2021/22

ANNUAL REPORT

NAMIBIA AIRPORTS COMPANY

NAMIBIA AIRPORTS COMPANY

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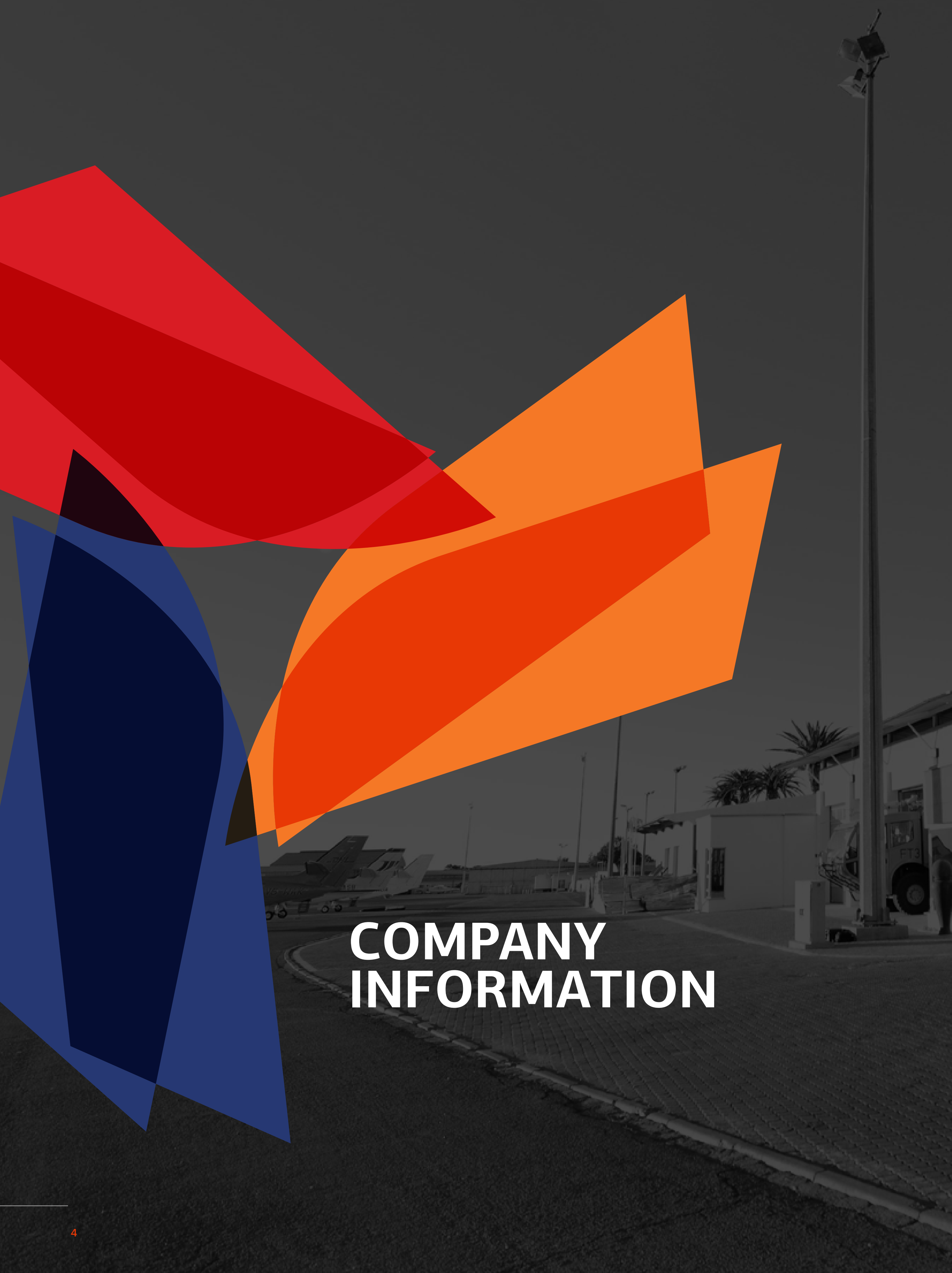


COMPANY INFORMATION

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 relevant activity at any aerodrome normally related to the functioning of an aerodrome".

The airports under the NAC mandate are:

1. Hosea Kutako International Airport (Windhoek)
2. Eros Airport (Windhoek)
3. Walvis Bay International Airport (Walvis Bay)
4. Andimba Toivo ya Toivo Airport (Ondangwa)
5. Rundu Airport (Rundu)
6. Katima Mulilo Airport (Katima Mulilo)
7. Keetmanshoop Airport (Keetmanshoop)
8. Lüderitz Airport (Lüderitz)

OUR STRATEGIC MAP

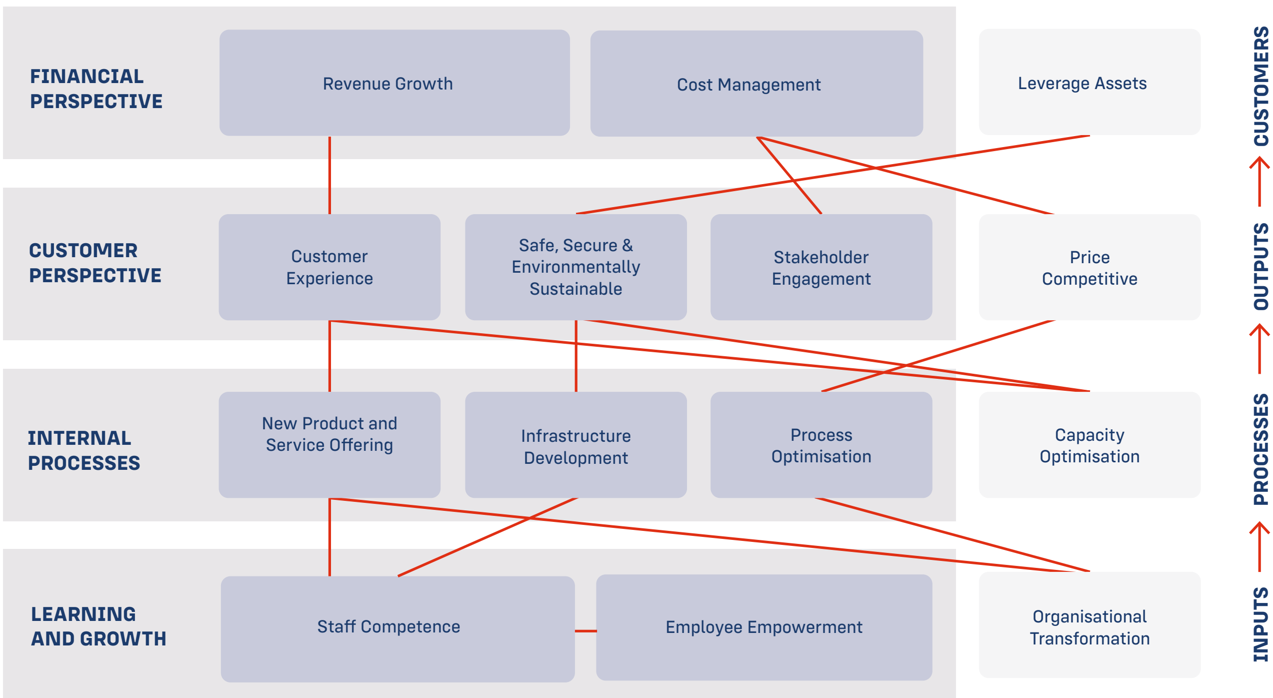
OUR STRATEGIC MAP

MISSION

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

VISION

Prime services provider in airport operations and management



OUR STRATEGIC THEMES

OUR STRATEGIC THEMES

To be a prime service provider in airport operations and management

To develop, manage, and operate safe and secure airports on sound business principles with due consideration to our stakeholders' interest

STRATEGIC THEME 1	STRATEGIC THEME 2	STRATEGIC THEME 3	STRATEGIC THEME 4
Financial Sustainability	Customer Centric	Quality Infrastructure	Organisational Transfomation

PROFESSIONAL | AGILE | VIGILANT | EVOLVING

STRATEGIC THEME 1
Financial Sustainability

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

STRATEGIC THEME 2
Customer Centric

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

STRATEGIC THEME 3
Quality Infrastructure

1. Capacity and Infrastructure Optimisation
2. Process Optimisation

STRATEGIC THEME 4
Organisational Transformation

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

NAC VALUES

NAC VALUES

The themes and objectives of 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, and environmental sustainability

Evolving | continuous improvement

MESSAGE FROM THE BOARD CHAIRPERSON

MESSAGE FROM THE BOARD CHAIRPERSON

I am pleased to share with you the state of affairs at Namibia Airports Company for the financial year 2021 / 22.

The onset and lingering presence of Covid-19 in the world and especially within the region has underscored the importance of national and regional aviation to our overall economic recovery post-pandemic. The outlook for the aviation sector remains materially uncertain due to the effects of the pandemic as the effects and subsequent mitigation measures will be structural in nature. It is anticipated that the global disruption and its effects will continue until at least the end of the calendar year 2022.

Our commitment at NAC is to champion the narrative towards the transformation of the industry and to position it as a driver for a thriving Namibian economy. In that vein, we are engaging our government to see how we can improve our infrastructure and service at our airports. This includes the apron and taxiways at Hosea Kutako International Airport and Andimba Toivo Ya Toivo Airport, respectively, as well as developing new terminal buildings at Katima Mulilo and Rundu Airports. These investments will indeed spur connectivity to our country.

It is our considered vision to assist Namibians to become a 'flying' country where air travel is ubiquitous, affordable, and frequent. To this end, we continue to invest in our regional airport infrastructure to provide seamless, safe, and secure connectivity both with the country and regionally.

Air connectivity is an integral part of the value chain required to promote air transport and economic development. Namibia has increased connectivity into the European market and direct connectivity is also available to the Middle East and East Africa; however, intra-Africa connectivity remains largely closed.

This is due to the protection of national carriers (in the African region) so that competition is restricted. Airlines approach governments on a bilateral basis to conclude air service agreements with destination countries. It is a cumbersome process and poses limitations for air transport.

Namibia is a signatory to the Yamoussoukro Decision (YD) that is advocating the liberalization of open skies within Africa. The advent of giant carriers at our flagship airport since September 2016 on the Namibian scene is a clear demonstration of Namibia's effort to liberalize its skies.

Our commitment at NAC is to champion the narrative towards the transformation of the industry and to position it as a driver for a thriving Namibian economy.

As a board, our key focus this year was to maintain resilience in the face of regional and international challenges. We experienced the sad loss of two outstanding directors, Mr. Rudolph Rittmann, and Adv. Irene Visser during this year, whilst welcoming three new Board members in, Mr. Lucien Mouton, Ms. Carol Williams, and Mr. Ferdinand Nghiyolwa.

I wish to thank Ms. Elize Petersen (Deputy Chairperson) and Mr. Matthew //Gowaseb for providing continuity and institutional knowledge during this time of transition of Board members and supporting the management and staff during this difficult time.

Our Shareholder deserves a special mention in providing financial support in specific areas to ensure we maintain our levels of international compliance and secure operations.

Finally, we acknowledge the exceptional leadership, vision, and steadfastness of our CEO, Mr. Bisey /Uirab who has guided the organisation through this time to ensure that the upswing in operations will provide immediate benefits to Namibians.

