NAMIBIA AIRPORTS COMPANY

ANNUAL REPORT

2019/2020

Developing safe and secure airports since 1999

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OUR 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.

OUR VISION

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

OUR MISSION

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.

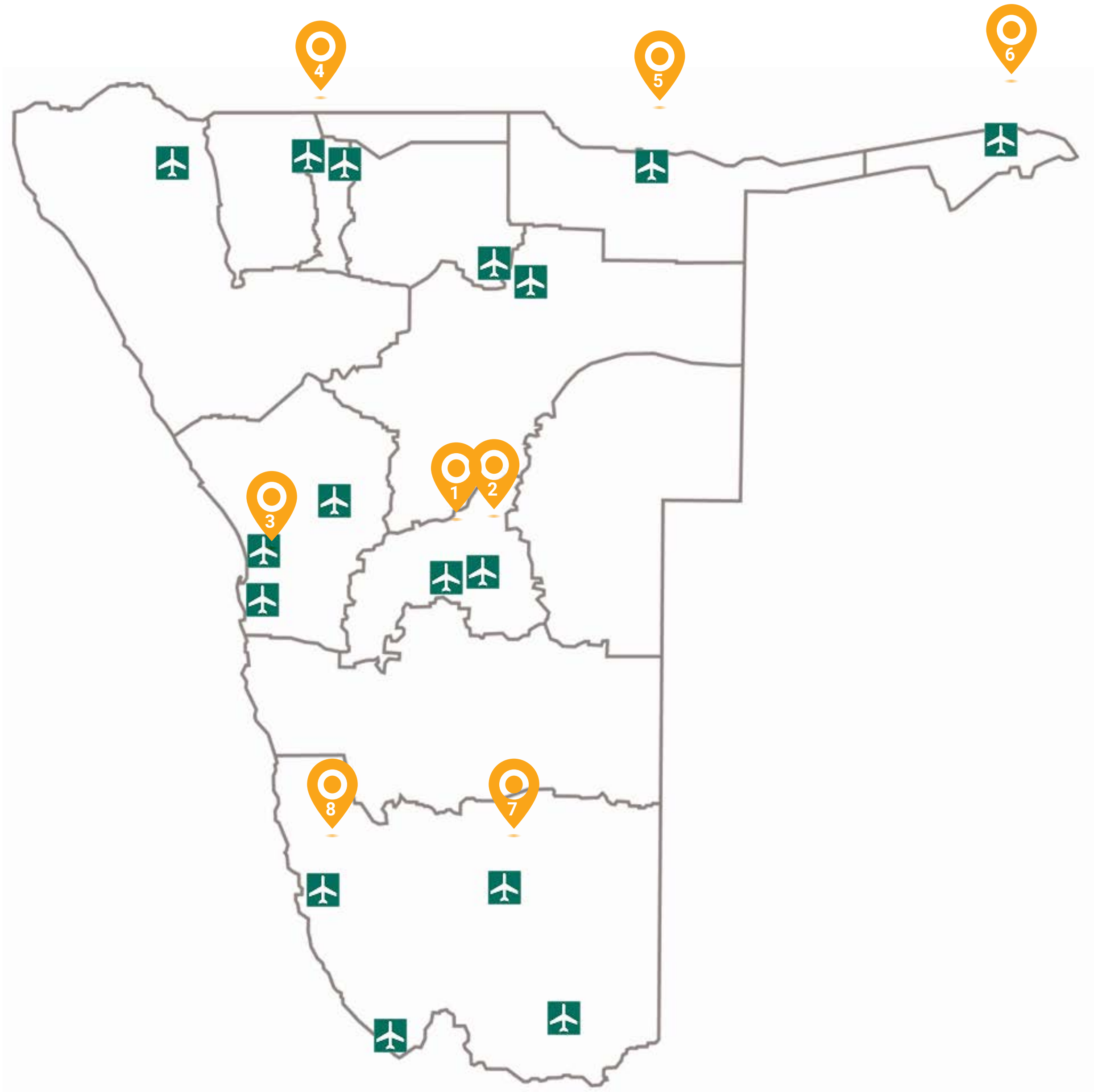
OUR PURPOSE

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

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

The airports under the NAC mandate are:

