, safeguarded the health and safety of its workforce and provided additional protective equipment and ensure compliance with the national health regulations. This demanded that we have to think of innovative ways to manage the workplace health and safety environment.

Communication during the Covid-19 crisis

NAC employees experienced a different work-life coupled with the implementation of new ways of working. Management and employees were required to quickly adapt to alternative ways of working whereas essential and critical staff members continue to provide the services. With improved safety measures, the Company needed to assure the employees through vigilant and integrated approaches to ensure that:

- Guidelines and practices are communicated;
- Regular communication to all staff members based on COVID-19 and any other critical operational changes; and
- Distributing the necessary signage, training and seminars.

Employee Wellness

The NAC employee wellness programme involves medical examinations and preventative programmes which are conducted through partnerships with various healthcare providers.

The Company conducts medical check-ups for the compliance positions for random ailment surveillance and on an annual basis, compulsory health testing is mainly done for the ARFF personnel. In addition, the NAC provides ongoing occupational and personal health education sessions to employees.

Employee Relations

The Company is guided by the Code of Discipline and Grievance Procedures to resolve disciplinary and grievance matters. Employees are informed about this framework and employees and management make use of this readily available process.

The NAC HR Relations team was able to ensure stability for the Company in the period under review by negotiating and concluding a wage and substantive agreement for employees in the bargaining unit with our strategic partner, the Namibia Public Workers' Union (NAPWU) in order to foster harmonious employee relations.

ENSURE IMPLEMENTATION OF EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM (PMS)

The Performance Cycle for the Executive (EXCO) and Management (MANCO) committees commenced as from 1 April 2020 with the mutual establishment of goals and development activities based on what is to be accomplished during the financial year and in line with the overall Strategic Plan of the organisation.

For the period under review, the focus was towards ensuring that the first medium-term mock performance reviews are completed for the executive and management employees. This was naturally the next course of action after 100 % of EXCO and MANCO employees for the first time signed the performance agreements for the 2020/2021 financial year.

The measurements were done to test the key performance indicators in the performance agreement and to review the progress made in terms of the key performance areas of the management employees. Moreover, the exercise also evaluated organisational performance improvement.

PRIORITIZE SKILLS DEVELOPMENT AND TRAINING

The NAC, due to the implications of COVID-19, has not sent any of its employees on training as planned. The focus remains to roll out virtual training interventions that respond to the NAC training calendar.

The application to register as an Aviation Security Training Organisation was finalised and submitted to the Namibian Civil Aviation Authority (NCAA). This will enable the NAC to comply with the provisions in NAMCARS part 109.02.01 that require any institution or organisation that intends to conduct Aviation Security Training to be registered and certified as an Aviation Security Training Organisation by the NCAA.

The greater focus of the training was on compliance training in order to implement the corrective action plans to improve the airport operations safety and security framework. Most training interventions were done by cultivating a virtual learning culture.

CULTURE AND ORGANISATIONAL TRANSFORMATION

The NAC Human Capital plan for 2021/2022 was completed as part of the integrated planning of the organisation. Some of the activities relating to the human capital plan are listed below:

- Retention
- Performance Management
- Organisational Structure
- Policy review
- Skills Development Program
- Organisational Culture Changes

In our attempt to understand the needs and concerns of our staff members, a perception survey was commenced after PwC was appointed as the consultant. The survey was completed, and the management developed an action plan to address the areas of concern highlighted in the report.

The organisational culture change and change management are earmarked as important interventions to help implement the strategy of the company. This intervention involves developing and implementing a culture change and change management programme for the Namibia Airports Company. The purpose is to ensure that standardised methods and procedures are used for efficient and prompt handling of all changes to minimise the negative change-related impact on the quality of service, day-to-day operations and performance of the organization.

EMPLOYEE PROFILE

As at 31 March 2021, the Namibia Airports Company had a total of 362 staff members across all the nine workstations, of which 338 held permanent and fixed-term employment contracts, while the remaining 24 were on temporary employment contracts.

Due to the nature of the company's operations, the distribution of staff by gender remained skewed, with 247 staff members being male, representing 72.86 % of the total workforce. This represents a 1.18 % increase in male representation compared to 31 March 2020. The company aims to implement strategies to balance gender representation in its workforce planning.

The table below depicts the staff movement for the period 2015 – 2021:

YEAR	MANAGEMENT	GENERAL STAFF	CONTRACT EMPLOYEES	TOTAL	RESOURCING	SEPERATION
2021	43	295	24	362	7	11
2020	45	294	42	381	17	10
2019	39	288	22	349	13	19
2018	41	298	16	355	10	30
2017	37	312	26	375	34	15
2016	36	310	10	356	83	26
2015	33	247	19	299	15	21

STAFF AGE PROFILE

The NAC age profile remains young with an average age of 40.37. This is mainly because the aviation industry is training intensive, and it requires skills that are not readily available in the market. NAC adopted a strategy to invest in the younger generation through on-the-job development and upskilling programmes.

Out of the total 362 staff complement in the period under review, 361 came from previously disadvantaged backgrounds and one had disabilities.

EMPLOYEE TURNOVER

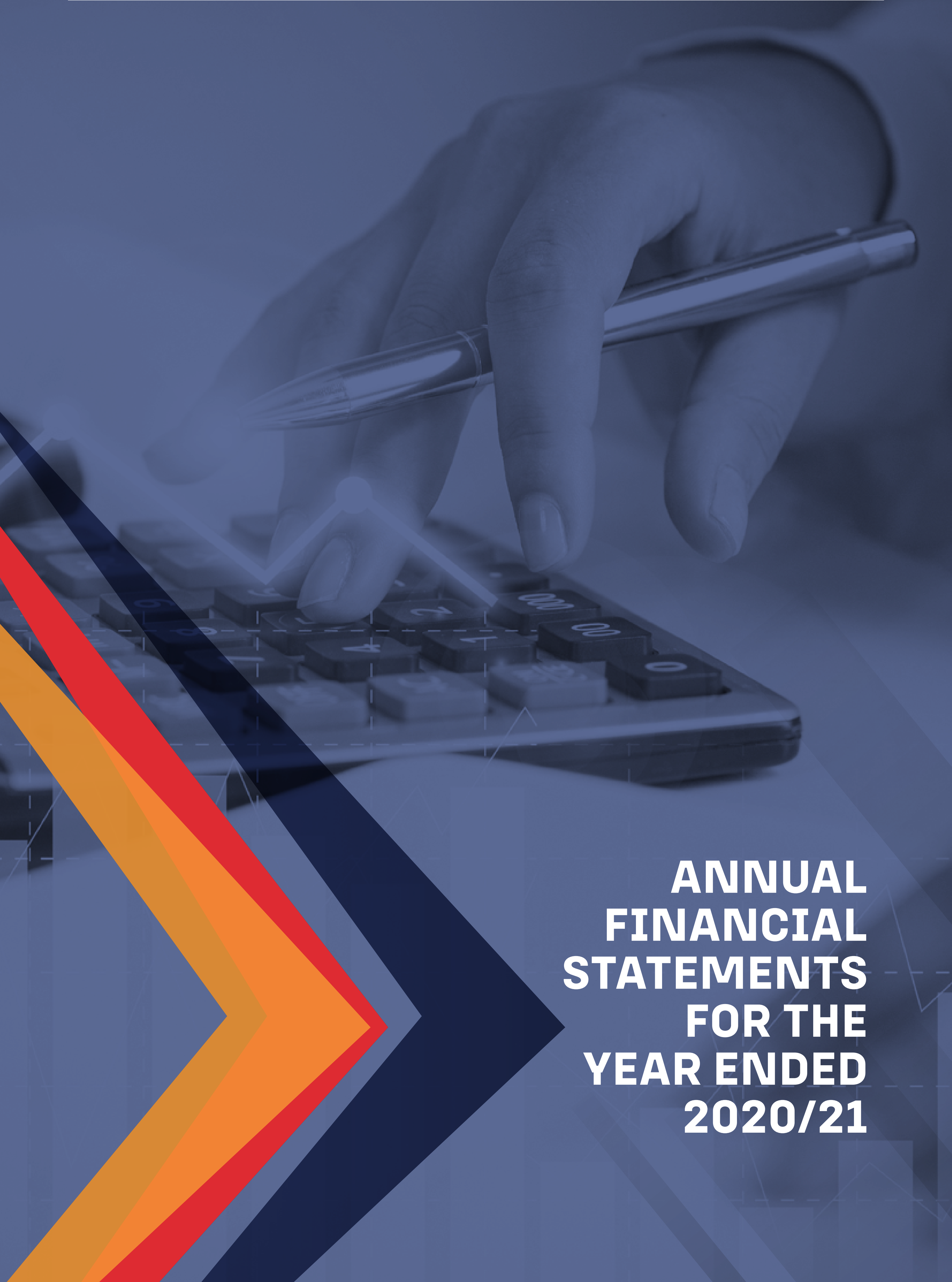
FY ENDING	MARCH 2015	MARCH 2016	MARCH 2017	MARCH 2018	MARCH 2019	MARCH 2020	MARCH 2021
Total Separations	21	26	15	30	19	10	11
Total Head Count	299	356	375	355	349	381	362
% Turnover	7.02%	7.20%	4.00%	8.00%	5.44%	2.00%	3.03%

The turnover rate increased by 1.03 % in the year under review in comparison to the previous year. The 3.03 % turnover rate is below the 5 % goal set the target for the organisation. The staff turnover rates apply to permanent staff.