Dr Leake Hangala
Chairperson

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The period under review reflects the gradual return to normal operations after the restrictions imposed by the Covid-19 pandemic.

The precipitous decline of passenger traffic was arrested and the first positive improvements in volumes – both passenger and flight were recorded. Volume for the financial year 2021/22, however, only recovered to 37% of pre-Covid traffic. This would – in subsequent reporting periods – continue to improve to around 63%.

REVENUE (N$ MILLION)

	2020	2021	2022	Change
Aeronautical revenue	329.3	44.2	126.1	185.5%
Non-aeronautical revenue	91.5	32.4	66.7	106.0%
	420.8	**76.6**	**192.8**	**151.7%**

OPERATING EXPENSES (N$ MILLION)

	2019/2020	2020/2021	2021/2022
Aeronautical revenue	191.7	177.2	161.8
Maintenance and repairs	10.8	20.2	11.8
Administrative costs	97.2	73.3	62.2
Expected credit losses	203.0	46.8	9.3
Depreciation, impairment, and amortization	191.5	95.4	159.8
	694.2	**412.9**	**404.9**

KEY PROFITABILITY RATIOS

	2019/2020	2020/2021	2021/2022
EBITDA	2%	-60%	4%
Operating Profit Percentage	-34.9%	-107.8%	-58.8%
Net profit percentage	-14.9%	-56.2%	-36.7%

FLIGHT ACTIVITY

	2020	2021	2022	Change
Passenger movements	1 165 592	178 038	429 745	141%
Aircraft movements	60 288	23 735	35 447	49%

Financial performance for the company remained below Pre-COVID-19 levels due to the continued effects of the pandemic. In response, management undertook a very deliberate cost containment exercise which saw the operating costs of the company being reduced considerably to respond to the available cash flows.

Financial performance for the company remained below Pre-COVID-19 levels due to the continued effects of the pandemic. In response, management undertook a very deliberate cost containment exercise which saw the operating costs of the company being reduced considerably to respond to the available cash flows.

Considerable efforts to obtain funding for key capital investments were made and this resulted in the securing of a N$143 million facility from RMB. During this period, management continued to make efforts to attract airlines back to the Namibian airspace in partnership with the Government and other stakeholders.

During the period under review, management's efforts continued to focus on ensuring that the company is ready for the licensing of all the airports in the coming financial year. In addition to this, engagements with key stakeholders aimed at resuscitating the aviation industry were ramped up.

From a financial standpoint, managing costs and improving cash inflows remained management's top priorities. This culminated in the appointment of debt collectors who effectively commenced work in March 2022.

Furthermore, the culture change and organisational transformation project was commenced during the period and initial engagements at leadership and middle management levels were concluded in February 2022. Also, during this period, the implementation of the performance management system was ramped up. This process had failed to fully take effect in the past few years, but positive signs point towards full implementation at all levels by the end of 2022.

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 continued to maintain the interim aerodrome certificates and licenses for category A and C airports during the period under review. The certificates and licenses are issued in accordance with NAMCARs 139.03.16 and 139.04.16 respectively where Hosea Kutako International Airport and Walvis Bay International Airport are CAT A airports whilst Andimba Toivo ya Toivo Airport, Eros Airport, Katima Mulilo Airport, Rundu Airport, Keetmanshoop Airport and Lüderitz Airport are CAT C airports.

The material infrastructure project completed during the year under review was the "Hosea Kutako Congestion Alleviation Project" which will alleviate the congestion challenges in the terminal building within the short term. It is designed to handle passenger movements up until 2030. Infrastructure development in the immediate future will be focussed on refurbishing Andimba Toivo ya Toivo apron/taxiway and Katima Mulilo Airport runway rehabilitation.

I would like to thank our Chairperson, the Board of Directors and all our staff for their support during this period as we prepare for an upswing in our activities.

Bisey /Uirab
Chief Executive Officer

CORPORATE GOVERNANCE AND RISK MANAGEMENT FRAMEWORK

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 it 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 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 are separate and distinct. The current number and stature of independent directors serving on the Board ensures 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.

The members are listed in the table 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

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 for its operations every quarter:

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 are in compliance 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 maintain effective working relationships with the Board of Directors, management, the internal auditor(s), and external auditor(s).

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.

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 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 finalizing 2021/2022.

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 Sep 2021)

Ms Stellina Lambert
Company Secretary
(Appointed May 2022)

Mr Verengai Ruswa
Executive
Finance and Administration

Mr Socrates Dias
Executive
Finance and Administration
(designate)

Ms Mona-Lisa Jakobs
Head
Internal Audit

Mr Justin Strauss
Executive
Information and Communication
Technology

Mr Ralph !Gaoseb
Executive
Infrastructure Development &
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

OUR FINANCIAL OVERVIEW

Revenues

NAC anticipated revenue (aeronautical and non-aeronautical) of N$ 392.92 million for the year; however, it only recorded revenue of N$192.89 million, translating to 50.93% below budget. An improvement of 34.5% is reported when compared to the prior financial year.

Revenue (N$ million)

	2020/2021	2021/2022
Aeronautical revenue	44.2	126.1
Non-aeronautical revenue	50.2	68.9
	94.4	**194.92**

Aeronautical Revenue (N$ 126.1 million) – increased by N$ 81.9 million translating to a 185% increase from N$ 44.2 million recorded in the prior financial year. However, this revenue is significantly below budget, with YTD budget figures standing at N$ 192.8 million.

Non-aeronautical revenue (N$ 66.7 million) – increased by N$ 34.3 million from N$32.4 million recorded during the prior financial year. A significant portion of the increase is attributed to an increase in rental and lease to tenants, which increased from N$ 9.2 million in the prior year to N$32.4 million during the current financial year. Motor vehicle parking fees increased from N$2.8 million in the prior year to N$5.3 million during the current year and Handling fees which increased from N$1.4 million in the prior year to N$5.3 million in the current financial year.

Other operating income (N$ 66.7 million) – decreased by N$59.4million compared to the prior financial year. The decrease is mainly due to a significant reduction in the government grant, from N$115 recorded in the previous financial year to N$70.12 million during the current financial year.

Other income excluding the grant amortisation amounts to N$ 7.5 million, of which N$ 4 million relates to the proceeds from the sale of assets auctioned internally during October 2021 / November 2021. As a result, other income excluding government grants increased from N$ 5.5 million recorded during 2021 to N$ 7.5 million in 2022.

Profitability

During the 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 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 in 2021, to 429,745 in the current financial year

Through various cost containment initiatives and prudent spending, the NAC saw operational expenditures decrease by N$57.7 million, from N$303.7 million expenditure recorded in the 2021 financial year, to N$246.04 million recorded in the current financial year. Cost containment continues to remain a priority, focused on reducing wastage and addressing areas of revenue leakages. Resultantly, the increase in passenger movements, cause an increase in the overall revenue of NAC, and the cost containment efforts resulted in a reduction in expenditure. The NAC, therefore, reported a significantly reduced operational loss, from N$109.9 million reported in 2021 to a mere N$30.1 million during the current financial year.

Operating expenditure

Operating costs decreased over the period under review, resulting in cost savings of 18% compared to the budget and 2.5% compared to the prior financial year. Furthermore, maintenance costs a cost are recorded at a mere 21% of the budget at N$6.77 million and decreased 64% from N$ 18.6 million when compared to the prior year. Administrative costs stood at 56% of the budget and were slightly reduced by N$4.62 million from N$73 million recorded in the prior year. Therefore, the above shreds of evidence the various cost-containment measures implemented to ensure NAC maintains its operations amidst the negative impact of the Covid pandemic for the current financial year.

Key profitability ratios

	2020/2021	2021/2022
EBITDA	-60%	4%
Operating Profit Percentage	-107.8%	-58.8%
Net profit percentage	-56.2%	-36.7%

Funding and cash reserves

The company`s cash flow position remains constrained, and management continuously monitors the cash flow position.

A loan of N$ 143 million was sourced to fund various capital expenditures during the financial year under review. RMB Namibia approved the loan, a First National Bank of Namibia Ltd division. The loan agreement provides that the interest is payable quarterly, with the first payment paid in November 2021, while the capital is expected annually.

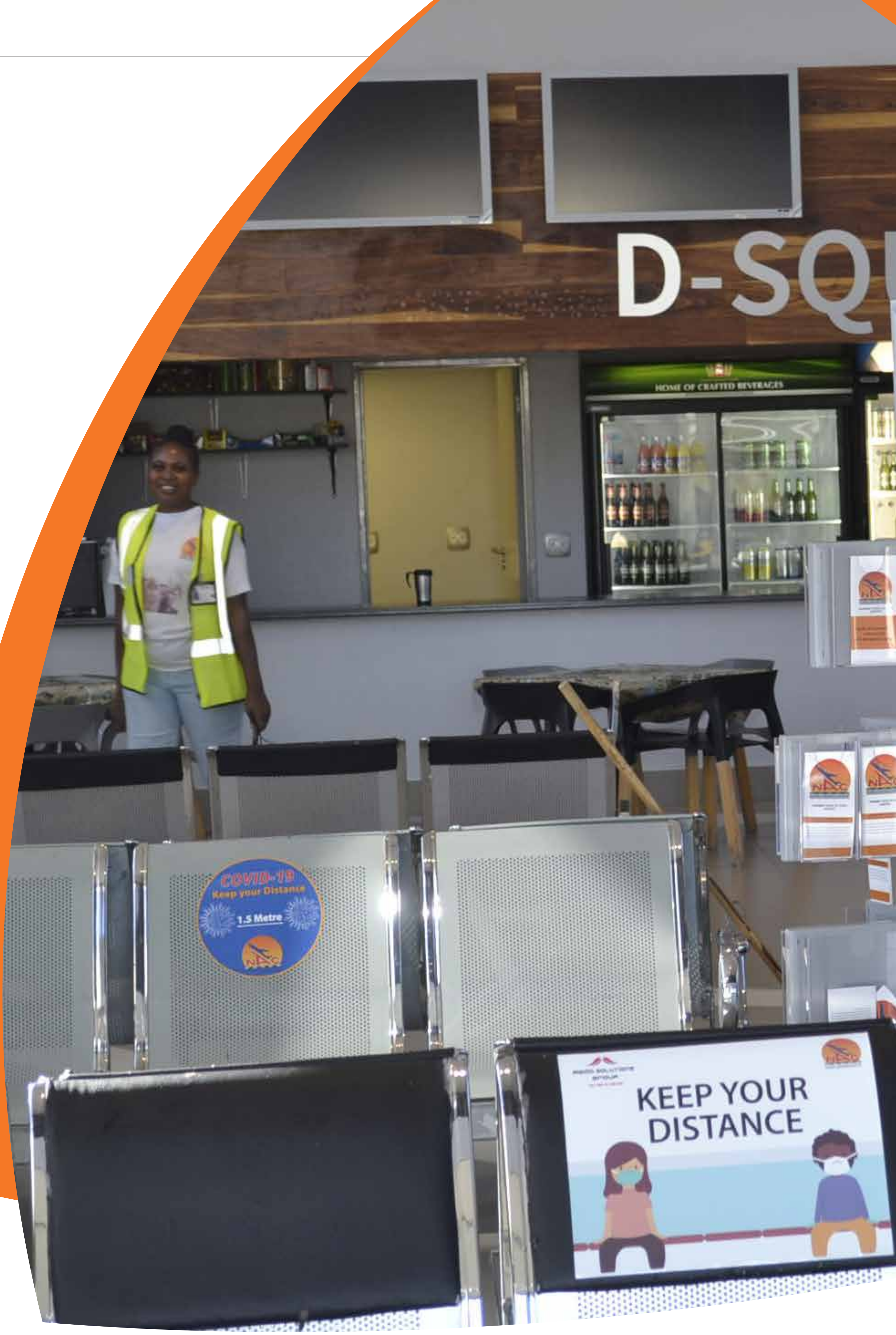
Part of the loan amounting to N$ 39.9 million as of August 2021 was removed from the loan to fund operational expenditures related to money that NAC paid from its reserves for the HKIA project.