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. Luderitz Airport (Luderitz)



OUR STRATEGIC MAP

Financial Perspective	Revenue Growth		Cost Management	Leverage Assets	Customers
Customer Perspective	Customer Experience	Safe, Secure & Environmentally Sustainable	Stakeholder Engagement	Price Competitive	Outputs
Internal Processes	New Product and Service Offering	Infrastructure development	Process Optimisation	Capacity Optimisation	Processes
Learning and Growth	Staff Competence		Employee Empowerment	Organisational Transformation	Inputs

VISION

To be a prime service provider in airport operations and management

MISSION

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

STRATEGIC PILLARS

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

VALUES

Professional | Agile | Vigilant | Evolving

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

- Professional – in all our interactions with stakeholders and customers
- Agile – in responding to a changing industry sector
- Vigilant – in ensuring safety, security and environmental sustainability
- Evolving – continuous improvement

MESSAGE FROM THE BOARD CHAIRPERSON

DR LEAKE HANGALA
Chairperson

> "the board is entrusted with its fiduciary responsibility to steer the organization by creating an enabling environment to ensure that it delivers its mandate."

It is with great pleasure that I take this opportunity to present to you the performance, achievements and the roadmap on the state of affairs at Namibia Airports Company for the financial year 2019 / 20.

The company's mandate is to develop and manage aerodromes in line with national and international civil aviation regulations. As part of our corporate governance responsibility, the board is entrusted with its fiduciary responsibility to steer the organisation by creating an enabling environment to ensure that it delivers its mandate.

The Board therefore, ensured during its term that it provided the strategic direction to allow the NAC to flourish under very difficult circumstances - circumstances that were under the control of the board and circumstances that were not under our control.

With Namibia being a preferred tourist destination, aviation has been the largest enabler of tourism in Namibia. The airports are the gateway to the country and most economic activities between Namibia and the rest of the world hinge on the aviation industry. Namibia also serves as a viable alternative connection to the rest of Africa, Asia, Europe and the Americas. This means that the aviation industry in Namibia provides considerable opportunities for growth in both Namibia and the rest of the continent.

In support of tourism development, Namibia's airports company compare favourably with its regional counterparts (excl. SA) in terms of flight activity (prior to the effects of Covid-19):

Aviation plays an integral part in establishing Namibia as a logistics hub as envisaged in NDP 5 with significant cargo opportunities through fishing, mining and other marine operations. The aviation industry provides an efficient link between these industries and the rest of the world.

The logistics hub refers to a concept and not merely the physical infrastructure of airports, ports, logistics warehouses, road / rail network or intermodal capabilities. It requires a coordinated approach requiring efficient ports (sea ports, airports, rail ports, multi-modal terminals, land border stations), storage and warehousing with capacity, an efficient transport network and competitive logistics companies.

To this end, NAC supports development of a Namibian airline servicing domestic and regional routes, airport infrastructure handling large wide-body aircraft and associated ground handling capacity, further developing aircraft maintenance skills, training and infrastructure and aviation training (for General Aviation, Line maintenance). This is further intended to inculcate an aviation culture within Namibians.

Given the significant and critical role played by airports, and invariably the NAC in the Namibian economy, in developing and promoting economic growth, we have the very important task and mandate to ensure that the organisational strategies are streamlined to promote trade and investment; travel and tourism and to meet the objectives outlined in the National Development Plan 5, Harambee Prosperity Plan with the view to positioning Namibia as a logistic hub and to ultimately contribute towards improving the livelihood of each and every Namibian citizen.

The Namibia Airports Company has been a source of concern to its shareholder and the public and - at one stage - it was assumed to be unstable and operating on unsound business practices. In the same breath I wish to state that, with the leadership and insight of the Board, the fate and performance of the company has significantly changed over the last 12 months.

The board is proud to acknowledge the impact made with the appointment of Mr Bisey /Uirab as substantive CEO on 1 May 2019. The organisation is stabilising and concerted actions have been undertaken to improve service delivery; to ensure continuous engagement with our stakeholders internally and externally in improving service delivery and to ensure that the company fully complies with all laws, rules and regulations that governs its operations.