OPERATING STRUCTURE

MINISTRY OF WORKS AND TRANSPORT

- **BOARD OF DIRECTORS**
  - **CHIEF EXECUTIVE OFFICER**
    - Company Secretary, Chief Legal Advisor and Head Internal Audit
    - **Executive** Finance and Administration
    - **Executive** Human Resources
    - **Executive** Commercial Services
    - **Executive** Information Communication and Technology (ICT)
    - **Executive** Risk, Compliance and Strategy
    - **Executive** Infrastructure Development and Asset Care
    - **Executive** Operations



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 2020/21

NAMIBIA AIRPORTS COMPANY LIMITED

(Registration Number 98/472)

Annual Financial Statements for the year ended 31 March 2021

INDEX	PAGE

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	Namibia
REGISTRATION NUMBER	98/472
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Management and operation of airports in Namibia
DIRECTORS	Dr. Leake S. Hangala (Appointed 1 October 2020) Matthew //Gowaseb (Appointed 1 October 2020) Elise Petersen (Appointed 1 October 2020) Lucien Mouton (Appointed 15 November 2021) Ferdinand Nghiyolwa (Appointed 15 November 2021) Carol Williams (Appointed 15 November 2021) Beverly Gawanas-Vugs (Resigned 30 September 2020) Rudolph R. Rittmann (Deceased 13 July 2021) Lesenda G. Mohamed (Resigned 30 September 2020) Advocate Irene Visser (Deceased 16 May 2021) Ipupa J. Kasheeta (Resigned 30 September 2020)
SHAREHOLDER	Government of the Republic of Namibia
REGISTERED OFFICE	5th and 13th Floor Sanlam Centre 154 Independence Avenue Windhoek
BUSINESS ADDRESS	5th and 13th Floor Sanlam Centre 154 Independence Avenue Windhoek
POSTAL ADDRESS	P.O. Box 23061 Windhoek Namibia
LEVEL OF ASSURANCE	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of Namibia and International Auditing Standards.
AUDITORS	Grand Namibia Chartered Accountants and Auditors
COMPANY SECRETARY	Ms. Ingrid Cupido who resigned on 07 September 2021, while Mrs. Stellina Alberta Lambert appointed on 01 May 2022 5th Floor Sanlam Centre 154 Independence Avenue Windhoek

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NAMIBIA AIRPORTS COMPANY LIMITED
REGISTRATION NUMBER 98/472

Directors' Responsibilities and Approval

The directors are required by the Companies Act of Namibia to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable, 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 directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management and the external auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company.

The annual financial statements have been audited by the independent auditing firm, Grand Namibia Chartered Accountants and Auditors, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 4 to 5.

The annual financial statements set out on pages 9 to 55 which have been prepared on the going concern basis, were approved by the directors and were signed on 17 May 2023 on their behalf by:

Dr. Leake S. Hangala

Matthew //Gowaseb

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Namibia Airports Company Limited

Opinion

We have audited the annual financial statements of Namibia Airports Company Limited ("the Company") set out on pages 6 to 55, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies and the directors' report.

In our opinion, the annual financial statements, present fairly in all material respects, the financial position of Namibia Airports Company Limited as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of Namibia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statement section of our report. 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*) and other independence requirements applicable in performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the directors' responsibility and approval. The other information does not include the annual financial statements and our auditor's report thereon.

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

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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 Annual Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Grand Namibia

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Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: PT NGHIPANDULWA – Partner

Windhoek

29 May 2023

NAMIBIA AIRPORTS COMPANY LIMITED
REGISTRATION NUMBER 98/472

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Directors' Report

The directors present their report for the year ended 31 March 2021.

1. Review of financial results and activities

Main business and operations

The principal activity of the company is management and operation of airports in Namibia. There were no major changes herein during the year.

The company generated a loss after tax for the year ended 31 March 2021 of N$111,741,488 (2020: N$76,483,996).

Company total revenue (rentals included) decreased from N$420,725,979 in the prior year to N$76,586,978 for the year ended 31 March 2021.

Company cash flows from operating activities changed from an outflow of N$3,005,308 in the prior year to an outflow of N$155,802,874 for the year ended 31 March 2021.

2. Going concern

The company incurred a net loss for the year ended 31 March 2021 of N$111,741,488 (2020 loss: N$76,483,996). The company continues to incur losses.

During the 20121/2022 financial year, the NAC operations continued a positive trajectory, as it recovered from the severe impact of the Covid-19 pandemic. Although the operations have not returned to it pre Covid levels, the current financial year saw an increase of 185% increase in aeronautical revenue, from N$44.2 million recorded in the 2020/2021 financial year to N$126 million recorded in the current financial year. The increase in aeronautical revenue is aligned to the increase in airport movements, which when analysing total passage movements, increased from 178,561 to 429,745 for the financial year ending 31 March 2022.

The annual financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the company will continue to receive the support from Shareholder where applicable and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

A loan of N$143 million has been sourced to fund various capital expenditure initiatives. Part of this loan amounting to N$39 million (as of August 2021) was used for operational expenditure as it relates to money that NAC paid from its reserves for the Hosea Kutako International Airport project. The loan was approved after year end and is secured by a Government Guarantee. The company's (current ratio) ability to pay short-term obligations or those due within one year improved as of March 2022 to 1.60 compared to 1.07 as of March 2021. Furthermore, Debt to equity ratio slightly increased to 1.58 as of March 2022 compared to 1.41 as of March 2021 and this due to loan of N$ 143 million acquired by the company after year end.

The Board of Directors has considered the going concern assessment as prepared by management, including the company's outlook regarding trading conditions that will persist into the foreseeable future. This assessment is based on a range of varied scenarios (including assumptions regarding a worst-case scenario of an extended lockdown; the rate of return to normal trading; working capital requirements; and relief measures implemented by the Government of Namibia), and are satisfied that the company is a going concern for the foreseeable future based on the information available at the time of approval of the Annual Financial Statements.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

NAMIBIA AIRPORTS COMPANY LIMITED
REGISTRATION NUMBER 98/472

Directors' Report

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

Impact of COVID-19

Since 31 December 2019, the spread of the COVID-19 virus has severely impacted most economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinte periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic lockdown. Global stock markets have also experienced great volatility and a significant weakening. Government and the Bank of Namibia have responded with monetary and fiscal interventions to stabilise economic conditions.

The directors have determined that these events are non-adjusting events. Accordingly, the financial position and results of operations for the year ended 31 March 2021 have not been adjusted to reflect the impact. The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

4. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

Dividend

No dividend was declared or paid to the shareholder during the year.

5. Directors

The directors of the company during the year and up to the date of this report are as follows:
Dr. Leake S. Hangala (Appointed 1 October 2020)
Matthew //Gowaseb (Appointed 1 October 2020)
Elise Petersen (Appointed 1 October 2020)
Lucien Mouton (Appointed 15 November 2021)
Ferdinand Nghiyolwa (Appointed 15 November 2021)
Carol Williams (Appointed 15 November 2021)
Beverly Gawanas-Vugs (Resigned 30 September 2020)
Rudolph R. Rittmann (Deceased 13 July 2021)
Lesenda G. Mohamed (Resigned 30 September 2020)
Advocate Irene Visser (Deceased 16 May 2021)
Ipupa J. Kasheeta (Resigned 30 September 2020)

6. Secretary

The company designated secretary was Ms. Ingrid Cupido who resigned on 07 September 2021, while Mrs. Stellina Alberta Lambert appointed on 01 May 2022.

7. Shareholder

There have been no changes in ownership during the current financial year.

NAMIBIA AIRPORTS COMPANY LIMITED
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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Directors' Report

The shareholder and its interest at the end of the year is:

	Holding
Government of the Republic of Namibia	100.00%

8. Independent Auditors

Grand Namibia Chartered Accountants and Auditors were the independent auditors for the year under review.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

NAMIBIA AIRPORTS COMPANY LIMITED
REGISTRATION NUMBER 98/472

Statement of Financial Position

Figures in N$	Notes	2021	Restated 2020	Restated 2019
Assets				
Non-current assets				
Property, plant and equipment	4	2,365,417,059	2,319,066,099	2,424,202,685
Right-of-use assets	13	8,356,664	-	-
Intangible assets	5	3,129,312	6,632,234	10,206,226
Total non-current assets		**2,376,903,035**	**2,325,698,333**	**2,434,408,911**
Current assets				
Trade and other receivables	6	127,782,210	163,338,398	144,654,604
Cash and cash equivalents	9	58,686,314	250,697,188	215,194,097
Total current assets		**186,468,524**	**414,035,586**	**359,848,701**
Total assets		**2,563,371,559**	**2,739,733,919**	**2,794,257,612**
Equity and liabilities				
Equity				
Issued capital	10	1	1	1
Share premium	10	39,087,180	39,087,180	39,087,180
Retained income		1,023,594,422	1,135,335,910	1,211,819,906
Total equity		**1,062,681,603**	**1,174,423,091**	**1,250,907,087**
Liabilities				
Non-current liabilities				
Deferred taxation	8	177,580,526	282,191,372	314,557,033
Lease liabilities	13	4,154,500	-	-
Deferred income	14	1,144,938,501	1,128,390,557	1,081,516,384
Total non-current liabilities		**1,326,673,527**	**1,410,581,929**	**1,396,073,417**
Current liabilities				
Trade and other payables	11	110,052,488	86,603,072	79,151,281
Lease liabilities	13	4,186,213	-	-
Deferred income	14	59,777,728	68,125,827	68,125,827
Total current liabilities		**174,016,429**	**154,728,899**	**147,277,108**
Total liabilities		**1,500,689,956**	**1,565,310,828**	**1,543,350,525**
Total equity and liabilities		**2,563,371,559**	**2,739,733,919**	**2,794,257,612**

NAMIBIA AIRPORTS COMPANY LIMITED
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**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Statement of Profit or Loss and Other Comprehensive Income

Figures in N$	Notes	2021	Restated 2020
Revenue	15	44,170,307	329,269,761
Rental income	16	32,416,671	91,456,218
Other operating income	17	116,664,128	85,134,644
Operating expenses	18	(412,867,102)	(694,254,951)
Other gains and (losses)	19	5,440,866	8,903,018
Loss from operating activities	20	**(214,175,130)**	**(179,491,310)**
Finance income	21	3,945,420	71,683,774
Finance costs	22	(6,122,624)	(1,042,123)
Loss before tax		**(216,352,334)**	**(108,849,659)**
Taxation	23	104,610,846	32,365,663
Loss for the year		**(111,741,488)**	**(76,483,996)**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