Collections and quality of receivables

The ageing on 31 March 2022 indicates a balance of N$908 million from customers. The receivables age analysis includes Air Namibia (N$714 million) and SA Express (N$13.8

These two airlines have since been placed under liquidation.

However, the recoverability of debt remains of concern, particularly regarding the N$122.7 million outstanding for more than 180 days (over six months). The enlisting of the services of a debt collector is expected to reduce these outstanding amounts significantly.


HOME OF CRAFTED BEVERAGES
COVID-19
Keep your Distance
1.5 Metre
KEEP YOUR DISTANCE

ORGANISATIONAL AND COMMERCIAL PERFORMANCE

ORGANISATIONAL AND COMMERCIAL PERFORMANCE

Safe and Secure Airports

Air transport is key to national and global economic development through the facilitation of connectivity and the flow of goods, people, capital, and technology. Consistent with world airports, the recovery of air traffic in Namibia over the review period has rather been slow due to international travel restrictions following the Covid-19 pandemic.

Major airlines such as Eurowings, Ethiopian Airways, Airlink, Flywestair – rebranded as FlyNamibia and TAAG Angola Airlines continued to have flight operations at NAC airports and contributed meaningfully to the provision of air connectivity and tourist arrivals in Namibia. On the other hand, the National carrier, Air Namibia, which over the years constituted major flight operations at NAC airports was liquidated during the review period. Other carriers such as South African Airways and British Airways/ComAir which previously operated at NAC airports had remained under various forms of business rescue.

The aerodrome data verification and validation exercise in respect of the main aerodromes namely Hosea Kutako International Airport (HKIA), Walvis Bay International Airport (WBIA) and Andimba Toivo Ya Toivo Airport (ATYTA) were finalised and approved by the Namibia Civil Aviation Authority (NCAA).

The aerodrome data forms an integral part of Part III of the aerodrome manual to facilitate the aerodrome reporting to Aeronautical Information Services (AIS) to ensure safe and secure aircraft operation and more so the publication of data in the Aeronautical Information Publication (AIP) under the Namibia Civil Aviation Authority. The said exercise will be replicated to Eros and Regional Airports. Subsequently, the aerodrome manuals for HKIA, WBIA and ATYTA were reviewed and approved by NCAA to complete phase II of the aerodrome certification and licensing process.

Following engagements with NCAA the Certificate / License for HKIA, WBIA and ATYTA were re-issued until 4 November 2022. The remaining Phases of the Certification and Licensing processes will be completed within the timelines for the expiry of the Certificates and licence in the manner aforesaid. This inta alia includes Phase III being the on-site verification of facilities and equipment to ensure that they meet the prescribed standards, Phase IV being the issuance and or refusal for the issuance of the certificate and or license and lastly Phase V which entails the publication of the status of a certified and licensed aerodrome in the Aeronautical Information Publication.

Aeronautical revenue

Passenger traffic registered a material improvement over the previous financial year with volumes increasing to 429 745 (2020/21: 178 038) by 241%. Whilst this still represents a shortfall against the pre-Covid volumes of 1 165 592, the improvement represents a sustained recovery as Covid restrictions were lifted gradually.

Flight volumes registered a lower rate of increase (149%) over the prior year with volumes of 35 447 (2020/21: 23 735) largely due to airline capacity being available pending higher passenger volumes.

Consequently, aeronautical revenue increased to N$126m (2020/21: N$44m) over the low base of the Covid-19 year.

Non-Aeronautical revenue

Non-aeronautical revenue improved at a slower pace to that of the increases in passenger numbers. This is due to:

- The Hosea Kutako Congestion Alleviation project provided limited retail and lease concessions during the construction period.
- Retail concessions at the regional airports are largely vacant due to limited flight activity.

The non-aeronautical revenue recorded was N$66.7m (2020/21: N$32.4m).

Aeronautical Charges

Passenger fees (International & Domestic), domestic landing fees and aircraft parking fees (international and domestic) increased by 4.3% for the period.

Air Services Development

The resumption of scheduled operations continued throughout the year as Covid restrictions were lifted. Flight capacity reached approximately 60% of pre-Covid volumes, with the remaining vacant capacity due to the ceased operations of BA/Comair, SAA, and Air Namibia. This is also a regional phenomenon with SADC flights not recovering as quickly as other markets.

TAAG Angola: TAAG Angola resumed flight operations on 21 October 2021 from Luanda and operates twice (2) weekly flights at HKIA. This route normally serves to promote leisure travellers for medical reasons for visiting friends and relatives.

FlyNamibia: FlyWestair formally rebranded its operations to FlyNamibia and announced a new daily service from May 2022 covering Windhoek (Eros) – Sossusvlei – Swakopmund – Ondangwa – Windhoek (Eros). The Namibian carrier also increased its domestic frequencies between Eros Airport (ERS) in Windhoek and Andimba Toivo ya Toivo Airport (OND) effective 24 February 2022. Subsequent reinstatement of scheduled flights also occurred in Rundu and Katima Mulilo.

Eurowings (Discover): FThe Aeronautical Authority of the Federal Republic of Germany lodged an application for 5th Freedom rights to be awarded to Lufthansa: Eurowings subsidiary between Frankfurt – Windhoek and Victoria Falls. Subsequently, additional flights between Windhoek – Kruger Mpumulanga Airport (Kruger Park) would also take place.

Subsequent to this reporting period, Airlink would take a 40% stake in FlyNamibia under a franchise agreement. This will significantly boster FlyNamibia's access to the route networks that Airlink has and therefore provide enhanced connectivity for Namibia. Additional capacity on the Johannesburg – Windhoek route is also expected.

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Stakeholder and Client Engagement

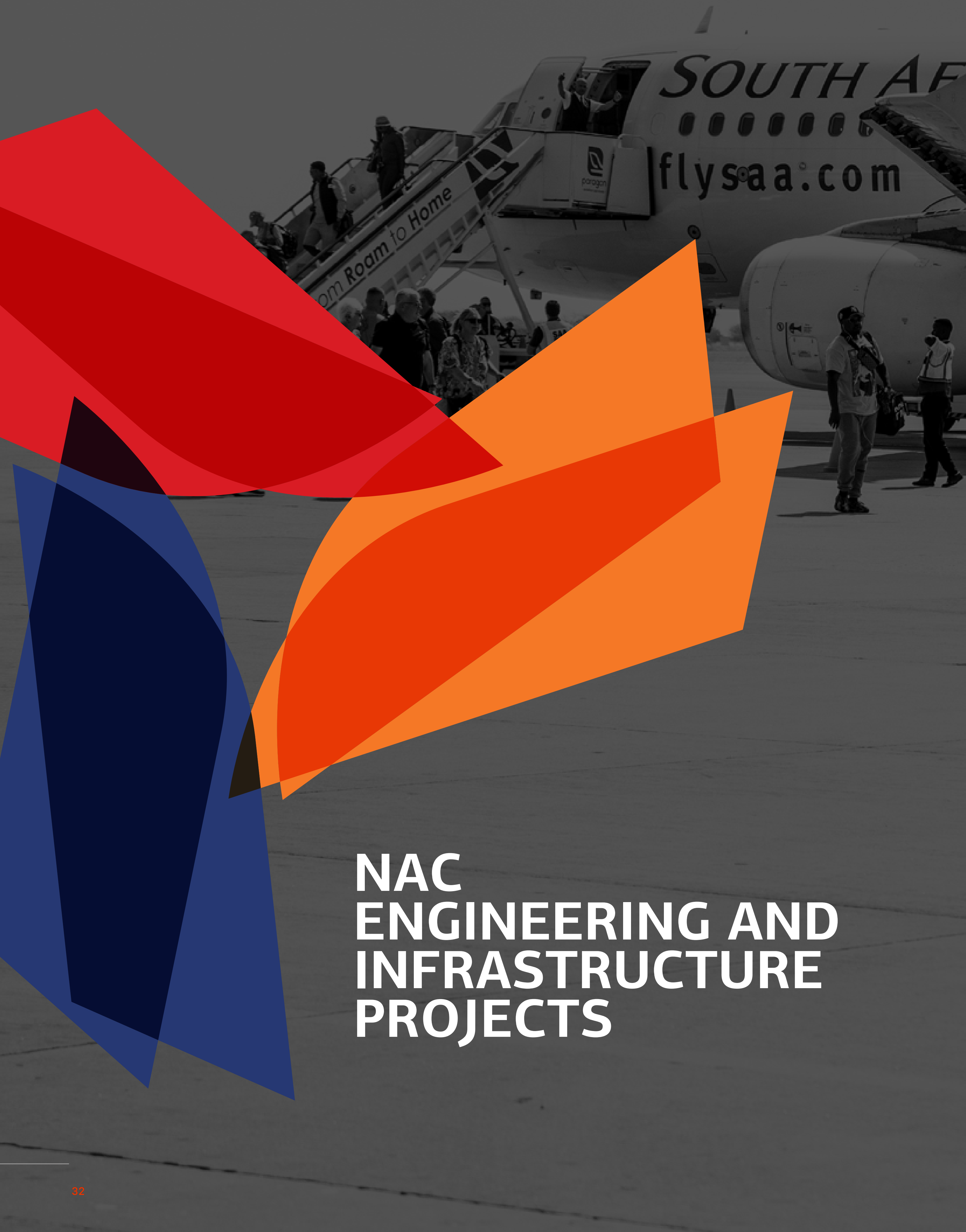
The **Ministry of Works and Transport** convened workshops with stakeholders in the transport industry on 10 – 11 November 2021 to craft the implementation plan for the 2018 Namibia Transport Policy. The NAC's participation was instrumental in ensuring that our strategic plan is aligned to the aforesaid implementation plan.

The Marketing Strategy Meeting of the **Walvis Bay Corridor Group** was held on 14 September 2021 to discuss the marketing strategies to promote Namibia as the logistic hub in the southern region. Discussions centred on devising strategies to include the aviation sector as an integral part of the logistic hub concept.

As part of the airport recovery plan, extensive stakeholder engagements were undertaken with several airlines under the **Aviadev Africa 2021 Conference** that was held virtually on 09 – 11 June 2021. A series of one-on-one meetings were held with prospective airlines with the intention to promote Namibia as a tourist destination and to position Namibia as a preferred logistic hub in line with the national development plans.

The draft memorandum of understanding between the **Airports Company of South Africa** (ACSA) and NAC has been finalized. Engagements include Airports Company South Africa (ACSA) to provide technical advisory services and aviation-related training to our Airport Fire and Rescue and Firefighting Training (ARFF) to ensure compliance.


EXCELLENCE



NAC ENGINEERING AND INFRASTRUCTURE PROJECTS

NAC ENGINEERING AND INFRASTRUCTURE PROJECTS

Departmental Overview

The Infrastructure Development and Asset Care Department is 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.