More importantly, improved financial management systems and processes are in place to ensure that the organisation meets its operational expenditure within its operational income and that the organisation is dedicated to ensure that its employees live up to its core values to restore its brand value and confidence of all our stakeholders.

Some of the management actions geared towards the organizational transformation and restoring the organisational brand value are:

- In order to address the inefficiencies and ineffectiveness of the existing organisational structure in propelling the company to deliver on its mandate, a new structure for top and middle management has been developed and approved. The recruitment process for senior management and executive management in the revised structure has been completed and has attracted highly skilled personnel that will meaningfully add value in leading the organisation.
- The renaming of the Ondangwa Airport after the liberation struggle icon, the late Andimba Toivo ya Toivo that was officiated by His Excellency Dr Nangolo Mbumba, Vice President of the Republic of Namibia on 22 August 2019;
- The ground-breaking ceremony of Hosea Kutako International Airport Congestion Alleviation Project that was officiated by the Right Honourable Netumbo Nandi – Ndaitwa, Deputy Prime Minister and Minister of International Relations and Cooperation on 16 September 2019;

To ensure that we manage airports on sound business principles and with due consideration of our stakeholders, it is imperative that we continue to adhere to the national and international civil aviation regulations. In October 2019, the Namibia Civil Aviation Authority conducted a fit and proper persons test as is prescribed in terms of the Civil Aviation Act and Regulations and the CEO was successfully appointed as the Accountable Manager.

While it has been a challenging financial year, and all evidence points to the fact that even more turbulent times lie ahead, NAC management and staff are committed to weather the storm and deliver on the company's mandate to the Namibian people.

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

DR LEAKE HANGALA
Chairperson

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

BISEY /UIRAB
Chief Executive Officer

The period under review pre-dates the Covid-19 pandemic and the effects thereof appeared in the final quarter of this financial year. The company has capacitated more than 1.16m passengers through all our airports for the year, down 12% from the 2018/19 peak year.

Despite the reduction in passengers, a review of the tariff structure for regional flights enabled NAC to improve revenue to N$420m (N$386m: 2018/9). The improvement in revenues was offset by material impairments made (N$88m) in order to address historical concerns on selected capital projects. This was exacerbated by credit losses on major customers of NAC. We envisage the effect of this to continue to the following financial year 2020/21.

Noting that the organisation faced challenges over a prolonged period, it has been exposed to a number of court cases. Considerable progress has been made to reduce the number of pending court cases and legal risk faced by the company. The list of court cases in both the High Court and Supreme Court has been significantly reduced from 34 to only 5 active cases at the end of the financial year, all of which are at an advanced stage of litigation. We expect the remaining cases to be finalised in the very near future.

Similarly, NAC is not unique when it comes to internal legal challenges. To date six labour cases have been finalised in an amicable manner at the Labour Commissioner since May 2019 and no new labour cases have been initiated – this is attributable to a favourable internal organizational climate that has been established where the employees are valued and their contributions are recognized.

The transparency issues that the organisation experienced in the procurement function have been resolved and on-going monitoring mechanisms are being implemented. We continue to emphasise full adherence to relevant legislation and policies in all procurement matters. We are proud to announce that of all the 15 major bids undertaken, only two (2) have been challenged and in both instances, no procurement irregularities were noted.

The Namibia Civil Aviation Authority as a Regulator conducts audits at all NAC airports to ensure compliance to both National and International regulations. Certain compliance issues have been identified by the Regulator over the years. We are addressing these issues to ensure that we maintain safe and secure airports and action plans on corrective measures have been put in place to close these findings.

KEY STATISTICS:

REVENUE (N$ MILLION)

	2018/ 2019	2019/ 2020	CHANGE
Aeronautical revenue	289.2	329.3	+13.8%
Non-aeronautical revenue	96.9	91.4	- 5.7%
	386.1	**420.7**	**+8.96%**

OPERATING EXPENSES

	2018/ 2019	2019/ 2020
Staff costs	155.7	191.7
Maintenance and repairs	14.6	7.3
Administrative costs	90.1	104.2
Expected credit losses	237.5	203.1
Depreciation, impairment and amortisation	99.9	184.5
	597.3	**690.8**