NAMIBIA AIRPORTS COMPANY LIMITED
REGISTRATION NUMBER 98/472

Statement of Changes in Equity

Figures in N$	Issued capital	Share premium	Retained income	Total
Balance at 1 April 2018	1	39,087,180	1,239,855,047	1,278,942,228
Changes in equity				
Loss for the year	-	-	(28,035,141)	(28,035,141)
Total comprehensive income	-	-	(28,035,141)	(28,035,141)
Balance at 31 March 2019	**1**	**39,087,180**	**1,211,819,906**	**1,250,907,087**
Balance at 1 April 2019 as previously reported	1	39,087,180	1,217,323,756	1,256,410,937
Decrease due to corrections of prior period errors (Refer to note 30)	-	-	(5,503,850)	(5,503,850)
Balance at 1 April 2019 as restated	1	39,087,180	1,211,819,906	1,250,907,087
Changes in equity				
Loss for the year	-	-	(76,483,996)	(76,483,996)
Total comprehensive income	-	-	(76,483,996)	(76,483,996)
Balance at 31 March 2020 as restated	**1**	**39,087,180**	**1,135,335,910**	**1,174,423,091**
Balance at 1 April 2020	1	39,087,180	1,135,335,910	1,174,423,091
Changes in equity				
Loss for the year	-	-	(111,741,488)	(111,741,488)
Total comprehensive income	-	-	(111,741,488)	(111,741,488)
Balance at 31 March 2021	**1**	**39,087,180**	**1,023,594,422**	**1,062,681,603**
Note	**10**	**10**		

NAMIBIA AIRPORTS COMPANY LIMITED
REGISTRATION NUMBER 98/472

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Statement of Cash Flows

Figures in N$	Notes	2021	2020
Net cash flows used in operations	27	**(149,680,250)**	**(1,963,185)**
Interest paid		(6,122,624)	(1,042,123)
Net cash flows used in operating activities		**(155,802,874)**	**(3,005,308)**
Cash flows used in investing activities			
Proceeds from sales of property, plant and equipment		365,534	910,782
Purchase of property, plant and equipment		(134,134,897)	(83,518,796)
Interest received (Refer to note 21)		4,314,363	6,116,413
Cash flows used in investing activities		**(129,455,000)**	**(76,491,601)**
Cash flows from financing activities			
Proceeds from government grant for capital expenditures (Refer to note 14)		46,786,000	115,000,000
Proceeds from government grant for operational expenditures (Refer to note 14 and 17)		46,461,000	-
Cash flows from financing activities		**93,247,000**	**115,000,000**
Net (decrease) / increase in cash and cash equivalents		**(192,010,874)**	**35,503,091**
Cash and cash equivalents at beginning of the year		250,697,188	215,194,097
Cash and cash equivalents at end of the year	**9**	**58,686,314**	**250,697,188**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

NAMIBIA AIRPORTS COMPANY LIMITED
REGISTRATION NUMBER 98/472

1. Basis of preparation and summary of significant accounting policies

The financial statements of Namibia Airports Company Limited have been prepared in accordance with International Financial Reporting Standards and the Companies Act of Namibia. The financial statements have been prepared under the historical cost convention with financial assets carried at fair value.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Currency

Functional and presentation currencies
The financial statements have been presented in Namibia Dollar. The functional currency of the company is Namibia Dollar. All financial information presented in Namibia Dollar have been rounded to the nearest Namibia Dollar.

1.2 Property, plant and equipment

All property and equipment is shown at cost, less accumulated depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only 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. Land and buildings comprise mainly roads and runways, terminal buildings and offices. All other repairs and maintenance expenditures are charged to the profit or loss during the financial period in which they are incurred.

Depreciation

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Residual values, useful lives and depreciation methods are reviewed at each financial year end. Where there are significant changes in the expected pattern of economic consumption of the benefits embodied in the asset, the relevant changes will be made to the residual values and depreciation rates, and the change will be accounted for as a change in accounting estimate.

Depreciation is calculated using the straight line method to allocate the cost of each asset less its residual value over its estimated useful life for current and comparative period as follows:

Asset class	**Useful life**
Buildings, roads and runways	
- Land	Not depreciated
- Buildings	40 years
- Leasehold improvements	3 years
- Roads and runways	20 years

NAMIBIA AIRPORTS COMPANY LIMITED
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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Computers, furniture and other equipment	
- Office equipment and furniture	5 years
- Computer equipment	5 years
- Airport equipment	5 years
Motor vehicles	
- Firefighting vehicles	15 years
- Motor vehicles	5 years
Work-in-progress	Not depreciated

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if it is required by another standard.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up are included in profit or loss when the compensation becomes receivable.

Derecognition

The carrying amount of an item of property and equipment is derecognised when the asset is disposed of or when when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Gains are classified as other gains on the face of the statement of profit or loss and other comprehensive income.

1.3 Intangible assets

Definition

An intangible asset is an identifiable non-monetary asset without physical substance. The asset is determined to be identifiable if it either is separable, or arises from contractual or other legal rights.

Recognition

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

An assessment of the probability of expected future economic benefits that will flow to the entity as a result of the use of an asset is made by management before the asset is recognised. This includes using reasonable and supportive assumptions that represent a best estimate of the set of economic conditions that will exist over the useful life of the asset.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the entity are recognised as intangible assets when the required criteria are met. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of the relevant overheads. Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously expensed are not recognised as an asset in a subsequent period.

Computer software development costs recognised as an asset are amortised over their estimated useful lives which does not exceed 5 years.

Subsequent measurement - Cost model

After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation

Intangible assets amortisation is allocated on a systematic basis over its useful life. Where an intangible asset has a residual value, the depreciable amount is determined after deducting its residual value.

The residual values of intangibles assets are assumed zero unless:

- there is a commitment by a third party to purchase the asset at the end of its useful life; or
- there is an active market for the asset and:
    - residual value can be determined by reference to that market; and
    - it is probable that such a market will exist at the end of the asset's useful life.

Residual values as well as the useful lives of all assets are reviewed annually. Changes in residual values are treated as a change in estimate and treated in accordance with the relevant accounting policies.

The classification of useful lives and amortisation methods for the various classes of assets are as follows:

Asset class	Internally generated or other	Useful life classification	Useful life / amortisation rate	Amortisation method
Computer software	Other	Finite	5 years	Straight line

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if required by another standard.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Retirements and disposals

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is recognised in profit or loss.

1.4 Financial instruments

Initial measurement

Financial assets

When a financial asset is recognised initially, it is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

The company's financial assets include trade receivables, cash and cash equivalents.

Financial liabilities

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

Financial assets

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and cash flow characteristics of the asset. Debt instruments are subsequently measured at:

- Amortised cost: assets held only for collection of principal and interest payments
    - Interest income is included in finance income using the effective interest rate method.
    - Any gain or loss on derecognition is recognised in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.
    - Impairment losses are presented as a separate line item in the statement of profit or loss.
    - The company's financial assets at amortised cost includes trade receivables, and loans to associates and directors included under other non-current financial assets.
- Fair value through profit or loss: assets that do not meet the criteria for amortised cost or fair value through OCI
    - A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.
    - The company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in OCI.
    - This category includes derivative instruments and listed equity investments which the company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Financial liabilities

Subsequent measurement of financial liabilities depends on their classification:

- Amortised cost: Loans and borrowings

  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

  Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

  Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

  The effective interest rate amortisation is included as finance costs in the statement of profit or loss.

  This category generally applies to interest-bearing loans and borrowings.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is 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 legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when it is transferred and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Impairment of financial assets

A forward looking allowance for expected credit losses is recognised for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The impairment methodology applied depends on whether there has been a significant increase in credit risk:

- For credit exposures with no significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit loss).
- For credit exposures with significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit loss).

For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NAMIBIA AIRPORTS COMPANY LIMITED
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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

For other financial assets, the low credit risk simplification is applied. At every reporting date, the company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. The internal credit rating of the debt instrument is reassessed during this evaluation. It is also considered whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, less allowance for expected credit losses. For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Other financial assets

Other financial assets are recognised initially at the fair value, including transaction costs except where the asset will subsequently be measured at fair value.

Other financial assets that are debt instruments are subsequently measured at amortised cost. Interest income is recognised on the basis of the effective interest method and is included in finance income.

Cash and cash equivalents

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

Trade and other payables

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

1.5 Capital work-in-progress

Property and equipment under construction by a supplier is classified as capital work in progress until construction is completed and shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

1.6 Tax

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:
- deductible temporary differences;
- the carry forward of unused tax losses; and
- the carry forward of unused tax credits.

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 goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination and 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, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:
- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits 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.

The measurement of deferred tax liabilities and deferred tax assets are made to reflect the tax consequences that would follow from the manner in which it is expected, at the end of the reporting period, recovery or settlement if temporary differences will occur.

Deferred tax assets and liabilities are offset only where:
- there is a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same entity within the group or different taxable entities within the group which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax expense (income)

Current and deferred tax is 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, outside profit or loss, either in other comprehensive income or directly in equity.
- a business combination other than the acquisition by an investment of a subsidiary that is required to be measured at fair value through profit or loss.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

1.7 Leases as lessee

Identification of a lease

At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still or now contains a lease.

Where a contract contains a lease, each lease component with the contract is accounted for separately from the non-lease components. The consideration is then allocated to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components are determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable stand-alone price is not readily available, an estimate of the stand-alone price is made, maximising the use of observable information in each case. All non-lease components are accounted for in accordance with whatever other policy is applicable to them.

Lease term

The lease term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

The assessment of the reasonable certainty of the exercising of options to extend the lease or not exercising of options to terminate the lease is reassessed upon the occurrence of either a significant event or a significant change in circumstances that is within the company's control and it affects the reasonable certainty assumptions.

The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

Recognition

At inception, a right-of-use asset and a lease liability is recognised. Right-of-use assets are included in the statement of financial performance within a classification relevant to the underlying asset, and not as a separate line item.

Measurement

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The obligation for those costs are incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequently, right-of-use assets are measured using the cost model.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

The company tests for impairment where there is an indication that a right-of-use asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of a right- of-use asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date. Lease payments are discounted using the interest rate implicit in the lease, if the rate can be readily determined, else it is based on the company's incremental borrowing rate. The following lease payments are included where they are not paid at the commencement date:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if there is reasonably certainty that the option will be exercised; and
- payments of penalties for terminating the lease, if the lease term reflects the exercising an option to terminate the lease.