Capital Projects

Table 11.1: Progress for the period April 2021 to March 2022

Airport Name	Project Name	2021/2022
Hosea Kutako International Airport (HKIA	Congestion Alleviation Project	• 100% practical completion achieved for both Terminals 1 & 2. • VIP terminal concept designs have been completed.
	Apron Expansion and Marking	Terms of reference for the expansion and marking design had been completed.
Eros Airport	Emergency Maintenance (Holding Action) works on the runway and taxiway	Project completion achieved and an as-built drawing has been issued to NAC.
Andimba Toivo Ya Toivo Airport	Construction of a new fire station	• No activity was carried out over this period due to funding constraints.
	Apron and taxi way works	Bid invitation for construction
Katima Mulilo Airport	Rehabilitation of runway and apron	No activities were undertaken due to financial constraints.

Maintenance Projects

Table 11.2: Progress for the period April 2021 to March 2022

Airport Name	Project Name	2021/2022
Hosea Kutako International Airport (HKIA)	Implementation of Maintenance Programme	Maintenance programme had been 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.
Walvis Bay International Airport	Implementation of Maintenance Programme	Maintenance programme had been implemented and updated where required.
Andimba Toivo Ya Toivo Airport	Implementation of Maintenance Programme	Maintenance programme had been implemented and updated where required.
Eros Airport	Development of maintenance programme	Maintenance programme had been developed for submission to NCAA for approval, 100% 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.

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 Tests were not done at all eight (8) airports due to an unserviceable friction machine,
- Photometric tests were done at Walvis Bay International.
- Aeronautical data verification for Hosea Kutako International Airport, Walvis Bay International Airport, Andimba Toivo ya Toivo and Eros Airport.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LEGAL

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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, with a view to averting any adverse impacts on NAC operations.

INFORMATION COMMUNICATION TECHNOLOGY

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INFORMATION COMMUNICATION TECHNOLOGY

Department Overview

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 acts 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; encouraging collaboration and innovation; expediting tasks and increasing productivity and operational efficiencies; by enhancing the service delivery of any related Information Technology service offered internally by the business unit.

Overview of Current Performance

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

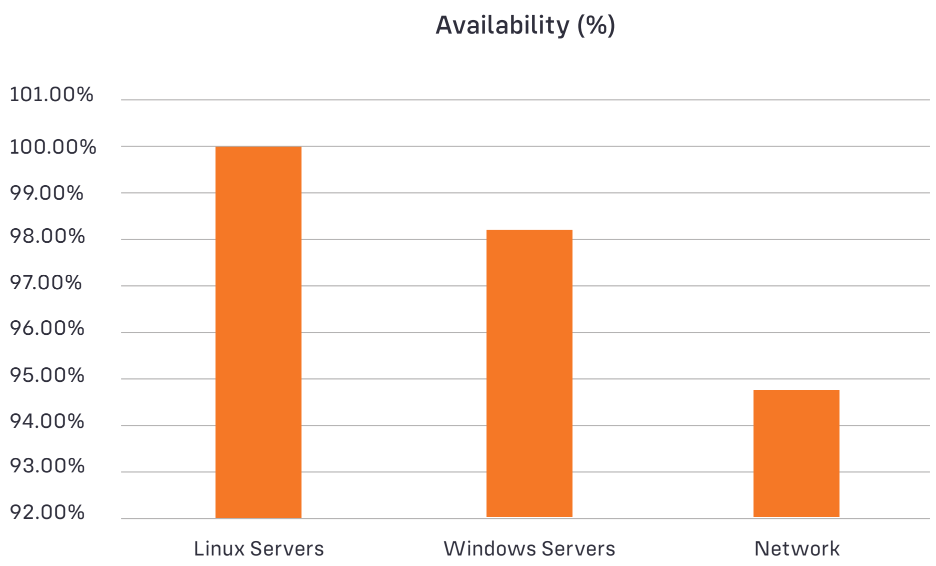
- Ensure Network Infrastructure setup at all airports to enable efficient communication.

- 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 initiated the bidding process for the procurement of the CUPPS (Common User Passenger Processing System) system at Hosea Kutako International Airport (HKIA).

As ICT is an essential support service to the organization, we must ensure that all our systems are available. We have achieved an average percentage uptime of 98.2 % 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 an indication that our internal systems are available 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 94.74%.



Graph 1. Availability trends

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 with the company's digital transformation strategy. NAC started the preparation of all the bidding and technical documentation to solicit bids for the upgrading of the ERP system. The procurement process will be embarked upon during the 2022/2023 fiscal year.

NAC - with the implementation of the Microsoft Enterprise Agreement (MEA) - 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 software services. The ICT division finalized the migration of all the users to this new platform which will enhance efficiency and allow for faster implementation timeframes. The full implementation of the Office 365 was achieved during the year under review.

The ICT department is continuously improving NAC's 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.

The CUPPS (Common User Passenger Processing System) system will enable airline operators to operate at independent terminals within the check-in, baggage make-up and boarding gate areas without the need for dedicated stations. The bidding process commenced during November 2021 and expected to be finalised before 31 March 2022 with implementation to be completed during the next fiscal year.

Additionally, the ICT department has Wi-Fi facilities available at four (4) airports, namely Hosea Kutako International Airport (HKIA), Walvis Bay International Airport (WIA), Eros Regional Airport and Andimba Toivo ya Toivo (Ondangwa) Airport. We continuously work to improve these services by engaging telecommunications partners.

Challenges

The following are the major challenges faced by the business unit:

1. Lack of ERP skills internally and dependence on the external service provider
2. Incomplete and outdated ERP system
3. Lack of Disaster Recovery Data Centre
4. Ageing Server Infrastructure which needs to be replaced
5. Ageing Payment Management Systems
6. The ICT Department is understaffed and would need to recruit more staff to service the entire organization.

New Projects and Opportunities for 2021/2022

Area	Project
IT Infrastructure	System Infrastructure Upgrade (Core Server and Data Storage Equipment)
	Establish a Disaster Recovery Data Centre with all procedures and plans
	Implementation of a CUTE system
Application Infrastructure	Implementation of Intranet (Content Management System-CMS) and revamping the external website, adding features such as e-Procurement
	Enterprise Resource System (ERP) Upgrades and Integration of all Systems
	Parking Management System (PMS) Upgrades
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 stand-ards
	Review of ICT Policy
	Implementation of Cybersecurity Policy as per ICAO regulations
	Establish an Organizational wide Business Continuity Plan
Innovation	Organization-wide process improvement
	Business Intelligence (BI) / Reporting Mechanisms/ Artificial Intel-ligence and Internet of Things/ Statistical Information
	Cloud Technology to supplement Disaster Recovery Datacentre
Team Development	Staff development, training, and certification plan
	Teambuilding and leadership initiatives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HUMAN RESOURCES

HUMAN RESOURCES

Provide a Positive Work Environment

As we navigate through this challenging time the people management for the 2021/2022 financial year continued with a lot of downtime, loss of productivity ratio, increased health consciousness and true experience of staff members either being affected or infected by the covid 19. This year the Delta virus taking its toll on the Namibia Airports Company workforce left structural implications on the social and economic matters that affect our employees and the Namibian nation at large.

Maintaining a workforce that is kept busy, committed, and rewarded with far less than 50% of normal operations intuitively was an insurmountable target which at some point led to the consideration of downsizing the workforce or reduction in remuneration packages of the employees to save on fixed cost pressures on the revenue generation. This was in addition to all the other stringent austerity measures such as freezing of positions, halt on training and development plans implementation, suspension of private study loans and payment of acting allowance and re-organisation of operations and shift to reduce normal and overtime hours.

This meant that the NAC people's behavioural and physical aspects required extraordinary leadership and guidance and commitment from the organisation. The Airports Company employees and leadership showed resilience and presence in this difficult time by continuously adapting and improving new ways of work, and processes and enduring complete downtime at the Airports at times.

The well-being of the employees and the passengers remained at the core of the business of the Company and the company's commitment to safeguard the jobs of all the employees was achieved, although considerations were made to downsize due to extended periods of lockdowns and travel restrictions imposed all around the world. The risk-based risk response and prevention strategies were continuously implemented and observed with respect to the COVID-19 ramifications on the employees and other human resources management functions.

During the Delta variant phase or the third wave, the NAC experienced an increased number of cases among its staff members. NAC during this period suffered one fatality of a very long-serving employee his memory will leave in our hearts and that of his family.

The NAC continues to put in a concerted effort in ensuring adherence to the COVID-19 rules and regulations as set out by the Ministry of Health and Social Services. In addition,

disinfection/fumigation programme with the monthly routine and ad hoc fumigations were introduced to fumigate and disinfect the work environment and airports this service was provided internally as the employees were trained, equipped, and certified with the required skills and capacity.

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, continued to safeguard the health and safety of its workforce and provided additional protective equipment and ensure compliance with the national health regulations. This demanded that we continue to think of innovative ways to manage the workplace health and safety environment and rethink and reimagine the organisational culture of the company. Therefore, the NAC engaged Deloitte on a revised work plan with new project timelines for the Change Management and Organisational Culture and Transformation exercise whereby the first phase of the project started in February 2022.

COMMUNICATION COVID-19

NAC employees experienced a different work-life coupled with the implementation of new ways of working. Management and employees were required to quickly adopt alternative ways of working whereas essential and critical staff members continues to provide the services. With improved safety measures, the Company needed to provide assurance to 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, guidance, 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 continues engaging the social partner on the devastating impacts of Covid 19 and no wage and substantive agreement negotiations were held.

A working group was established with respect to the Government Institutions Pension Fund (GIPF) and Namibia Airports Company Provident Fund (NACPF) pension benefit matter. The working group comprised representatives from NAPWU and NAC. The mandate of the committee is to work collectively toward a lasting solution for this long pending matter. Several consultative meetings were held where financial as well as historical background to this matter was presented and discussed.

Implementation of Effective Performance Management System (PMS)

The Performance Cycle for the Executive (EXCO) and Management (MANCO) committees commenced as from 1 April 2021 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. The NAC strategic focus required a revisit of the initial environmental assessment and strategic direction hence this impacted the speed at which the rollout of the system was implemented.

The next course of action would involve a review of after 100 % of EXCO and MANCO employees for the first time signed the performance agreements for the 2022/2023 financial year.

Prioritize Skills Development and Training

The NAC, during this period, started with the reimplementation of face-to-face learning to complement virtual training which resulted in a hybrid training system.

The recurrent training for the NAC employees who operate and maintain the friction machine at HKIA, EROS, ATYT and WVB airports was conducted, the said training was attended by 25 employees from the airports. The recurrent training for Aviation Security Screeners stationed at Hosea Kutako International Airport was completed. In addition, the NAC in consultation with the Namibian Police VIP Directorate conducted screener training for VIP Protection personnel

The Namibia Airports Company (NAC) partnered with NTB and participated in the National Service Excellence Programme the aforementioned programme and training were provided to stakeholders at HKIA from the 25th to the 26th of November 2021 which was conducted by Eagle Training Solutions and was attended by two groups of 50 participants from NPS, NAMPOL, NAMRA (Customs), immigrations, port health, car rentals, airlines, forex & food and beverage caterers, duty-free and the ground handlers. The programme aims to attract, retain, and delight customers.