KEY PROFITABILITY RATIOS

	2018/ 2019	2019/ 2020
EBITDA	-5%	+2%
Operating Profit Percentage	-26%	-42%
Net Profit Percentage	-5%	-18%

FLIGHT ACTIVITY

	2018/ 2019	2019/ 2020	CHANGE
Passenger Movements	1 338 872	1 165 592	-12.9%
Aircraft Movements	53 279	60 288	+13.2%

Subsequently, Hosea Kutako the flagship airport has improved significantly in the area of safety and received the annual Aerodrome License Renewal by the Namibia Civil Aviation Authority at the end of November 2019 and Walvis Bay International Airport has been re-licenced at the beginning of January 2020. The licensing process for Andimba Toivo Ya Toivo (Ondangwa) Airport is currently underway and for Eros Airport, it is in the initial stages.

The aerodrome licensing regime will change in the forthcoming year and will require that all 8 airports under NAC's jurisdiction be either Certified (for Category A International Airports) or Licensed (for Category C Domestic Airports). The new Namibian Civil Aviation Regulations represent a material change in scope of the requirements to ensure compliance.

The state of affairs at our Regional Airports: Rundu, Katima Mulilo, Keetmanshoop and Luderitz Airports are high on the agenda of the organisation and various innovative initiatives are being investigated to address the compliance measures at those airports.

The organisation is aggressively preparing itself for the upcoming Safety Audit scheduled to take place this year at our flagship airport, Hosea Kutako International Airport. The timing of this audit is likely to be impacted by the effects of the Covid-19 pandemic.

Some of the key capital projects being implemented currently are:

- "Hosea Kutako Congestion Alleviation Project" is expected to alleviate the congestion challenges in the terminal building and apron within the short term. Similarly, it is aimed at doubling the handling capacity of the airport to increased passenger movements up until 2030. The Government through the Ministry of Works and Transport have allotted funding amounting to N$155 million complemented by N$95 million from Namibia Airports company's own coffers. The project is work in progress and is expected to be concluded by September 2020.

- Eros Airport Runway Rehabilitation project is aimed at rehabilitating the runway to enhance safety at the airport. The plans and designs for the holding action plan has been completed and submitted to the NCCA for approval. The construction works are planned to be completed by end of May 2020.

We have made significant strides in addressing outstanding Annual Financial Statements, Annual Reports and Annual General Meetings and expect these to be current within the next financial year. Overall Corporate Governance has been strengthened with particular emphasis on the Public Enterprises Governance Act (PEGA) which was promulgated in December 2019. As a Commercial entity, this has changed the reporting ministry of the Namibia Airports Company from Minister of Works and Transport (MWT) to Minister of Public Enterprises (MPE).

The high level organisational structure with requisite skills and experience (including NCAA fit and proper persons' tests) has been implemented on a substantive basis.

The NAC also conducted a satisfaction and stakeholder engagement survey and the outcome thereof recorded a 61.6% customer satisfaction rating, which leaves room for improvement. Deliberate strategies are now in place to improve this rating which do not only rely on improvements in infrastructure but focus on process flows, staff training and organisational transformation.

Noting the road map going forward, the organization has prioritised the development of a five-year strategic plan as part of its deliverables. The process to formulate and develop the Integrated Strategic Business Plan is currently being done in- house. We envisage having a strategic plan in place by the next financial year, 1 April 2020.

BISEY /UIRAB
Chief Executive Officer

In conclusion, over and above this briefing, we are pleased to inform you that the state of affairs at NAC has improved considerably whilst acknowledging that there remains room for improvement.

I would like to reassure our stakeholders that we are committed to delivering world-class customer service delivery whilst maintaining safe and secure airports.

CORPORATE GOVERNANCE AND RISK MANAGEMENT FRAMEWORK

CORPORATE GOVERNANCE

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

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

Governance at a corporate level includes the processes through which a company's objectives are set and pursued in the context of the social, regulatory and market environment.

It is concerned with practices and procedures for trying to make sure that a company is managed in such a way that it achieves its objectives, while ensuring that stakeholders can have confidence that their trust in that company is well founded.

THE BOARD OF DIRECTORS

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

The Directors of the Board of the NAC are non-executive Directors with the roles of the Chairperson and Chief Executive Officer are separate and distinct.