Subsequently, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate described above, or if applicable the revised discount rate described below.

Profit or loss for the year will include the interest expense on the lease liability, and the variable costs not included in the measurement of the lease liability are included in the year in which the event of condition that triggers the payment of the variable costs occurs.

Reassessment of the lease liability

Where there are changes in the lease payments, the amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset. Where the carrying amount of the right of use asset is reduced to zero, and there is a further reduction in the measurement of the lease liability, the remaining amount of the remeasurement is recognised in profit or loss.

The remeasurement is performed by discounting the revised lease payments using a revised discount rate where there is a change in the lease term or where there is a change in the assessment of exercising an option contained in the contract. The discount rate is revised to the interest rate implicit in the remainder of the lease term if it can be readily determined, or at the company's incremental borrowing rate at the date of the reassessment.

The remeasurement is performed by discounting the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee, or if there is a change in the future lease payments resulting from a change in an index or a rate used to determine those payments. This remeasurement will use an unchanged discount rate unless the change in lease payments resulted from a change in a floating interest rate.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Lease modifications

A lease modification is treated as a separate lease if both: the modification inceases the scope of the lease by adding the right to use one or more underlying assets, and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

Where the lease modification is not accounted for as a separate lease, at the effective date of the lease modification the following changes are made:

- allocate the consideration in the modified contract;
- determine the lease term of the modified lease; and
- remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the company's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

Where the lease modification is not accounted for as a separate lease, the remeasurement of the lease liability is accounted for by:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss.
- making a corresponding adjustment to the right-of-use asset for all other lease modifications.

1.8 Leases as lessor

Identification of a lease

At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still or now contains a lease.

Where a contract contains a lease component as well as a non-lease components, the consideration is allocated between the components in accordance with the requirements of revenue from contracts with customers.

Lease term

The lease term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised by the lessee, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised by the lessee.

The assessment of the reasonable certainty of the exercising of options to extend the lease by the lessee, or not exercising of options to terminate the lease by the lessee, is reassessed upon the occurrence of either a significant event or a significant change in circumstances that is within the company's control and it affects the reasonable certainty assumptions.

The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

Classification

Leases are classified as either an operating lease or a finance lease.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Operating leases

Lease payments from operating leases are recognised as income on either a straight-line basis or another systematic basis. Another systematic basis is applied if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Costs, including depreciation, incurred in earning the lease income is recognised as an expense.

Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and those costs are recognised as an expense over the lease term on the same basis as the lease income.

Depreciation and impairment is calculated and recognised on the underlying asset in accordance with the relevant policy for the class of underlying asset.

Lease modifications

Modifications to an operating lease are accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

1.9 Revenue

Revenue from contracts with customers

Revenue is income arising in the course of an entity's ordinary activities.

The company's revenue consist of aeronautical and non-aeronautical revenues. Aeronautical revenue comprises landing fees, passenger service, aviation security charges, aircraft parking, while non aeronautical revenue comprises rentals, motor vehicle parking fees, concession revenue, passenger handling fees, ramp handling and percentage of turnover fees. Rentals are accounted for in accordance with the company's policy on leases as laid out in 1.8 above. Revenues are recorded net of Value Added Tax, and are recognized upon performance of services and when the customer has accepted the service and collectability of the related receivables is reasonably assured.

A contract with a customer is recognised when all of the following criteria are met:

- the contract has been approved and all parties to the contract are committed to performing their respective obligations;
- each party's rights regarding the goods or services to be transferred are identifiable;
- payment terms for the goods or services to be transferred are identifiable;
- the contract has commercial substance; and
- it is probable that the consideration in exchange for the goods or services that will be transferred will be collected.

Aeronautical revenues are recognised in the following manner:

- Landing fees and after-hour operations are recognised when an aircraft makes use of runway and taxiway facilities.
- Passenger and security charges are recognised when a passenger successfully boards an aircraft and documentation of such boarding is available and can be verified by a flight manifest.
- Aircraft parking fees are recognised when the aircraft has been parked for more than 4 hours and the full time can be determined.

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Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Non-aeronautical revenues other than rentals are recognised in the following manner:

- Concession revenues, percentage of turnover and handling fees are recognised when monthly declarations have been received and verified. Adjustment for annual revenues is made when audited declarations are received.
- Motor vehicle parking charges are recognised when a user has made use of parking facilities for a determinable period.
- Advertising revenues are recognised on a monthly basis.

Revenue is recognised when or as the performance obligation is satisfied by transferring a promised good or service to a customer. Assets are transferred when or as the customer obtains control of that asset.

1.10 Employee benefits

Short-term employee benefits

Compensation paid to employees for the rendering of services are recognised at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

Where employees accumulate entitlement for paid leave, an expense is recognised as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Defined contribution plan

The company established its own fund on 01 April 2012 called Namibia Airports Company Provident Fund which is a defined contribution fund. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The NAC Provident Fund cover all the company's employees and is governed by the Namibian Pension Fund Act.

When an employee has rendered service to an entity during a period, the contribution payable to a defined contribution plan in exchange for that service is recognised:

- as a liability, after deducting any contribution already paid. Where the contribution already paid exceeds the contribution due for service before the end of the reporting period, the excess is recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.
- as an expense, except where the amount is allowed as an inclusion in the cost of an asset.

1.11 Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the company. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the company.

Government grants, including non-monetary grants at fair value, are not recognised until there is reasonable assurance that:

- the entity will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the related costs for which the grants are intended to compensate are expensed.

Non-monetary grants are measured at fair value of the non-monetary asset and both the grant and asset are recognised at that fair value. The nominal value of the grants received by the company are deemed to approximate the fair values.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Government grants related to assets, including non-monetary grants at fair value are presented in the statement of financial position by setting up the grant as deferred income.

Grants related to income are presented as part of profit or loss, either separately or under a general heading such as 'Other income'; alternatively, they are deducted in reporting the related expense.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.1 Critical judgements in applying the entity's accounting policies

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

2.1.1 Going concern

The going concern assumption is evaluated based on information available up to the date on which the Annual Financial Statements are approved for issuance by the Board. While there is widespread uncertainty regarding the extent of the financial impact of the COVID-19 global pandemic on the economy of Namibia, the going concern assumption was considered to be appropriate for the preparation of the Company's Annual Financial Statements for the year under review.

2.1.2 Covid impact

The Company has assessed the impact of the COVID-19 pandemic on the assumptions and significant judgements made in the valuation of items of property plant and equipment. Following the assessment of a number of factors considered in the Company's COVID response plan, the directors have determined that the anticipated impact of COVID will not have a lasting impact on the productivity of the Company's property, plant and equipment. Management has determined that the economic events that have transpired as a result of the COVID-19 pandemic are not an adjusting event (refer to note 3, to the directors report, Events after reporting period)

2.1.3 Capitalisation of Government projects

Two major upgrade projects on two airports were undertaken by government directly. Management had to assess the nature of the projects and evaluate the impact thereof on the accounting records of the company. Management concluded that the work-in-progress on these projects had to be capitalised even though they were not yet completed and handed over to the company seeing that the rehabilitation of runway and taxiway added value to assets under company control at the reporting date.

2.1.4 Government debtors

There are differing views between the company and the line ministry as to whether the company should be charging rental for space at its airports occupied by the various government departments. The line ministry believes the space should not be paid for as these departments are providing essential services, the company on the other hand believe the space is commercial space taken up and therefore should be paid for. There is currently an ongoing engagement with the line ministry to find a common understanding to this matter. The directors, whilst the engagement continues, believe that these governments debtors are valid and therefore collectable.

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Accounting Policies

Critical accounting estimates and judgements continued...

2.1.5 Treatment of permanent and semi-permanent government structures on Namibia Airports Company Limited land

The permanent structures erected on the company's land by various government ministries such as hangers, presidential terminal and towers are not included in asset register of the company since they are not owned by NAC. NAC only earns revenue in respect of the land leased and as such the asset recorded in NAC records would be land. It is management's judgement that the fundamental requirement for recognition which requires future economic benefits to accrue to the entity has not been met in respect of the structures. NAC started billing government department as from September 2008 although there are no binding legal lease agreements and the revenue for leasing the land are recorded under rental income.

2.1.6 Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.Details of the key assumptions and inputs used are disclosed in the tables included in note 26.

2.1.7 Advertising revenue

The advertisement agreement between Namibia Airports Company (NAC) and Alliance Media expired on 31 August 2014 before the disputes between the parties were resolved. On 19 May 2016 an out of court settlement was reached, hence Alliance Media agreed to pay NAC 58% of the revenue that was generated at Hosea Kutako International Airports after the expiration of the renewed agreement from September 2014 to the date of signing the new agreement, provided Alliance Media provides audited statements of income to verify the actual revenue that was generated. To date the agreement is not signed yet and management has only recorded revenue as determined by the settlement agreement entered into between the two parties in May 2016.

2.1.8 Leases

Leases of printing equipment

The company leases printing, copying and scanning equipment for use by staff at its airports and the head office. It elects to apply the recognition exemption for leases of low value assets to these leases.

Lease of head office space

During the financial year, the company leased its head office at Sanlam Centre for a period of three years. The company recognises a right-of-use asset and a corresponding lease liability with respect to this lease arrangements.

2.2 Critical accounting estimates and assumptions

2.2.1 Useful lives and residual values of property and equipment

Plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments of property, plant and equipment consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Some key indicators that the company considers are physical damage of assets, riots that caused damage to assets, excessive maintenance required on an assets and acts of God.

Accounting Policies

Critical accounting estimates and judgements continued...

2.2.2 Impairment of assets

At each reporting date, Management reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount and the impairment losses are recognised as an expense immediately.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income.

2.2.3 Fair value estimation

In assessing the fair value of financial instruments, the Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for the specific or similar instruments are used for the relevant financial instruments.