NAC signed a memorandum of understanding with the ACSA (Airports Company South Africa) and a detailed ARFF training execution schedule was agreed upon after consultation. These trainings are planned to commence in the next financial year.

The Namibia Airports Company (NAC), in conjunction with the Mobile Telecommunications Company (MTC) and the Namibia Training Authority (NTA), has embarked on participating in the internship program as part of their corporate social responsibility, which is aimed towards nation building.

The training budget was N$435,069.00 and N$374,756.34 was spent for the year under review. The greater focus of the training was towards compliance training in order to implement the corrective action plans to improve the airport operations safety and security framework.

Culture and Organisational Transformation

The NAC Human Capital plan for 2022/2023 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

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. The project commenced in full swing in February 2022 with the data collection for the as-is assessment which involved a desktop analysis of NAC's employee and customer perception surveys, NAC ISBP and one on one interviews with 19 key management employees. The awareness with respect to the plans to implement the programme was communicated to all the employees. NAC also established a core team from the Human Resources Department to co-create the culture change and transformation programme with Deloitte.

With the approval of the organisational structure which was approved to respond to the current and future organisational efficiency the process of implementation started the focus now is to match the current staff complement with the new structure.

Employee Profile

As of 31 March 2022, the Namibia Airports Company had a total of 340 staff members across all nine workstations, of which 326 held permanent and fixed term employment contracts, while the remaining 14 were on temporary employment contracts.

Due to the nature of the company's operations, the distribution of staff by gender remained skewed, with 238 staff members being male, representing 73 % of the total workforce. This represents a 0.23 % increase in male representation compared to 31 March 2021. 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 – 2022:

Year	Management	General staff	Contract Employees	Total	Resourcing	Separation
2022	43	283	14	340	15	37
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

27 of the separations and 10 appointments are temporary employment contracts issued and terminated.

STAFF AGE PROFILE

The NAC age profile remains young with an average age of 41. 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.

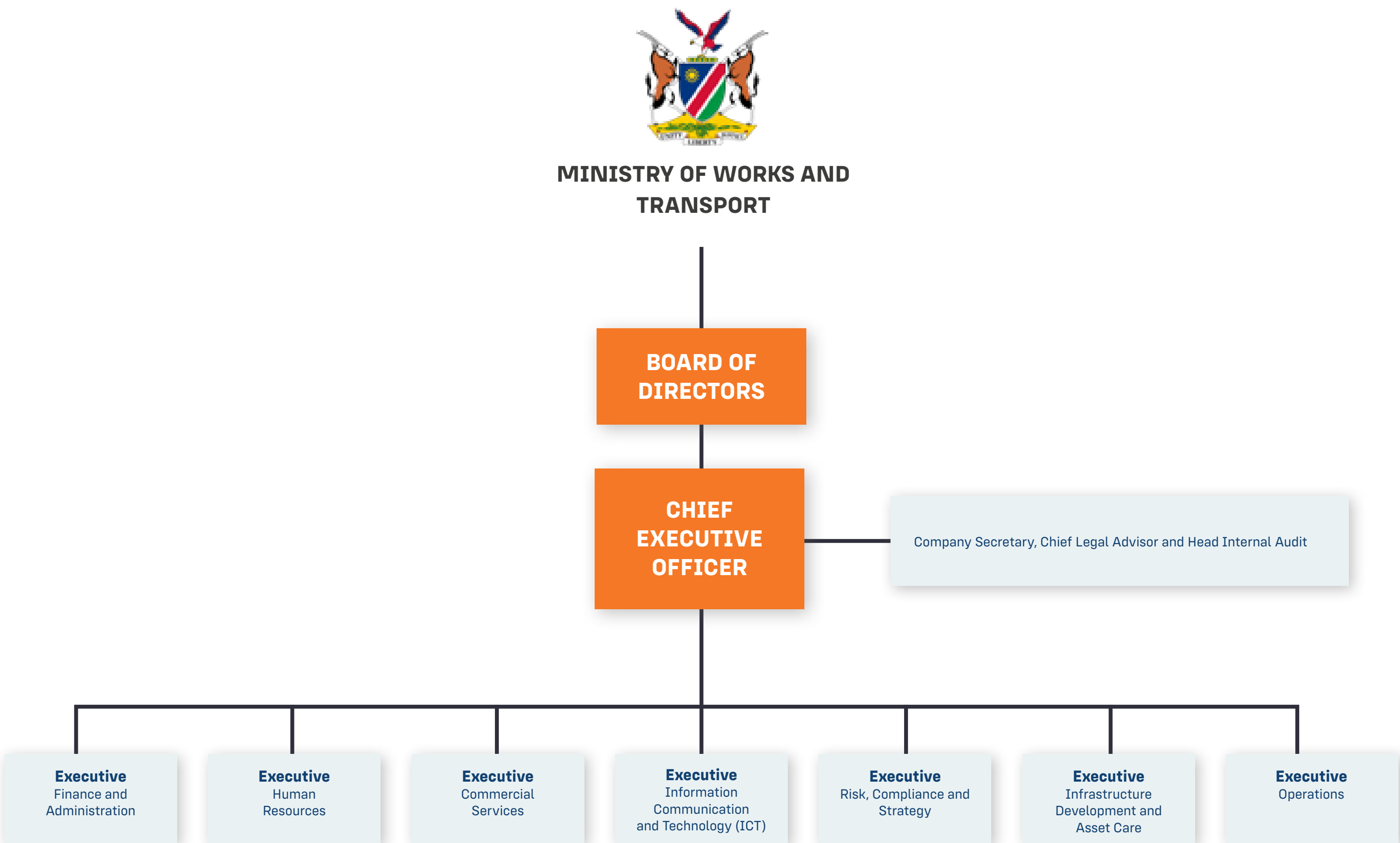
Out of the total 340 staff complement in the period under review, 339 came from previously disadvantaged backgrounds and one had disabilities.

The table below depicts the staff movement for the period 2015 – 2022:

EMPLOYEE TURNOVER								
FY Ending	**March 2015**	**March 2016**	**March 2017**	**March 2018**	**March 2019**	**March 2020**	**March 2021**	**March 2022**
Total Separations	21	26	15	30	19	10	11	37
Total Separations	299	356	375	355	349	381	362	340
% Turnover	7.02 %	7.20 %	4.00 %	8.00 %	5.44 %	2.00 %	3.03 %	10.88%

The turnover rate increased by 7.85 % in the year under review in comparison to the previous year. The 10.88 % turnover rate is included 27 temporary employment contracts end of contract term exits.

OPERATING STRUCTURE

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ANNUAL FINANCIAL STATEMENTS

NAMIBIA AIRPORTS COMPANY LIMITED

(REGISTRATION NUMBER 98/472)
ANNUAL FINANCIAL STATEMENTS
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NAMIBIA AIRPORTS COMPANY LIMITED

(REGISTRATION NUMBER 98/472)
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FOR THE YEAR ENDED 31 MARCH 2022

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 Shilimwati Hangala Matthew // Gowaseb Elize Renay Petersen Lucien Llewellyn Mouton (Appointed 15 November 2021) Ferdinand Nghiyolwa (Appointed 15 November 2021) Carol Rosheta Williams (Appointed 15 November 2021) Rudolph Rudolf Rittmann (Deceased 13 July 2021) Advocate Irene Visser (Deceased 16 May 2021)
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	PO Box 23061 Windhoek Namibia
Bankers	First National Bank of Namibia Limited Bank Windhoek Limited
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 Ms. Stellina Alberta Lambert was appointed on 01 May 2022 5th Floor Sanlam Centre 154 Independence Avenue Windhoek

NAMIBIA AIRPORTS COMPANY LIMITED

(REGISTRATION NUMBER 98/472)
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FOR THE YEAR ENDED 31 MARCH 2022

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, 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 8 to 52 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 Shilimwati Hangala

Lucien Llewellyn Mouton

NAMIBIA AIRPORTS COMPANY LIMITED

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TO THE SHAREHOLDER OF NAMIBIA AIRPORTS COMPANY LIMITED

Opinion

We have audited the financial statements of Namibia Airports Company Limited set out on pages 8 to 52, which comprise the statement of financial position as at 31 March 2022, 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 notes to the financial statements, including a summary of significant accounting policies and the directors' report.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Namibia Airports Company Limited as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia and the International Auditing Standards.

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 Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in Namibia. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). 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 information included in the document titled "Namibia Airports Company Limited Annual Financial Statements for the year ended 31 March 2022", which includes the Directors' Report, and the statement of Directors' Responsibilities and Approval as required by the Companies Act of Namibia , which we obtained prior to the date of this report, and. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia and the International Auditing Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

NAMIBIA AIRPORTS COMPANY LIMITED

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In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Grand Namibia

Grand Namibia
Chartered Accountants and Auditors
17 May 2023
Per: Petrus Nghipandulwa
Director / Partner
Registered Auditor

NAMIBIA AIRPORTS COMPANY LIMITED

(REGISTRATION NUMBER 98/472)
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FOR THE YEAR ENDED 31 MARCH 2022

DIRECTORS' REPORT

The directors present their report for the year ended 31 March 2022.

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 2022 of N$93,697,664 (2021: N$111,741,488).

Company total revenue (inclusive of rentals) increased from N$76,586,978 in the prior year to N$192,896,018 for the year ended 31 March 2022.

Company cash flows from operating activities changed from an outflow of N$155,802,873 in the prior year to an outflow of N$79,059,796 for the year ended 31 March 2022.

2. Going concern

The company incurred a net loss for the year ended 31 March 2022 of N$93,697,664 (2021 loss: N$111,741,488). The company continues to incur losses.

During the 2020/2021 financial year, referred to as the peak-Covid period, NAC recorded total aeronautical and nonaeronautical revenue of N$77 million, which increased significantly to N$193 million during 2021/2022 financial year.

Compared to the same period during the 2021/2022 financial year, revenues for the year to date ended June 2022 the company recorded an increase in total revenue of N$41.9 million, from N$58.4 million recorded over the same period in 2021 to N$100.4 million reported after year end.

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.

During the year under review 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 during the year under review 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 2023 to 2.46 compared to 1.60 as of March 2022. Furthermore, Debt to equity ratio increased to 2.13 as of March 2023 compared to 1.58 as of March 2022 and this due to governement grant for operational and capital expenditure received, reduction in long term loan and company performance 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.

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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.

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 Shilimwati Hangala
Matthew // Gowaseb
Elize Renay Petersen
Lucien Llewellyn Mouton (Appointed 15 November 2021)
Ferdinand Nghiyolwa (Appointed 15 November 2021)
Carol Rosheta Williams (Appointed 15 November 2021)
Rudolph Rudolf Rittmann (Deceased 13 July 2021)
Advocate Irene Visser (Deceased 16 May 2021)

6. Secretary

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

7. Shareholder

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

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.