DR LEAKE HANGALA
Chairperson

DATE OF APPOINTMENT
11 October 2018
Renewed on 30 July 2019

Dr. Hangala holds a Ph.D. in Geology and Mineralogy obtained from the University of Helsinki, Finland, in 1987, a .BSc in Geology and Mineralogy (1981), a MSc in Geology and Mineralogy (1983) and holds a Certificate in Management from the prestigious Harvard University, USA.

MRS BEVERLY VUGS
Deputy Chairperson

DATE OF APPOINTMENT
01 September 2016
Renewed on 30 July 2019

Ms Gawanas-Vugs holds a Master's degree in Business Administration from the Namibia Business School, at the University of Namibia (UNAM). She completed her Accounting Articles at PricewaterhouseCoopers (PWC) after obtaining her Bachelor's Degree in Accounting from UNAM.

MR. RUDOLPH RITTMANN
Director

DATE OF APPOINTMENT
01 September 2016
Renewed on 30 July 2019

Mr Rittmann holds a Master's degree in Engineering: Transportation Engineering from the University of Cape Town, a certificate in Road Management from the International Road Federation & University of Birmingham; a Baccalaureus Technologiae Degree: Civil Engineering and a National Diploma in Civil Engineering (Cum Laude).

The current number and stature of the 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:

ADV. IRENE VISSER
Director

DATE OF APPOINTMENT
11 October 2018
Renewed on 30 July 2019

Irene is an admitted legal practitioner and advocate of the High and Supreme Courts of Namibia and specializes in intellectual property law, commercial law, contract law and law of taxation. She has extensive experience in trial and motion proceedings and has sat as arbitrator and mediator in a variety of complex commercial and matrimonial disputes.

MS. GRACE MOHAMMED
Director

DATE OF APPOINTMENT
01 September 2016
Renewed on 30 July 2019

Ms Mohamed holds a Bachelor of Commerce degree (BComm) from the University of Namibia (UNAM), an honors degree from the University of Cape Town (UCT), MComm (Economics) from Wits University and an MBA from GIBS/University of Pretoria.

MRS. IPUPA KASHEETA
Director

DATE OF APPOINTMENT
01 September 2016
Renewed on 30 July 2019

Ms Kasheeta holds a Master's degree in Business Leadership (University of South Africa), a Bachelor of Business Administration degree: Human Resource Management (UNAM), Advanced Diploma in Central Banking (Institute of Bankers in SA), a Higher Education Diploma (UNAM) and Certificate in Organisation Development (UNISA).

FUNCTIONS OF THE BOARD

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

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

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

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 maintains 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 organisational culture,
- To develop structures and processes which seek to support the attraction and development of the right people and optimisation of their potential to support the overall organisational strategy;
- To provide oversight on the remuneration strategy and related Conditions of Service; and
- To ensure that there is proper succession planning for the Chief Executive Officer, Executive management and all core and critical skills.

SAFETY AND SECURITY COMPLIANCE COMMITTEE

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

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

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

LEGAL AND TECHNICAL COMMITTEE

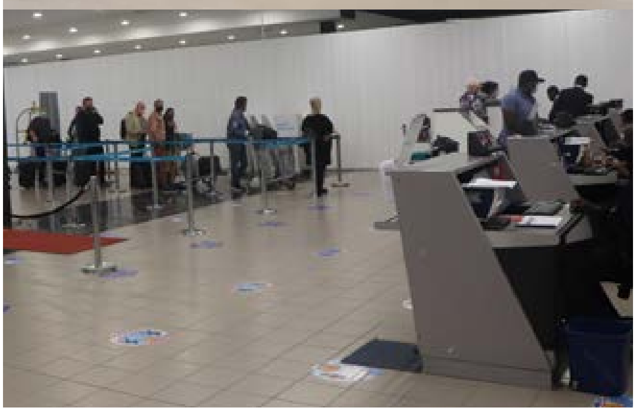
The Committee is tasked with reviewing and overseeing the execution and implementation of the company's airport technical operational manuals, policies, strategy and practices which is underpinned by a commitment to enhance business performance through efficient and compliant airport operations; progressive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

The Committee provides oversight and directives on:

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

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

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



COMPLIANCE WITH PEGA, DIRECTIVES AND PROCUREMENT ACT

Effective 16 December 2019, the Public Enterprises Governance Act (PEGA) was promulgated. As a Commercial entity, this has changed the reporting ministry of the Namibia Airports Company from Minister of Works and Transport (MWT) to Minister of Public Enterprises (MPE).