The nominal value less estimated credit adjustment of trade receivables and payables are assumed to approximate their fair value. 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.

3. Changes in accounting policies and disclosures

Standard	Standard effective date	Adopted in the current year (Y/N)	Future adopted (Y/N)
IFRS 16 Leases	01 January 2019	Y	N

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4. Property, plant and equipment

4.1 Balances at year end and movements for the year

	Land, buildings, roads and runways	Capital work- in-progress	Motor vehicles	Computers, furniture and other equipment	Total
Reconciliation for the year ended 31 March 2021					
Balance at 1 April 2020					
At cost	2,694,394,660	123,937,911	207,924,801	195,852,543	**3,222,109,915**
Accumulated depreciation	(610,786,862)	-	(122,130,119)	(170,126,835)	**(903,043,816)**
Net book value	**2,083,607,798**	**123,937,911**	**85,794,682**	**25,725,708**	**2,319,066,099**
Movements for the year ended 31 March 2021					
Additions:	1,533,338	130,570,808	-	2,030,751	**134,134,897**
Depreciation	(53,535,273)	-	(13,162,940)	(21,052,264)	**(87,750,477)**
Transfers from Capital work-in-progress	194,992,328	(194,992,328)	-	-	**-**
Disposals	-	-	(33,460)	-	**(33,460)**
Property, plant and equipment at end of year	**2,226,598,191**	**59,516,391**	**72,598,282**	**6,704,195**	**2,365,417,059**
Closing balance at 31 March 2021					
At cost	2,887,484,904	59,516,391	207,559,267	197,883,291	**3,352,443,853**
Accumulated depreciation	(660,886,713)	-	(134,960,985)	(191,179,096)	**(987,026,794)**
Net book value	**2,226,598,191**	**59,516,391**	**72,598,282**	**6,704,195**	**2,365,417,059**
Reconciliation for the year ended 31 March 2020					
Balance at 1 April 2019					
At cost	2,699,797,615	140,480,047	196,997,925	194,944,920	**3,232,220,507**
Accumulated depreciation	(560,891,573)	-	(109,498,490)	(137,627,759)	**(808,017,822)**
Net book value	**2,138,906,042**	**140,480,047**	**87,499,435**	**57,317,161**	**2,424,202,685**
Movements for the year ended 31 March 2020					
Additions: Own	1,847,732	67,816,277	12,743,946	1,110,840	**83,518,795**
Depreciation	(53,330,717)	-	(13,717,167)	(32,699,031)	**(99,746,915)**
Impairment loss recognised in profit or loss	(3,815,260)	(84,358,412)	-	-	**(88,173,672)**
Disposals	-	-	(731,533)	(3,261)	**(734,794)**
Property, plant and equipment at end of year	**2,083,607,797**	**123,937,912**	**85,794,681**	**25,725,709**	**2,319,066,099**

Notes to the Financial Statements

Figures in N$

Property, plant and equipment continued...

Closing balance at 31 March 2020					
At cost	2,694,394,660	123,937,912	207,924,801	195,852,543	**3,222,109,916**
Accumulated depreciation	(610,786,863)	-	(122,130,120)	(170,126,834)	**(903,043,817)**
Net book value	**2,083,607,797**	**123,937,912**	**85,794,681**	**25,725,709**	**2,319,066,099**

4.2 Impairments

Demolished structures as part of the Hosea Kutako Congestion Alleviation Project

As part of the project, some structures which had a book value in the company's financial statements were demolished in prior year. The value of these demolished structures was determined by the quantity surveyor to be worth N$3,815,261. This impairment was recorded in the 2020 financial year profit or loss.

Katima Mulilo Taxiway Rehabilitation

The Katima Mulilo Taxiway Rehabilitation project was undertaken by the Ministry of Works and Transport on behalf of Namibia Airports Company. The carrying amount at year end was N$ 23,249,099 (2020: N$23,249,099). An internal impairment assessment performed in prior year determined that the recoverable amount of the work in progress was N$23,249,099. An impairment loss of N$66,265,916 was recognised in prior year profit or loss.

The project to erect a polymer fence at Walvis Bay International Airport has been ongoing since 2012. This project has been on hold since November 2016 and there has been various quality and contractual issues noted in respect of this project. In addition, the project has since exceeded its initial budget despite the fact that it is incomplete. The carrying amount for the property, plant and equipment was N$ 26,672,566 (2020: N$29,173,119), while the recoverable value that was estimated through an internal impairment assessment to be N$37,508,296 as at 31 March 2020. An impairment loss of N$6,619,070 was recorded in prior year profit or loss .

The project to erect a polymer fence at Luderitz Airport has also been ongoing since 2012. This project has been on hold since November 2016 and there has been various quality and contractual issues noted in respect of this project. In addition, the project has since exceeded its initial budget despite the fact that it is incomplete. The carrying amount for the property, plant and equipment was N$ 9,894,060 (2020: N$10,828,931), while the recoverable value that was estimated through an internal impairment assessment to be N$14,023,076 as at 31 March 2020. An impairment loss of N$11,473,426 was recorded in prior year profit or loss.

4.3 Other disclosures

Details of freehold land and buildings are recorded in a register, which may be inspected at the Company's registered office.

Two projects being undertaken by the Ministry of Works and Transport at Eros and Katima Mulilo Airports with a carrying value of N$ 23 million (2020: N$106 million) are included in work-in-progress. The Eros project was completed during the year under review and handed over to Namibia Airports Company.

Property, plant and equipment include land and buildings held at various airports operated and managed by the company that are subject to operating leases and owned assets held and used by the company, however during the year under review it is difficult to quantify the cost of the land and building that are subject to operating leases to enable the company to disclose each class of property, plant and equipment segregated into assets subject to operating leases and assets not subject to operating leases. Rental income generated by assets subject to operating leases are disclosed under note number 16.

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5. Intangible assets

Reconciliation of changes in intangible assets

	Computer software	Total
Reconciliation for the year ended 31 March 2021		
Balance at 1 April 2020		
At cost	21,759,644	**21,759,644**
Accumulated amortisation	(15,127,410)	**(15,127,410)**
Net book value	**6,632,234**	**6,632,234**
Movements for the year ended 31 March 2021		
Amortisation	(3,502,922)	**(3,502,922)**
Intangible assets at end of period	**3,129,312**	**3,129,312**
Closing balance at 31 March 2021		
At cost	21,759,644	**21,759,644**
Accumulated amortisation	(18,630,332)	**(18,630,332)**
Net book value	**3,129,312**	**3,129,312**
Reconciliation for the year ended 31 March 2020		
Balance at 1 April 2019		
At cost	21,759,879	**21,759,879**
Accumulated amortisation	(11,553,653)	**(11,553,653)**
Net book value	**10,206,226**	**10,206,226**
Movements for the year ended 31 March 2020		
Amortisation	(3,573,992)	**(3,573,992)**
Intangible assets at end of period	**6,632,234**	**6,632,234**
Closing balance at 31 March 2020		
At cost	21,759,644	**21,759,644**
Accumulated amortisation	(15,127,410)	**(15,127,410)**
Net book value	**6,632,234**	**6,632,234**

Notes to the Financial Statements

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6. Trade and other receivables

6.1 Trade and other receivables comprise:

Trade receivables	885,994,440	872,575,437
Trade receivables impairment	(823,003,480)	(797,808,419)
Trade receivables - net	**62,990,960**	**74,767,018**
Other receivables	18,043,489	2,237,996
Prepaid expenses	1,984,058	2,210,034
Staff debtors	107,328	(239,557)
Operating lease receivables	26,950,100	39,759,221
GST receivable from Inland Revenue	253,856	253,856
GST receivables impairment	(253,856)	(253,856)
Value added tax	35,765,697	53,606,990
Other receivable impairment	(18,059,422)	(9,003,304)
Total trade and other receivables	**127,782,210**	**163,338,398**

6.2 Items included in Trade and other receivables not classified as financial instruments

Prepaid expenses	1,984,058	2,210,034
Value added tax	35,765,697	53,606,990
Operating lease receivables	26,950,100	39,759,221
Total non-financial instruments included in trade and other receivables	64,699,855	95,576,245
Total trade and other receivables excluding non-financial assets included in trade and other receivables	63,082,355	67,762,153
Total trade and other receivables	**127,782,210**	**163,338,398**

The Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in note 26.

7. Financial assets

7.1 Carrying amount of financial assets by category

	At amortised cost	Total
Year ended 31 March 2021		
Trade and other receivables excluding non-financial assets (Note 6)	63,082,355	**63,082,355**
Cash and cash equivalents (Note 9)	58,686,314	**58,686,314**
	121,768,669	**121,768,669**

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Notes to the Financial Statements

Figures in N$	2021	2020

Financial assets continued...

	At amortised cost	Total
Year ended 31 March 2020		
Trade and other receivables excluding non-financial assets (Note 6)	67,762,153	**67,762,153**
Cash and cash equivalents (Note 9)	250,697,188	**250,697,188**
	318,459,341	**318,459,341**

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Except as noted above, the carrying values of financial instruments are a reasonable approximation of their fair values.

7.2 Fair value hierarchy

	Level 1
Year ended 31 March 2021	
Cash and cash equivalents (Note 9)	58,686,314
Year ended 31 March 2020	
Cash and cash equivalents (Note 9)	250,697,188

7.3 Transfers between hierachy level

There have been no transfers between the fair value hierarchy level (2020: no transfers).

8. Deferred tax

Deferred taxes are calculated on all temporary differences under the Balance sheet method using a principal tax rate of 32% (2020: 32%).