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Statement of Financial Position

Figures in N$	Notes	2022	2021
Assets			
Non-current assets			
Property, plant and equipment	4	2,251,660,899	2,365,417,059
Right-of-use assets	14	4,178,332	8,356,664
Intangible assets	5	451,345	3,129,312
Total non-current assets		**2,256,290,576**	**2,376,903,035**
Current assets			
Trade and other receivables	6	131,753,909	127,782,210
Cash and cash equivalents	9	109,296,181	58,686,314
Total current assets		**241,050,090**	**186,468,524**
Total assets		**2,497,340,666**	**2,563,371,559**
Equity and liabilities			
Equity			
Issued capital	11	1	1
Share premium	11	39,087,180	39,087,180
Retained income		929,896,758	1,023,594,422
Total equity		**968,983,939**	**1,062,681,603**
Liabilities			
Non-current liabilities			
Deferred taxation	8	115,915,523	177,580,526
Lease liabilities	14	-	4,154,500
Long - Term borrowings	15	123,274,871	-
Deferred income	16	1,138,063,271	1,144,938,501
Total non-current liabilities		**1,377,253,665**	**1,326,673,527**
Current liabilities			
Trade and other payables			
Lease liabilities	12	78,675,512	110,052,488
Long - Term borrowings	14	4,154,500	4,186,213
Deferred income	15	20,428,571	-
Total current liabilities	16	47,844,479	59,777,728
		151,103,062	**174,016,429**
Total liabilities		**1,528,356,727**	**1,500,689,956**
Total equity and liabilities		**2,497,340,666**	**2,563,371,559**

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Statement of Profit or Loss & Other Comprehensive Income

Figures in N$	Notes	2022	2021
Revenue	**17**	126,122,873	44,170,307
Rental income	**18**	66,773,145	32,416,671
Other operating income	**19**	57,226,345	116,664,128
Operating expenses	**20**	(405,698,916)	(412,867,102)
Other gains and (losses)	**21**	5,418,904	5,440,866
Loss from operating activities	**22**	**(150,157,649)**	**214,175,130**
Finance income	**23**	974,037	3,945,420
Finance costs	**24**	(6,179,055)	(6,122,624)
Loss before tax		**(155,362,667)**	**(216,352,334)**
Taxation	**25**	61,665,003	104,610,846
Loss for the year		**(93,697,664)**	**(111,741,488)**

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Statement of Changes in Equity

Figures in N$	Issued capital	Shared premium	Retained income	Total
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)	32,416,671
Total comprehensive income	-	-	(111,741,488)	116,664,128
Balance at 31 March 2021	**1**	**39,087,180**	**1,023,594,422**	**1,062,681,603**
Balance at 1 April 2021	**1**	39,087,180	1,023,594,422	1,062,681,603
Changes in equity				
Loss for the year	-	-	(93,697,664)	(93,697,664)
Total comprehensive income	-	-	(93,697,664)	(93,697,664)
Balance at 31 March 2022	**1**	**39,087,180**	**929,896,758**	**968,983,939**
Note	**11**	**11**		

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Statement of Cash Flows

Figures in N$	Notes	2022	2021
Net cash flows used in operations	**29**	(72,880,741)	(149,680,249)
Interest paid		(6,179,055)	(6,122,624)
Net cash flows used in operating activities		**(79,059,796)**	**(155,802,873)**
Cash flows used in investing activities			
Proceeds from sales of property, plant and equipment		3,356,774	365,534
Purchase of property, plant and equipment		(46,745,282)	(134,134,897)
Interest received		1,022,171	4,314,363
Cash flows used in investing activities		**(42,366,337)**	**(129,455,000)**
Cash flows from financing activities			
Proceeds from government grant for capital expenditures		29,036,000	46,786,000
(Refer to note 16)			46,461,000
Proceeds from government grant for operational expenditures		-	-
(Refer to note 16 and 19)			
Proceeds from long - term borrowings		143,000,000	
Cash flows from financing activities		**172,036,000**	**93,247,000**
Net increase / (decrease) in cash and cash equivalents		**50,609,867**	**(192,010,873)**
Cash and cash equivalents at beginning of the year		58,686,314	250,697,188
Cash and cash equivalents at end of the year	**9**	**109,296,181**	**58,686,315**

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ACCOUNTING POLICIES

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:

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ACCOUNTING POLICIES

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

Asset class	Useful life
Buildings, roads and runways	
- Land	Not depreciated
- Buildings	40 years
- Leasehold improvements	3 years
- Roads, taxiways, pavements and runways	17.50 years
Roads	10 years
Pavements	20 years
Runways	30 years
Taxiways	10 years
Computers, furniture and other equipment	
- Office equipment and furniture 7 years	7 years
- Computer equipment 5 years	5 years
- Airport equipment 10 years	10 years
Motor vehicles	
- Firefighting vehicles 15 years	15 years
- Motor vehicles 5 years	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, plant 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.

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ACCOUNTING POLICIES

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

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.

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

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

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.

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.

Financial assets include trade receivables, cash and cash equivalent.

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.

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ACCOUNTING POLICIES

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

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.

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.

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ACCOUNTING POLICIES

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

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.

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.

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ACCOUNTING POLICIES

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

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, plant 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.

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.

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

The benefit relating to a tax loss that can be carried back to recover current tax of a previous period is recognised as an asset.

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

Current tax assets and liabilities are offset only where:
- there is a legally enforceable right to set off the recognised amounts; and
- there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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).

ACCOUNTING POLICIES

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

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.

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.

ACCOUNTING POLICIES

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

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.

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.

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

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.

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.

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

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.

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.

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

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 Provisions and contingencies

A provision is recognised when:

- there is a a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

1.10 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.

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.

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

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

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 28.

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 2021 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.

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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	N	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-inprogress	Motor vehicles	Computers, furniture and other equipment	Total
Reconciliation for the year ended 31 March 2022					
Balance at 1 April 2021					
At cost or revaluation	2,902,449,650	59,516,391	207,559,267	197,883,291	**3,367,408,599**
Total comprehensive income	(675,851,459)	-	(134,960,985)	(191,179,096)	**(1,001,991,540)**
Net book value	**2,226,598,191**	**59,516,391**	**72,598,282**	**6,704,195**	**2,365,417,059**
Movements for the year ended 31 March 2022					
Additions:	2,179,837	43,134,168	-	1,431,277	**46,745,282**
Depreciation	(137,933,464)	-	207,559,267	(2,942,817)	**153,023,122)**
Asset derecognition	(7,478,181)	-	-	-	**(7,478,181)**
Disposals	-	-	(18)	(121)	**(139)**
Property, plant and equipment at end of year	**2,083,366,383**	**102,650,559**	**60,451,423**	**5,192,534**	**2,365,417,059**
Closing balance at 31 March 2022					
At cost	2,897,150,934	102,650,559	204,054,584	199,314,569	**3,403,170,646**
Accumulated depreciation	(813,784,551)	-	(143,603,161)	(194,122,035)	**(1,151,509,747)**
Net book value	**2,083,366,383**	**102,650,559**	**60,451,423**	**5,192,534**	**2,251,660,89**
Reconciliation for the year ended 31 March 2021					
Balance at 1 April 2020					
At cost	2,705,923,982	123,937,911	207,924,801	195,852,543	**3,233,639,237**
Accumulated depreciation	(622,316,184)	-	(122,130,119)	(170,126,835)	**(914,573,138)**
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: Own	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**	**60,451,423**	**5,192,534**	**2,365,417,059**

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Property, plant and equipment continued...

	Land, buildings, roads and runways	Capital work-inprogress	Motor vehicles	Computers, furniture and other equipment	Total
Closing balance at 31 March 2021					
At cost or revaluation	2,902,449,650	59,516,391	207,559,267	197,883,291	**3,367,408,599**
Total comprehensive income	(675,851,459)	-	(134,960,985)	(191,179,096)	**(1,001,991,540)**
Net book value	**2,226,598,191**	**59,516,391**	**72,598,282**	**6,704,195**	**2,365,417,059**

4.2 Other disclosures

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

One project is being undertaken by the Ministry of Works and Transport at Katima Mulilo Airports with a carrying value of N$ 23,249,099 (2021: N$23,249,099) is included in work-in-progress.

Property, plant and equipment include land and buildings held at various airports operated and managed by the company that are subject to an 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 buildings 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 18.

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5. Intangible assets

Reconciliation of changes in intangible assets

	Computer software	Total
Reconciliation for the year ended 31 March 2022		
Balance at 1 April 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**
Movements for the year ended 31 March 2022		
Amortisation	(2,677,967)	(2,677,967)
Intangible assets at end of period	**451,345**	**451,345**
Closing balance at 31 March 2022		
At cost	21,759,644	21,759,644
Accumulated amortisation	(21,308,299)	(21,308,299)
Net book value	**451,345**	**451,345**
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 2022		
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**

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6. Trade and other receivables

6.1 Trade and other receivables comprise:

Trade receivables	913,313,193	885,994,440
Trade receivables impairment	(832,344,647)	(823,003,480)
Trade receivables - net	**80,968,546**	**62,990,960**
Other receivables	18,043,489	18,043,489
Prepaid expenses	1,807,875	1,984,058
Staff debtors	33,331	107,328
Operating lease receivables	29,430,938	26,950,100
GST receivable from Inland Revenue	253,856	253,856
GST receivables impairment	(253,856)	(253,856)
Value added tax	19,561,893	35,765,697
Other receivables impairment	(18,092,163)	(18,059,422)
Total trade and other receivables	**131,753,909**	**127,782,210**

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

Prepaid expenses	1,807,875	1,984,058
Value added tax	19,561,893	35,765,697
Operating lease receivables	29,430,938	26,950,100
Total non-financial instruments included in trade and other receivables	50,800,706	64,699,855
Total trade and other receivables excluding non-financial assets included in trade and other receivables	80,953,203	63,082,355
Total trade and other receivables	131,753,909	127,782,210

The Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in note 28.

7. Financial assets

7.1 Carrying amount of financial assets by category	**At amortised cost**	**2021**
Year ended 31 March 2022		
Trade and other receivables excluding non-financial assets	80,953,203	80,953,203
(Note 6)	109,296,181	109,296,181
Cash and cash equivalents (Note 9)	**190,249,384**	**190,249,384**

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Figures in N$	At amortised cost	Total
Financial assets continued...		
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**

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 oftheir fair values.

7.2 Fair value hierarchy	**Level 1**
Year ended 31 March 2022	
Cash and cash equivalents (Note 9)	109,296,181
Year ended 31 March 2021	
Cash and cash equivalents (Note 9)	58,686,314

7.3 Transfers between hierachy level

There have been no transfers between the fair value hierarchy level (2021: no transfers).

8. Deferred tax

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 32% (2021: 32%).

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Deferred tax continued...		
The movement on the deferred tax account is as follows:		
At the beginning of the year	177,580,526	282,191,372
Movements attributable to:		
- Temporary diferrences	(63,658,012)	(102,640,410)
- Prior year under / (over) provision	1,993,009	(1,970,436)
At the end of the year	**115,915,523**	**177,580,526**
The deferred tax liabilities / (assets) can be analysed as follows:		
Capital allowances	490,729,832	523,533,583
Operating leases	9,417,900	8,624,032
Prepaid expenses	578,520	634,899
Income received in advance	(1,468,089)	(1,585,009)
Tax losses	(383,342,640)	(353,626,979)
	115,915,523	**177,580,526**

9. Cash and cash equivalents

Cash and cash equivalents comprise:

	2022	2021
Cash		
Cash on hand	57,203	54,203
Balances with banks	6,146,496	20,045,695
Total cash	**6,203,699**	**20,099,898**
Cash equivalents		
Short term investments	103,092,482	38,586,416
Total cash equivalents	**103,092,482**	**38,586,416**
Total cash and cash equivalents included in current assets	**109,296,181**	**58,686,314**
Net cash and cash equivalents	**109,296,181**	**58,686,314**

The Company's exposure to credit and currency risks related to cash and cash equivalents is disclosed in note 28.