Notes to the Financial Statements

Figures in N$	2021	2020
Deferred tax continued...		
The movement on the deferred tax account is as follows:		
At the beginning of the year	282,191,372	314,557,033
Movements attributable to:		
- Temporary diferrences	(102,640,410)	(29,089,470)
- Prior year under provision	(1,970,436)	(3,276,191)
At the end of the year	**177,580,526**	**282,191,372**
The deferred tax liabilities / (assets) can be analysed as follows:		
Capital allowances	523,533,583	521,450,536
Operating leases	8,624,032	12,722,951
Prepaid expenses	634,899	707,211
Income received in advance	(1,585,009)	(1,200,952)
Tax losses	(353,626,979)	(251,488,374)
	177,580,526	**282,191,372**

9. Cash and cash equivalents

9.1 Accounting policies

9.2 Cash and cash equivalents comprise:

	2021	2020
Cash		
Cash on hand	54,203	51,203
Balances with banks	20,045,695	3,551,952
Total cash	**20,099,898**	**3,603,155**
Cash equivalents		
Short term investments	38,586,416	247,094,033
Total cash equivalents	**38,586,416**	**247,094,033**
Total cash and cash equivalents included in current assets	**58,686,314**	**250,697,188**
Net cash and cash equivalents	**58,686,314**	**250,697,188**

The Company's exposure to credit and currency risks related to cash and cash equivalents is disclosed in note 26.

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Figures in N$	2021	2020
10. Issued capital		
Authorised and issued share capital		
Authorised		
90,000,000 Ordinary shares of N$1 each	90,000,000	90,000,000
10,000,000 Preference shares of N$1 each	10,000,000	10,000,000
	100,000,000	**100,000,000**
Issued		
1 Ordinary share of N$1 each	1	1
	1	**1**
Share premium	39,087,180	39,087,180
	39,087,181	**39,087,181**

11. Trade and other payables

11.1 Accounting policies

11.2 Trade and other payables comprise:

	2021	2020
Trade payables	38,073,319	31,755,847
Rental income received in advance	4,953,150	3,752,976
Rental deposits	4,593,802	4,160,996
Accrued expenses and sundry payables	3,647,813	3,998,910
Penalties and interest accrued	-	1,191,807
Contract retention	18,491,072	14,403,777
Provision for bonuses	11,988,384	1,772,840
Provision for leave pay	28,304,948	25,565,919
Total trade and other payables	**110,052,488**	**86,603,072**

11.3 Items included in trade and other payables not classified as financial liabilities

	2021	2020
Rental income received in advance	4,953,150	3,752,976
Penalties and interest accrued	-	1,191,807
Contract retention	18,491,072	14,403,777
Provision for bonuses	11,988,384	1,772,840
Provision for leave pay	28,304,948	25,565,919
Total non-financial liabilities included in trade and other payables	63,737,554	46,687,319
Total trade and other payables excluding non-financial liabilities included in trade and other payables	46,314,934	39,915,753
Total trade and other payables	**110,052,488**	**86,603,072**

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Notes to the Financial Statements

Figures in N$	2021	2020

12. Financial liabilities

Carrying amount of financial liabilities by category

	At amortised cost	Total
Year ended 31 March 2021		
Trade and other payables excluding non-financial liabilities (Note 11)	46,314,934	**46,314,934**
Year ended 31 March 2020		
Trade and other payables excluding non-financial liabilities (Note 11)	39,915,753	**39,915,753**

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

13. Lease liabilities

13.1 Lease liabilities comprise:

	2021	2020
Lease obligation Office space at Sanlam centre is leased from Sannamib Investment (Pty) Ltd.	8,340,713	-
	8,340,713	**-**
Non-current liabilities	4,154,500	-
Current liabilities	4,186,213	-
	8,340,713	**-**

13.2 Amounts recognised in the statement of financial position

	2021	2020
Right-of-use assets		
Buildings	8,356,664	-

Liabilities which have not been separately disclosed in lease liabilities on the face of the Statement of Financial Position

	2021	2020
Within one year	4,186,213	-
2nd to fifth year inclusive	4,154,500	-
Less: Future finance charges	(1,112,629)	-
Present Value of minimum lease payments	**7,228,084**	**-**

13.3 Amounts recognised in the statement of profit or loss and other comprehensive income

	2021	2020
Depreciation		
Buildings	4,178,332	-
Interest on lease liability	123,790	-

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Figures in N$	2021	2020

14. Deferred income

14.1 Accounting policies

14.2 Deferred income comprise:

Balance at the beginning of the year	**1,196,516,384**	**1,149,642,211**
Amount received during the year:	67,977,573	115,000,000
-Funds received	46,786,000	115,000,000
-Grant received by virtue of projects undertaken by Ministry of Works and Transport	21,191,573	-
Recognised in profit or loss	(59,777,728)	(68,125,827)
	1,204,716,229	**1,196,516,384**
Non-current liabilities	1,144,938,501	1,128,390,557
Current liabilities	59,777,728	68,125,827
	1,204,716,229	**1,196,516,384**

15. Revenue

Revenue comprises:

Passenger fees	25,020,848	231,943,143
Landing fees	8,013,310	45,686,921
Aircraft parking fees	5,055,487	4,123,806
After hours operations	518,513	791,417
Aviation security charges	5,562,149	46,724,474
Total revenue	**44,170,307**	**329,269,761**

16. Rental income

Rental income comprises

Car rental	11,128,035	-
Premises	9,171,817	56,946,860
Turnover rental	3,187,615	8,451,141
Concession and throughput - fuel	456,137	4,111,053
Advertising revenue	4,254,328	6,416,364
Motor Vehicle Parking fees	2,840,985	11,053,999
Handling fees	1,377,754	4,476,801
	32,416,671	**91,456,218**

Rental income are disclosed and presented separately from revenue for better presentation to the users based on the nature of the income. Car rental income amount for the 2020 financial year was included as part of Premises rental income amount disclosed of N$ 56,946,860.

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Figures in N$	2021	2020
17. Other operating income		
Other operating income comprises:		
Sundry income	4,486,892	8,318,036
Water and electricity recoveries	5,938,508	8,690,781
Government grants received	106,238,728	68,125,827
Total other income	**116,664,128**	**85,134,644**

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Figures in N$	2021	2020
18. Other expenses		
Other expenses comprise:		
Accounting fees	-	25,000
Advertising	404,956	340,989
Airport maintenance	12,201,229	3,158,646
Amortisation	3,502,922	3,573,757
Annual report	740,436	-
Auditor's remuneration	906,530	2,875,698
Bank charges	352,851	386,839
Board fees	1,520,501	912,811
Bursary costs	58,850	223,458
Cleaning	5,432,790	5,007,081
Computer expenses	2,712,918	7,468,235
Consulting Services	4,187,273	7,608,925
Consumables	-	213,562
Contingency	141,974	1,296,646
Debt collection	693,834	4,897,664
Depreciation	87,750,478	99,746,915
Depreciation - right of use asset	4,178,332	-
Donations	-	257,733
Electricity and water	13,332,388	16,402,560
Emergency exercises	250,276	19,950
Employee benefit expenses	177,173,398	191,689,115
Entertainment	115,785	163,285
Expected credit loss expense	46,825,335	203,063,298
Fines and penalties	(6,806)	80,437
General office supplies	44,304	139,667
Impairment	-	88,173,672
Insurance	3,244,868	4,047,629
Legal expense	4,482,695	11,507,673
Medical expense	333,178	155,931
Motor vehicle expense	7,962,994	7,646,062
Municipal charges	6,533,229	7,233,602
Other board expenses	6,580	22,450
Postage	144,774	149,255
Printing and stationery	276,134	495,617
Promotions	154,404	569,025
Protective clothing	2,763,627	1,313,519
Safety signage	84,959	-
Security	8,453,870	8,080,964
Software expenses	10,416,362	2,954,488
Staff functions	11,828	772,741
Staff welfare	170,882	446,430
Subscriptions	316,326	323,762
Telephone and internet	4,023,510	3,778,410
Training	205,819	1,497,282

Notes to the Financial Statements

Figures in N$	2021	2020
Other expenses continued...		
Travel	738,976	4,934,351
Vehicle hire	21,532	599,813
Total other expenses	**412,867,102**	**694,254,947**

Additional details as required.

19. Other gains and (losses)

Other gains comprise:

	2021	2020
Gain on disposal of assets	253,242	175,989
Gain on foreign exchange differences	751,238	3,102
Fair value gains on investments	4,436,386	8,723,927
Total other gains	**5,440,866**	**8,903,018**

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Notes to the Financial Statements

Figures in N$	2021	2020
20. Loss from operating activities		
20.1 Loss from operating activities includes the following separately disclosable items		
Operating expenses		
Property, Plant and equipment		
- depreciation	87,750,478	99,746,915
- impairment loss	-	88,852,241
- reversal of impairment loss	-	(678,569)
Right-of-use-asset		
- depreciation	4,178,332	-
Intangible assets		
- amortisation	3,502,922	3,573,757
Repairs and maintenance		
- Airport Maintenance	12,201,229	3,158,646
- Motor vehicles	7,962,994	7,646,062
Impairment of trade receivables		
- Allowance for impairment	46,825,335	203,063,298
Post-employment benefits		
- Defined contribution plans	16,425,297	16,151,760
Auditors remuneration		
- Audit fees	906,530	2,875,698
Directors emoluments (refer note 25.3)	1,520,501	912,811
Staff costs (refer note 20.2)	177,173,398	191,689,115
Consulting fees	4,187,273	7,608,925
20.2 Staff costs		
Salaries and wages	147,654,821	163,145,084
Medical aid contributions	11,189,220	9,937,298
Social security expenses	659,754	636,016
Pension costs	16,425,298	16,151,760
Workers compensation	517,832	27,039
Other staff costs	726,473	1,791,919
	177,173,398	191,689,116
Number of full time employees at the end of the year	362	398

Notes to the Financial Statements

Figures in N$	2021	2020
21. Finance income		
Finance income comprises:		
Interest on trade debtors	(368,943)	65,567,361
Bank balances	733,410	651,074
Interest received	3,580,953	5,465,339
Total finance income	**3,945,420**	**71,683,774**
22. Finance costs		
Finance costs included in profit or loss:		
Trade and other payables	6,122,624	1,042,123
23. Taxation		
23.1 Income tax recognised in profit or loss :		
Deferred tax		
Deferred tax	104,610,846	32,365,663
Total deferred tax	**104,610,846**	**32,365,663**
Total taxation	**104,610,846**	**32,365,663**
23.2 The income tax for the year can be reconciled to the accounting loss as follows:		
Loss before tax from operations	(216,352,334)	(108,849,659)
Income tax calculated at 32.0%	(69,232,747)	(34,831,891)
Tax effect of		
- Income not subject to tax	(35,416,036)	(24,591,921)
- Expenses not deductible for tax purposes	(2,178)	28,323,789
- Other tax effect (Depreciation on assets arising from GRN-run projects)	2,010,551	2,010,551
- Prior year under-provision	(1,970,436)	(3,276,191)
Tax charge	**(104,610,846)**	**(32,365,663)**

23.3 Accumulated tax loss

The company has not provided for income tax the current year as there were accumulated losses recognised that can be utilised.

	2021	2020
The accumulated loss available for set-off against future assessed profits is as follows:	1,105,084,315	785,901,175

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Figures in N$	2021	2020

24. Contingent liabilities

Contingent assets or liabilities where information is not disclosed due to disputes

In prior year, the company was defendant to various legal actions. In the opinion of management, after taking appropriate legal advice, the outcome of some actions may give rise to possible losses comprising of the amount claimed plus costs not exceeding N$ Nil (2020: N$ 257 272 922). The nature of individual cases could not be disclosed due to on-going disputes.

25. Related parties

25.1 Ownership and control

Shareholder	Government of the Republic of Namibia
Directors	Refer to Directors' Report.

25.2 Key management personnel

Key management personnel employed by the company during the year and to the date of this report were as follows:

Name	Details of tenure
Bisey /Uirab	Chief Executive Oficer
T. Sem	Executive: Commercial Services
L. Haifidi	Chief Legal Advisor
C. Faure	Executive: Strategy and Compliance
V. Ruswa	Executive: Finance and Administration employment contract ended 31 October 2022
L. Shipuata	Executive: Airport Operations
J. Soroses	Executive: Human Resources
R. !Gaoseb	Executive: Infrastructure
J. Strauss	Executive: ICT
M. Jakobs	Head: Internal Audit
I. Cupido	Company Secretary resigned on 07 September 2021
S. Dias	Executive: Finance and Administration (Designate) appointed on 01 October 2021
S. Lambert	Company Secretary appointed on 01 May 2022

Notes to the Financial Statements

Figures in N$	2021	2020
21. Finance income		
Finance income comprises:		
Interest on trade debtors	(368,943)	65,567,361
Bank balances	733,410	651,074
Interest received	3,580,953	5,465,339
Total finance income	**3,945,420**	**71,683,774**
22. Finance costs		
Finance costs included in profit or loss:		
Trade and other payables	6,122,624	1,042,123
23. Taxation		
23.1 Income tax recognised in profit or loss :		
Deferred tax		
Deferred tax	104,610,846	32,365,663
Total deferred tax	**104,610,846**	**32,365,663**
Total taxation	**104,610,846**	**32,365,663**
23.2 The income tax for the year can be reconciled to the accounting loss as follows:		
Loss before tax from operations	(216,352,334)	(108,849,659)
Income tax calculated at 32.0%	(69,232,747)	(34,831,891)
Tax effect of		
- Income not subject to tax	(35,416,036)	(24,591,921)
- Expenses not deductible for tax purposes	(2,178)	28,323,789
- Other tax effect (Depreciation on assets arising from GRN-run projects)	2,010,551	2,010,551
- Prior year under-provision	(1,970,436)	(3,276,191)
Tax charge	**(104,610,846)**	**(32,365,663)**

23.3 Accumulated tax loss

The company has not provided for income tax the current year as there were accumulated losses recognised that can be utilised.

	2021	2020
The accumulated loss available for set-off against future assessed profits is as follows:	1,105,084,315	785,901,175

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Figures in N$

Related parties continued...

25.4 Significant related party balances with government related parties	31 March 2021 N$		31 March 2020 N$	
	Amounts receivables/ (payable)	**Impairment/ Discounting**	**Amounts receivables/ (payable)**	**Impairment/ Discounting**
Air Namibia	712,148,422	(712,148,422)	708,152,101	(708,152,101)
Ministry of Agriculture, Water and Forestry	324,732	(324,732)	324,732	(324,732)
Ministry of Defence	7,262,722	(7,262,722)	7,256,386	(7,256,386)
Ministry of Environment and Tourism	3,927	(3,927)	1,346	(1,346)
Ministry of Finance	5,105,655	(5,105,655)	5,074,564	(5,074,564)
Ministry of Foreign Affairs	3,630,095	(3,630,095)	3,630,095	(3,630,095)
Ministry of Fisheries and Marine Resources	-	-	33,778	(33,778)
Ministry of Gender Equality and Child Welfare	1,564	(1,564)	1,564	(1,564)
Ministry of Health and Social Services	27,327	(27,327)	27,327	(27,327)
Ministry of Home Affairs	437,952	(437,952)	368,570	(368,570)
Ministry of Safety and Security	6,067,282	(6,067,282)	6,061,027	(6,061,027)
Ministry of Wildlife	883	(883)	883	(883)
Ministry of Works and Transport	3,739,390	(3,739,390)	3,725,891	(3,725,891)
Mobile Telecommunications (MTC)	1,914,121	-	58,527	(58,527)
Ministry of Trade and Industry	10,795	(10,795)	10,795	(10,795)
Namibia Civil Aviation Authority	15,367,377	(15,367,377)	15,365,778	(15,365,778)
Namibia Post Limited	-	-	22,066	-
Nampower (Proprietary) Limited	96.74.11	-	407	-
Namdeb Diamond Corporation	13,989	-	22,502	-
NAMCOR Petroleum Trading and Distribution	242,851	-	312,337	-
Namibian Police Headquarters	2,260,211	(2,260,211)	2,042,217	(2,042,217)
Namibia Post and Telecom Holdings	4,453	-	4,453	-
Telecom Namibia Limited	72,841	-	115,290	-
Air Namibia	(28,661)	-	(28,661)	-
Nampower (Proprietary) Limited	(2,215,782)	-	(838,585)	-
Telecom Namibia Limited	(878,431)	-	(332,044)	-
Namibia Civil Aviation Authority	(10,000)	-	(68,376) -	-
Namibia Post Limited	(16,196)	-	(21,543)	-
Namibia Water Corporation	(616,411)	-	(280,333)	-
Walvis Bay Municipality	(14,376)	-	(140,284)	-
Nored Electricity	(337,791)	-	-	-
Ondangwa Town Council	(178,805)	-	(59,133)	-
Keetmanshoop Municipality	(16,056)	-	(26,518)	-
Luderitz Municipality	-	-	(2,382)	-
Road Fund Administration	(23,370)	-	(17,670)	-
New Era Publication corporation	(83,484)	-	(26,686)	-
Social Security Commission	(230,943)	-	(162)	-

Notes to the Financial Statements

Figures in N$	2021		2020	

Related parties continued...

25.5 Significant related party transactions with government related parties	Revenue	Purchases	Revenue	Purchases
Air Namibia	16,030,562	-	197,261,244	(35,150)
Ministry of Agriculture, Water and Forestry	-	-	2,283	-
Ministry of Defence	6,337	-	358,338	-
Ministry of Environment and Tourism	2,581		504	
Ministry of Finance	354,586	-	478,292	-
Ministry of Fisheries and Marine Resources	-	-	7,054	-
Ministry of Foreign Affairs	-	-	1,161	-
Ministry of Health and Social Services	-	-	6,021	-
Ministry of Home Affairs	72,927	-	122,890	-
Ministry of Safety and Security	6,255	-	376,481	-
Ministry of Trade and Industry	-	-	1,208	-
Ministry of Works and Transport	21,587	-	55,493	-
Mobile Telecommunications (MTC)	1,059,277	-	583,686	-
NAMCOR Petroleum Trading and Distribution	1,134,486	-	1,263,575	-
Namibia Civil Aviation Authority	13,845	(77,550)	105,999	(68,376)
Namdeb Diamond Corporation (Pty) Ltd	42,180	-	28,981	-
Nampost Courier Services	-	(166,013)	2,489	(133,187)
Nampower (Proprietary) Limited	176,494	(8,261,371)	69,100	(12,245,501)
Telecom Namibia Limited	386,673	(3,708,635)	429,337	(4,385,445)
Namibia Water Corporation	-	(2,877,545)	-	(2,923,585)
New Era Publications Corporation	-	(270,163)	-	(158,674)
City of Windhoek	-	(3,959,125)	-	(4,263,097)
Erongo Regional Electricity Distribution (ErongoRED)	-	(2,026,698)	-	(2,499,993)
Keetmanshoop Municipality	-	(96,361)	-	(86,113)
Luderitz Municipality	-	(35,775)	-	(46,240)
Walvis Bay Municipality	-	(54,470)	-	(60,973)
Nored Electricity	-	(2,206,108)	-	(2,486,855)
Ondangwa Town Council	-	(730,470)	-	(646,988)
Windhoek Country Club	-	-	-	-
Road Fund Administration	-	(170,550)	-	(147,978)
Social Security Commision	-	(1,210,028)	-	(684,287)

Notes to the Financial Statements

Figures in N$

26. Financial risk management

26.1 Capital risk management

26.1.1 Cash flow and fair value interest rate risk

Exposure

The company does not have any long-term borrowings with variable interest rates from which interest rate risk may arise.

Sensitivity

Profit or loss and other components of equity are sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	Impact on post tax profit		Impact on other components of equity	
	2021	**2020**	**2021**	**2020**
Interest rates – increase by 100 basis points (100 bps) *	586,863	2,506,972	586,863	2,506,972
Interest rates – decrease by 100 basis points (100 bps) *	(586,863)	(2,506,972)	(586,863)	(2,506,972)

* Holding all other variables constant

26.1.2 Price risk

Exposure

The company has no exposure to price risk due to the fact that it does not have any investments in equity securities.

Notes to the Financial Statements

Figures in N$	2021	2020

Financial risk management continued...