10. Operating lease payments

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

	2022	2021
Total	24,251,142	29,449,131
Later than 1 year and not later than 5 years	(24,251,142)	(28,764,433)
After 5 years	-	(684,698)
	(0)	**(0)**

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11. 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	1
1 Ordinary share of N$1 each	1	1
Share premium	39,087,180	39,087,180
	39,087,181	**39,087,181**

12. Trade and other payables

12.1 Trade and other payables comprise:

	2022	2021
Trade payables	20,858,896	38,073,319
Rental income received in advance	4,587,778	4,953,150
Rental deposits	4,991,867	4,593,802
Accrued expenses and sundry payables	2,788,753	3,647,813
Contract retention	6,015,412	18,491,072
Provision for bonuses	10,464,139	11,988,384
Provision for leave pay	28,968,667	28,304,948
Total trade and other payables	78,675,512	110,052,488

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

	2022	2021
Rental income received in advance	4,587,778	4,953,150
Contract retention	6,015,412	18,491,072
Provision for bonuses	10,464,139	11,988,384
Provision for leave pay	28,968,667	28,304,948
Total non-financial liabilities included in trade and other payables	50,035,996	63,737,554
Total trade and other payables excluding nonfinancial liabilities included in trade and other payables	28,639,516	46,314,934
Total trade and other payables	**78,675,512**	**110,052,488**

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13. Financial liabilities

Carrying amount of financial liabilities by category

Year ended 31 March 2022		
Lease liabilities (Note 14)	4,154,500	4,154,500
Long term - borrowing (Note 15)	143,703,442	143,703,442
Trade and other payables excluding non-financial liabilities (Note 12)	28,639,516	28,639,516
	176,497,458	**176,497,458**
Year ended 31 March 2021		
Trade and other payables excluding non-financial liabilities (Note 12)	46,314,934	**46,314,934**

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.

14. Lease liabilities

14.1 Lease liabilities comprise:

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

14.2 Amounts recognised in the statement of financial position

Right-of-use assets		
Buildings	4,178,332	8,356,664

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

Within one year	4,154,500	4,186,213
2nd to fifth year inclusive	-	4,154,500
Less: Future finance charges	(705,016)	(1,112,629)
Present Value of minimum lease payments	**3,449,484**	**7,228,084**

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Lease liabilities continued...		
14.3 Amounts recognised in the statement of profit or loss and other comprehensive income		
Depreciation		
Buildings	4,178,332	4,178,332
Interest on lease liability	407,613	123,790

15. Long - Term borrowings

15.1 Long - Term borrowings comprise:

First National Bank of Namibia Limited (acting through its RMB division)	143,703,442	-
First National Bank of Namibia Limited loan is repayable over seven (7) years in annual instalments of N$ 20 428 571 at an interest rate of prime less 1.1%. Interest are paid quartely from inception of loan. This loan is fully quaranteed by the Government of the Republic of Namibia.	**143,703,442**	**-**
Non-current portion of long - term borrowings	123,274,871	-
Current portion of long - term borrowings	20,428,571	-
	143,703,442	**-**

15.2 Classification of long - term borrowings

Amortised cost	143,703,442	-

16. Deferred income

Deferred income comprise:

Balance at the beginning of the year	**1,204,716,229**	**1,196,516,384**
Amount received during the year:	**29,036,000**	**67,977,573**
Funds received	**29,036,000**	**46,786,000**
Grant received by virtue of projects undertaken by Ministry of Works and Transport	**-**	**21,191,573**
Recognised in profit or loss	**(47,844,479)**	**(59,777,728)**
	1,185,907,750	**1,204,716,229**
Non-current liabilities	1,138,063,271	1,144,938,501
Current liabilities	47,844,479	59,777,728
	1,185,907,750	**1,204,716,229**

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17. Revenue

Revenue comprises:

Passenger fees	87,958,457	25,020,848
Landing fees	17,143,569	8,013,310
Aircraft parking fees	2,816,554	5,055,487
After hours operations	452,481	518,513
Aviation security charges	17,751,812	5,562,149
Total revenue	**126,122,873**	**44,170,307**

18. Rental income

Rental income comprises

Car rental	12,432,534	11,128,035
Premises	36,180,376	9,171,817
Turnover rental	2,375,165	3,187,615
Concession and throughput - fuel	950,380	456,137
Advertising revenue	5,579,447	4,254,328
Motor vehicle parking fees	5,321,617	2,840,985
Handling fees	3,933,626	1,377,754
	66,773,145	**32,416,671**

19. Other operating income

Other operating income comprises:

Sundry income	3,079,421	4,486,892
Water and electricity recoveries	6,302,445	5,938,508
Government grants received	47,844,479	106,238,728
Total other income	**57,226,345**	**116,664,128**

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20. Other expenses

Other expenses comprise:

Advertising	264,951	404,956
Airport maintenance	5,092,063	12,201,229
Amortisation	2,677,967	3,502,922
Annual report	13,000	740,436
Auditor’s remuneration	178,920	906,530
Bank charges	1,158,130	352,851
Board fees	764,708	1,520,501
Bursary costs	24,000	58,850
Cleaning	5,377,900	5,432,790
Computer expenses	2,470,184	2,712,918
Consulting Services	3,660,889	4,187,273
Consumables	4,330	-
Contingency	173,665	141,974
Debt collection	1,535,876	693,834
Depreciation	153,023,122	87,750,478
Depreciation - right of use asset	4,178,332	4,178,332
Donations	25,191	-
Electricity and water	14,797,794	13,332,388
Emergency exercises	3,281	250,276
Employee benefit expenses	161,842,579	177,173,398
Entertainment	203,930	115,785
Expected credit loss expense	9,381,180	46,825,335
Fines and penalties	60	(6,806)
General office supplies	88,849	44,304
Insurance	4,616,613	3,244,868
Legal expense	1,992,203	4,482,695
Medical expense	231,362	333,178
Motor vehicle expense	6,787,998	7,962,994
Municipal charges	6,111,596	6,533,229
Other board expenses	-	6,580
Postage	158,363	144,774
Printing and stationery	339,597	276,134
Promotions	72,028	154,404
Protective clothing	7,500	2,763,627
Safety signage	330,164	84,959
Security	9,311,162	8,453,870
Software expenses	3,812,427	10,416,362
Staff functions	37,000	11,828
Staff welfare	42,804	170,882
Subscriptions	330,284	316,326
Telephone and internet	3,340,904	4,023,510
Training	374,756	205,819
Travel	846,951	738,976
Vehicle hire	14,304	21,532

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Other expenses continued...		
Total other expenses	**405,698,916**	**412,867,102**

Additional details as required.

21. Other gains and (losses)

Other gains comprise:		
Gain on disposal of assets	3,356,774	253,242
Gain on foreign exchange differences	29,765	751,238
Fair value gains on investments	2,032,365	4,436,386
Total other gains	**5,418,904**	**5,440,866**

22. Loss from operating activities

22.1 Loss from operating activities includes the following separately disclosable items

Operating expenses		
Property, plant and equipment		
- depreciation	153,023,122	87,750,478
Right-of-use-asset		
- depreciation	4,178,332	4,178,332
Intangible assets		
- amortisation	2,677,967	3,502,922
Repairs and maintenance		
- Airport maintenance	5,092,063	12,201,229
- Motor vehicles	6,787,998	7,962,994
Impairment of trade receivables		
- Allowance for impairment	9,381,180	46,825,335
Post-employment benefits		
- Defined contribution plans	15,537,044	16,425,297
Auditors remuneration		
- Audit fees	178,920	906,530
Directors emoluments (refer note 27.3)	757,708	1,520,501
Staff costs (refer note 22.2)	161,842,579	177,173,398
Consulting fees	3,660,889	4,187,273

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Loss from operating activities continued...		
22.2 Staff costs		
Salaries and wages	133,383,755	147,654,821
Medical aid contributions	10,922,338	11,189,220
Social security expenses	648,906	2,763,627
Pension costs	15,537,044	16,425,298
Workers compensation	561,496	517,832
Other staff costs	789,040	726,473
	161,842,579	177,173,398
Number of full time employees at the end of the year	346	362

23. Finance income

Finance income comprises:

Interest on trade debtors	(48,134)	(368,943)
Bank balances	306,261	733,410
Interest received	715,910	3,580,953
Total finance income	**974,037**	**3,945,420**

24. Finance costs

Finance costs included in profit or loss:

Trade and other payables	6,179,055	6,122,624

25. Taxation

25.1 Income tax recognised in profit or loss :

Deferred tax		
Deferred tax	61,665,003	104,610,846
Total deferred tax	**61,665,003**	**104,610,846**
Total taxation	**61,665,003**	**104,610,846**

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Taxation continued...

25.2 The income tax for the year can be reconciled to the accounting loss as follows:

Loss before tax from operations	(155,362,667)	(216,352,334)
Income tax calculated at 32.0%	(49,716,053)	(69,232,747)
Tax effect of		
- Income not subject to tax	(15,960,590)	(35,416,036)
- Expenses not deductible for tax purposes	8,080	(2,178)
- Other tax effect (Depreciation on assets arising from GRN-run projects)	2,010,551	2,010,551
- Prior year over / (under) provision	1,993,009	(1,970,436)
Tax charge	**(61,665,003)**	**(104,610,846)**

25.3 Accumulated tax loss

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

The accumulated loss available for set-off against future assessed profits is as follows:	1,197,945,752	1,105,084,310

26. Contingent liabilities

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

There were no material and significant contingent liabilities that required disclosure in the current and prior year.

27. Related parties

27.1 Ownership and control

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

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Related parties continued...

27.2 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 Officer
T. Sem	Executive: Commercial Services resigned on 30 June 2022
EL. Haifidi	Chief Legal Advisor
C. Faure	Executive: Risk, Compliance and Strategy
V. Ruswa	Executive: Finance and Administration employment contract ended 31 October 2022
L. Shipuata	Executive: Operations
J. Soroses	Executive: Human Resources
R. !Gaoseb	Executive: Infrastructure
J. Strauss	Executive: Information and Communication Technology
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

27.3 Compensation paid to key management personnel and directors

	2022	2021
Compensation paid to key management personnel		
Salaries and allowances	9,992,663	8,485,498
Company contributions	1,991,895	1,909,975
Bonus	495,805	443,230
Total compensation paid to key management personnel	**12,480,363**	**10,838,703**
Compensation paid to directors		
L. S. Hangala	119,916	195,504
B. Gawanas-Vugs	-	206,819
R. R. Rittmann	60,305	301,091
L. G. Mohamed	-	151,109
I. J. Kasheeta	-	169,994
R. R.U. Kauta	-	7,215
I. Visser	18,143	242,713
M. //Gowaseb	215,781	117,268
E.R.Petersen	219,765	128,788
L. L. Mouton	37,151	-
F. N. Nghiyolwa	39,711	-
C. R. Williams	46,936	-
Total compensation paid to directors	**757,708**	**1,520,501**

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Related parties continued...