26.2 Credit risk

The company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and in some cases, country in which customers operate.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Trade and other receivables	63,082,355	67,762,153
Cash and cash equivalents	58,686,314	250,697,188
	121,768,669	**318,459,341**

The maximum exposure to credit risk for financial assets at the reporting date by type of counterpart was:

The company's largest customer, Air Namibia, accounts for N$ 712 million of trade and other receivables as at 31 March 2021 (31 March 2020: N$ 708 million). The balances outstanding from Air Namibia have been fully impaired at 31 March 2021 as well as at 31 March 2020.

The funds the company invested with are as follows:

Capricorn corporate fund	17,854,415	67,714,719
First National Bank of Namibia corporate fund	453,052	49,461,307
Sanlam Namibia Active fund	5,269,288	47,253,147
Old Mutual - Nedbank Namibia Corporate fund	13,248,331	47,000,787
NAM Coronation Money Market Fund	1,746,742	45,649,879
	38,571,827	**257,079,839**

The company only invested with major banks and financial institutions with high quality credit standing and its investment policy limits exposure to any one counter-party.

The movement in the allowance for impairment and discounting in respect of loans and receivables during the year was as follows:

Opening Balance	807,065,579	608,575,415
Impairment and discounting for the trade receivable allowance	806,811,723	608,321,559
GST receivable from the Receiver of Revenue	253,856	253,856
Expected Credit Losses/ Impairment loss recognised	34,251,179	198,490,164
Impairment allowance	43,406,753	191,828,091
Bad debt written off	(9,155,574)	-
Provision for uncollectible VAT balance	-	6,662,073
Closing Balance	**841,316,758**	**807,065,579**

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Financial risk management continued...		
The closing balance comprise the following:		
Impairment and discounting for the trade receivable allowance	841,062,902	800,149,650
Receivable from the Receiver of Revenue	253,856	6,915,929

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Financial risk management continued...

26.2.1 Impairment of financial assets

The company has three types of financial assets that are subject to the expected credit loss model:

- trade receivables from the provision of services
- Operating lease receivables
- Other financial assets held at amortised costs.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. The details of the impairment loss are detailed below under other financial assets at amortized cost.

The ageing of trade receivables and allowance for impairment losses at the reporting date are as follows:

		31 March 2021 N$		31 March 2020 N$	
	Average Loss Rate	Gross Amount	Expected Credit Losses	Gross Amount	Impairment
Current	15%	13,040,579	1,926,739	19,742,673	7,569,286
1-30 days	24%	14,422,183	3,484,432	51,912,782	34,851,380
31-60 days	57%	4,535,435	2,584,002	2,311,314	1,139,450
61-90 days	28%	3,177,953	905,120	22,266,406	18,668,130
91-180 days	49%	9,781,639	4,831,144	63,290,488	59,307,939
181 plus days	96%	841,036,651	809,272,044	713,051,774	676,272,234
		885,994,440	**823,003,481**	**872,575,437**	**797,808,419**

	31 March 2021 N$	31 March 2020 N$
Past due but not impaired		
Past due 31-60 days	1,951,433	1,171,864
Past due 61-90 days	2,272,833	3,598,276
Past due 91-180 days	4,950,495	3,982,549
Past due for more than plus days	31,764,607	36,779,540
	40,939,368	**45,532,229**

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the company, and a failure to make contractual payments for a period of greater than 180 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Debt investments

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Financial risk management continued...

All of the entity's debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for short-term investments to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Other financial assets at amortised cost

Other financial assets at amortised cost include short-term investments (previously held-to-maturity), staff loans and other receivables.

The loss allowance for other financial assets at amortised cost as at year end reconciles to the opening loss allowance for each year as follows:

31 March 2021	**Cash and cash equivalents**	**Other receivables**	**Total**
Opening loss allowance	105,715	2,235,516	2,341,231
Increase / (decrease) in the allowance recognised in profit or loss during the year	(87,302)	15,805,493	15,718,191
Closing loss allowance	18,413	18,041,009	18,059,422

31 March 2020	**Cash and cash equivalents**	**Other receivables**	**Total**
Opening loss allowance	79,084	2,212,453	2,291,537
Increase in the allowance recognised in profit or loss during the year	26,631	23,063	49,694
Closing loss allowance	105,715	2,235,516	2,341,231

26.2.2 Net impairment losses on financial and contract assets recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired financial assets:

	2021	2020
Impairment losses		
- Adjustment for impairment of trade receivables per IFRS 9	31,107,144	196,354,531
Provision for uncollectable VAT balance	-	6,659,073
Impairment losses on short-term investments	(87,302)	26,631
Impairment losses on other financial assets	15,805,493	23,063
Net impairment losses on financial and contract assets	46,825,335	203,063,298

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Financial risk management continued...

26.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the group held deposits at call of N$38,571,827 (2020: N$257,079,839) that are expected to readily generate cash inflows for managing liquidity risk. At the end of the reporting period, the company does not have any credit commitments.

Management monitors rolling forecasts of the company's liquidity reserve and cash and cash equivalents (note 9) on the basis of expected cash flows.

26.3.1 Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Total contractual cash flows	Carrying amount
Year ended 31 March 2021					
Non-derivatives					
Trade and other payables excluding non-financial liabilities (Note 11)	46,314,934	-	-	**46,314,934**	**46,314,934**
Lease liabilities (Note 13)	-	4,186,213	4,154,500	**8,340,713**	**8,340,713**
Total non-derivatives	**46,314,934**	**4,186,213**	**4,154,500**	**54,655,647**	**54,655,647**
Year ended 31 March 2020					
Non-derivatives					
Trade and other payables excluding non-financial liabilities (Note 11)	39,915,753	-	-	**39,915,753**	**39,915,753**

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27. Cash flows from operating activities		
Loss before tax	**(216,352,334)**	**(108,849,659)**
Adjustments for:		
Finance income	(3,945,420)	(71,683,774)
Finance costs	6,122,624	1,042,123
Depreciation and amortisation expense	95,431,732	103,320,672
Impairment loss realised in profit or loss	46,825,335	-
Income recognised from government grants	(59,777,728)	(68,125,827)
Impairment loss	-	88,173,672
Gains on disposal of non-current assets	(253,242)	(175,989)
Income tax penalties paid	-	-
Change in operating assets and liabilities:		
Change in trade and other receivables	(35,556,188)	46,883,568
Change in trade and other payables	23,449,416	7,452,029
Adjustments for provisions for receivable	(5,624,445)	-
Net cash flows from operations	**(149,680,250)**	**(1,963,185)**

28. Commitments

Capital commitments

Major capital expenditure contracted for at the reporting date, but not recognized in the financial statements amounts to Nil (2020: Nil). At year end the value of capital expenditure approved by the Board of Directors amounts to N$411,468,384 (2020: N$289,351,300). The capital expenditure are financed from working capital generated within the Company and from financing activities and government subsidies as declared by the government from time to time.

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29. Leases

29.1 As a lessor

Operating leases

The company generates revenues by leasing facilities across all its airports to customers. Rentals generated from these arrangements are recognised in profit or loss and are treated as operating leases. Adoption of IFRS 16 - Leases has not resulted in any changes in recognition and measurement in respect of all leases held.

Operating lease income	32,416,671	91,456,218

29.2 Operating lease payments

The future minimum lease payments under non-cancellable operating leases are as follows:

Total	29,449,131	26,950,100
Later than 1 year and not later than 5 years	(28,764,433)	(22,363,493)
After 5 years	(684,698)	(4,586,607)
	-	-

29.2 As a lessee

Amounts recognised in profit or loss	31 March 2021	31 March 2020
Expenses relating to short-term leases	-	4,961,378
Expenses relating to leases of low-value assets	1,455,512	2,404,069
	1,455,512	**7,365,447**

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30. Prior period errors

Non transfer polymer fence from Work in Progress

A detailed review of the working in progress for year ended 31 March 2021 revealed a material error in the non transferring polymer fencing constructed at Walvis Bay and Luderitz Airports when construction was completed and the fences were ready for use as intended by management during the 2017 financial year. The impact of the error was the overstatement of property, plant and equipment (through the understatement of depreciation of the fences), overstatement of retained income (through the understatement of the depreciation of the fences and related deferred tax expense) and the overstatement of the deferred tax liability. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the company's financial statements.

Impact Correction of Prior Period Errors

The impact on each line item of the financial statements is disclosed below:

Effect on Statement of Financial Position	**As previously reported N$**	**Adjustments N$**	**As restated N$**
31 March 2020			
Property, Plant and Equipment	**2,330,595,421**	**11,529,322**	**2,319,066,099**
Deferred taxation	(285,880,755)	3,689,383	(282,191,372)
Retained earnings	(1,143,175,849)	7,839,939	(1,135,335,910)
Statement of Profit or Loss and Other Comprehensive Income (Extract)			
For the year ended 31 March 2020			
Depreciation	96,311,490	3,435,425	99,746,915
Loss before tax	**(105,414,232)**	**(3,435,425)**	**(108,849,657)**
Taxation	31,266,327	1,099,335	32,365,662
Loss for the period	**(74,147,905)**	**(2,336,090)**	**(76,483,995)**
Profit for the period	(74,147,905)	(2,336,090)	(76,483,995)
Other comprehensive income for the period	-	-	-
Total comprehensive income	**(74,147,905)**	**(2,336,090)**	**(76,483,995)**
Effect on Statement of Financial Position			
31 March 2019			
Property, Plant and Equipment	**2,432,296,581**	**8,093,897**	**2,424,202,684**
Deferred taxation	(317,147,080)	2,590,047	(314,557,033)

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Prior period errors continued...

Retained earnings	(1,217,323,754)	5,503,854	(1,211,819,900)

Statement of Profit or Loss and Other Comprehensive Income (Extract)

For the year ended 31 March 2019

Depreciation	103,463,110	8,093,906	111,557,016
	-	-	-
Loss before tax	**(65,777,599)**	**(8,093,906)**	**(73,871,505)**
Taxation	43,246,306	2,590,047	45,836,353
Loss for the period	**(22,531,293)**	**(5,503,859)**	**(28,035,152)**
Profit for the period	(22,531,293)	(5,503,859)	(28,035,152)
Other comprehensive income for the period	**-**	**-**	-
Total comprehensive income	**(22,531,293)**	**(5,503,859)**	**(28,035,152)**

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