27.4 Significant related party balances with government related parties

	31 March 2022		31 March 2021	
	Amounts receivables/ (payable)	**Impairment/ Discounting**	**Amounts receivables/ (payable)**	**Impairment/ Discounting**
Air Namibia	714,370,915	(714,370,915)	712,148,422	(712,148,422)
Ministry of Agriculture, Water and Forestry	324,732	(324,732)	324,732	(324,732)
Ministry of Defence Ministry of Environment and Tourism	7,271,901	(7,271,901	7,262,722	(7,262,722)
Ministry of Finance	5,316,749	(5,316,749)	5,105,655	(5,105,655)
Ministry of Foreign Affairs	3,630,095	(3,630,095)	3,630,095	(3,630,095)
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	483,647	(483,647)	437,952	(437,952)
Ministry of Safety and Security	6,074,780	(6,074,780)	6,067,282	(6,067,282)
Ministry of Environment and Tourism	883	(883)	883	(883)
Ministry of Works and Transport	4,685,224	(4,685,224)	3,739,390	(3,739,390)
Mobile Telecommunications (MTC)	199,504	-	1,914,121	-
Ministry of Trade and Industry	10,795	(10,795)	10,795	(10,795)
Namibia Civil Aviation Authority	15,368,537	(15,368,537)	15,367,377	(15,367,377)
Nampower (Proprietary) Limited	(32,892)	-	96.74.11	-
Namdeb Diamond Corporation	14,315	-	13,989	-
NAMCOR Petroleum Trading and Distribution	137,203	-	242,851	-
Namibian Police Headquarters	2,484,963	(2,484,963)	2,260,211	(2,260,211)
Namibia Post and Telecom Holdings Limited	4,453	-	4,453	-
Telecom Namibia Limited	37,255	-	72,841	-
Air Namibia Limited	(32,857)	-	(28,661)	-
Nampower (Proprietary) Limited	(1,695,716)	-	(2,215,782)	-
Telecom Namibia Limited	(240,074)	-	(878,431)	-
Namibia Civil Aviation Authority	-	-	10,000	-
Namibia Post Limited	(61,738)	-	(16,196)	-
Namibia Water Corporation	(640,482)	-	(616,411)	-
City of Windhoek	(1,247,119)	-	(708,863)	-
Erongo Regional Electricity Distribution (ErongoRED)	(331,987)	-	(340,463)	-
Walvis Bay Municipality	(7,022)	-	(14,376)	-
Nored Electricity	(175,503)	-	(337,791)	-
Ondangwa Town Council	(125,715)	-	(178,805)	-
Keetmanshoop Municipality	(14,157)	-	(16,056)	-
Road Fund Administration	(10,212)	-	(23,370)	-
New Era Publication corporation	(87,302)	-	(83,484)	-
Social Security Commission	-	-	(230,943)	-

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Related parties continued...

27.5 Significant related party transactions with government related parties

Figures in N$	2022		2021	
	Revenue	**Purchases**	**Revenue**	**Purchases**
Air Namibia	2,201,441	(714,370,915)	16,030,562	(712,148,422)
Ministry of Defence	9,180	-	6,337	-
Ministry of Environment and Tourism	2,581	-	2,581	-
Ministry of Finance	359,128	-	354,586	-
Ministry of Home Affairs	48,726	-	72,927	-
Ministry of Safety and Security	232,250	-	6,255	-
Ministry of Works and Transport	929,173	-	21,587	-
Mobile Telecommunications (MTC)	1,601,022	-	1,059,277	-
NAMCOR Petroleum Trading and Distribution	1,338,332	-	1,134,486	(6,067,282)
Namibia Civil Aviation Authority	8,529	(26,000)	13,845	(77,550)
Namdeb Diamond Corporation (Pty) Ltd	108,988	-	42,180	-
Nampost Courier Services	-	(125,066)	-	(166,013)
Nampower (Proprietary) Limited	238,911	(9,763,478)	176,494	(8,261,371)
Telecom Namibia Limited	442,441	(2,951,863)	386,673	(3,708,635)
Namibia Water Corporation Limited	-	(2,641,154)	-	(2,877,545)
New Era Publications Corporation	-	(207,451)	-	(270,163)
City of Windhoek	-	(4,069,153)	-	(3,959,125)
Erongo Regional Electricity Distribution (ErongoRED)	-	(1,940,566)	-	(2,026,698)
Keetmanshoop Municipality	-	(88,654)	-	(96,361)
Luderitz Municipality	-	(46,631)	-	(35,775)
Walvis Bay Municipality	-	(42,314)	-	(54,470)
Nored Electricity	-	(1,999,914)	-	(2,206,108)
Ondangwa Town Council	-	(729,121)	-	(730,470)
Road Fund Administration	-	(155,566)	-	(170,550)
Social Security Commision	-	(1,527,146)	-	(1,210,028)

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28. Financial risk management

28.1 Capital risk management

28.1.1 Cash flow and fair value interest rate risk

Exposure

The company have a long-term borrowings with prime rate minus one 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	
	2022	2021	2022	2021
Interest rates – increase by 100 basis points (100 bps)*	1,092,962	586,863	1,092,962	586,863
Interest rates – decrease by 100 basis points (100 bps)*	(1,092,962)	(586,863)	(1,092,962)	(586,863)

* Holding all other variables constant

28.1.2 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.

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Financial risk management continued...

28.2 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:

	2022	2021
Trade and other receivables	80,953,203	63,082,355
Cash and cash equivalents	109,296,181	58,686,314
	190,249,384	**121,768,669**

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 2022 (31 March 2021: N$708 million). The balances outstanding from Air Namibia have been fully impaired at 31 March 2022 as well as at 31 March 2021.

The funds the company invested with are as follows:

	2022	2021
Capricorn corporate fund	50,769,047	17,854,415
First National Bank of Namibia corporate fund	470,583	453,052
Sanlam Namibia Active fund	5,551,551	5,269,288
Old Mutual - Nedbank Namibia Corporate fund	45,516,641	13,248,331
NAM Coronation Money Market Fund	780,817	1,746,742
	103,088,639	**38,571,828**

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:

	2022	2021
Opening Balance	841,316,758	807,065,579
Impairment for the trade receivable allowance	841,062,902	806,811,723
GST receivable from the Receiver of Revenue	253,856	253,856
Expected Credit Losses/ Impairment loss recognised	9,373,908	34,251,179
Impairment allowance	9,373,908	43,406,753
Bad debt written off	-	(9,155,574)
Closing Balance	**850,690,666**	**841,316,758**

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Financial risk management continued...		
The closing balance comprise the following:		
Impairment for the trade receivable allowance	850,436,810	841,062,902
Receivable from the Receiver of Revenue	253,856	253,856

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Financial risk management continued...

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

		31 March 2022		31 March 2021	
	Average Loss Rate	Gross Amount	Expected Credit Lossess	Gross Amount	Impairment
Current	6%	23,309,533	1,501,589	13,040,579	1,926,739
1-30 days	5%	22,618,486	1,114,872	14,422,183	3,484,432
31-60 days	25%	3,712,722	928,054	4,535,435	2,584,002
61-90 days	35%	2,432,643	843,300	3,177,953	905,120
91-180 days	30%	9,596,962	2,865,699	9,781,639	4,831,144
181 plus days	97%	851,642,847	825,091,133	841,036,651	809,272,044
		913,313,193	**832,344,647**	**885,994,440**	**823,003,481**

	31 March 2022 N$	31 March 2021 N$
Past due but not impaired		
Past due 31-60 days	2,784,668	1,951,433
Past due 61-90 days	1,589,343	2,272,833
Past due 91-180 days	6,731,263	4,950,495
Past due for more than plus days	26,551,714	31,764,607
	37,656,988	**40,939,368**

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.

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Financial risk management continued...

Debt investments

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:

	Cash and cash equivalents	Other receivables	Total
31 March 2022			
Opening loss allowance	18,413	18,041,009	18,059,422
Increase in the allowance recognised in profit or loss during the year	32,741	-	32,741
Closing loss allowance	51,154	18,041,009	18,092,163

	Cash and cash equivalents	Other receivables	Total
31 March 2021			
Opening loss allowance	105,715	2,235,516	2,341,231
Increase 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

28.2.2 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:

	2022	2021
Impairment losses		
- Adjustment for impairment of trade receivables per IFRS 9	9,348,439	31,107,144
Impairment losses on short-term investments	32,741	(87,302)
Impairment losses on other financial assets	-	15,805,493
Net impairment losses on financial and contract assets	9,381,180	46,825,335

Figures in N$	2022	2021

Financial risk management continued...

28.3 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 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.

28.3.1 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	Over 5 years	Total contractual cash flows	Carrying amount
Year ended 31 March 2022						
Non-derivatives						
Trade and other payables excluding nonfinancial liabilities (Note 12)	28,639,516	-	-	-	**28,639,516**	**28,639,516**
Lease liabilities (Note 14)	-	4,154,500	-	-	**4,154,500**	**4,154,500**
Long-term borrowings (Note 15)	-	20,428,571	-	123,274,871	**143,703,442**	**143,703,442**
Total non-derivatives	**28,639,516**	**24,583,071**	-	**123,274,871**	**176,497,458**	**176,497,458**
Year ended 31 March 2021						
Non-derivatives						
Trade and other payables excluding nonfinancial liabilities (Note 12)	46,314,934	-	-	-	**46,314,934**	**46,314,934**

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29. Cash flows from operating activities		
Loss before tax	(155,362,667)	(216,352,333)
Adjustments for:		
Finance income	(974,037)	(3,945,420)
Finance costs	6,179,055	6,122,624
Depreciation and amortisation expense	159,879,421	95,431,732
Impairment loss on realised in profit or loss	9,381,180	46,825,335
Income recognised from government grants	(47,844,479)	(59,777,728)
Gains on disposal of non-current assets	(3,356,774)	(253,242)
Change in operating assets and liabilities:		
Change in trade and other receivables	3,971,699	(35,556,188)
Change in trade and other payables	(44,754,139)	23,449,416
Adjustments for provisions for receivables	-	(5,624,445)
Net cash flows from operations	**(72,880,741)**	**(149,680,249)**

30. Commitments

Capital commitments

Major capital expenditure contracted for at the reporting date, but not recognized in the financial statements amounts to Nil (2021: Nil). At year end the value of capital expenditure approved by the Board of Directors amounts to N$185,729,776 (2021: N$411,468,384). 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.

31. Leases

31.1 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	**66,773,145**	**32,416,671**

31.2 As a lessee

Amounts recognised in profit or loss	**31 March 2022**	**31 March 2021**
Expenses relating to leases of low-value assets	2,165,828	1,455,512
	2,165,828	**1,455,512**

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32. Critical accounting estimates and judgements

The company conducted asset valuation, review the useful lives and residual values of all asset categories as of 31 March 2021. As a result, the expected useful life values of some assets categories increased / decreased and its estimated residual value mainly for building, roads, runways and taxiways decreased. The effect of these changes are detailed on the table below.

The useful lives of the below asset categories were revised as per below,

Asset class	Useful lives as of 31 March 2021	Revised useful lives
Airport Equipment	5 years	10 years
Roads	20 years	10 years
Runways	20 years	30 years
Taxiways	20 years	10 years
Office Equipment and Furniture	5 years	7 years

The residual values of the below asset categories were revised as per below,

Asset class	Useful lives as of 31 March 2021	Revised useful lives
Buildings	Company policy - 62%	N$1.00
Roads, Runways and Taxiways	Company policy – 57%	N$1.00

The effect of above changes resulted in increase in depreciation expense by N$ 87 million as of 31 March 2022.

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