Non-Commercial Enterprises such as the aviation regulator, Namibia Civil Aviation Authority (NCAA) remain under the auspices of the Minister of Works and Transport (MWT).

EXECUTIVE MANAGEMENT COMMITTEE (EXCO)

Backrow Standing, from left to right: Mr Ralph !Gaoseb (Executive Engineering and Projects), Mr Leonard Shipuata (Executive Operations), Mr Bisey /Uirab (Chief Executive Officer), Mr Justin Strauss (Executive Information Technology), Mr Verengai Ruswa (Executive Finance and Administration), Mr Christian Faure (Executive Risk, Compliance and Strategy)
Frontrow sitted, from left to right: Ms Ingrid Cupido (Company Secretary), Ms Mona-Lisa Jakobs (Head Internal Audit), Ms Toska Sem (Executive Commercial) and Ms Josephine Soroses (Executive Human Resources).

OUR FINANCIAL OVERVIEW

FINANCIAL SUSTAINABILITY

Financial growth and sustainability is a strategic imperative for Namibia Airports Company. It remains central to the purpose for which the company exists.

During 2019/2020, the company aimed to grow its operations in order to return to profitability.

REVENUES

Despite challenges faced in the economy during the year, which were further exacerbated by the onset of the COVID-19 pandemic, the company saw some growth in revenues compared to the prior year. During the year, the tariff structure for aeronautical revenues was reviewed, culminating in the abolishment of regional passenger and security fees that were previously applicable for passengers departing for destinations within the SACU region. This resulted in application of international rates for all passengers travelling to non-Namibian destinations.

Due to this, NAC recorded total revenue of N$420.7 million in 2019/20 overall, across aeronautical and non-aeronautical portfolios, representing a growth of 9% compared to 2018/2019. Aeronautical revenues constitute the largest source of revenue for NAC, at N$329 million, comprising of 64% of total income earned during the year.

The company also generated non-aeronautical revenue of N$91 million from other commercial activities undertaken at the various airports.

In addition, the company recorded N$85 million in other operating income as well as N$8.9 million in other gains and losses earned on investments. Included in other operating income is N$68 million recorded in respect of deferred income relating to government grants received in the past for capital expenditure.

OPERATING EXPENDITURE

During the 2019/2020 financial year, consultations with unions culminated in a comprehensive payroll structure review. This saw the retrospective adjustment of staff salaries across the board to align them with comparable market players. This process, among others, resulted in an increase in staff costs of about 23% compared to the 2018/2019 financial year.

While management have made significant strides in resolving historical issues on capital projects, an impairment exercise performed during the year resulted in the approval of an impairment loss of N$85 million, which was recognised in the company's income statement.

Furthermore, the continued financial challenges faced by Air Namibia and some government agencies have also been the largest contributors to the expected credit losses of N$203 million recorded during this period under review.

REVENUE (N$ MILLION)

	2018/ 2019	2019/ 2020
Aeronautical revenue	289.2	329.3
Non-aeronautical revenue	96.9	91.4
	386.1	**420.7**

OPERATING EXPENSES

	2018/ 2019	2019/ 2020
Staff costs	155.7	191.7
Maintenance and repairs	14.6	7.3
Administrative costs	90.1	104.2
Expected credit losses	237.5	203.1
Depreciation, impairment and amortisation	99.9	184.5
	597.3	**690.8**

KEY PROFITABILITY RATIOS

	2018/ 2019	2019/ 2020
EBITDA	-5%	+2%
Operating Profit Percentage	-26%	-42%
Net Profit Percentage	-5%	-18%

CASH FLOW GENERATION

NAC has typically maintained a strong cash flow position over the past few years. This has been a result of a combination of the company's usually solid operating profitability and the low levels of investment in capital-intensive projects.

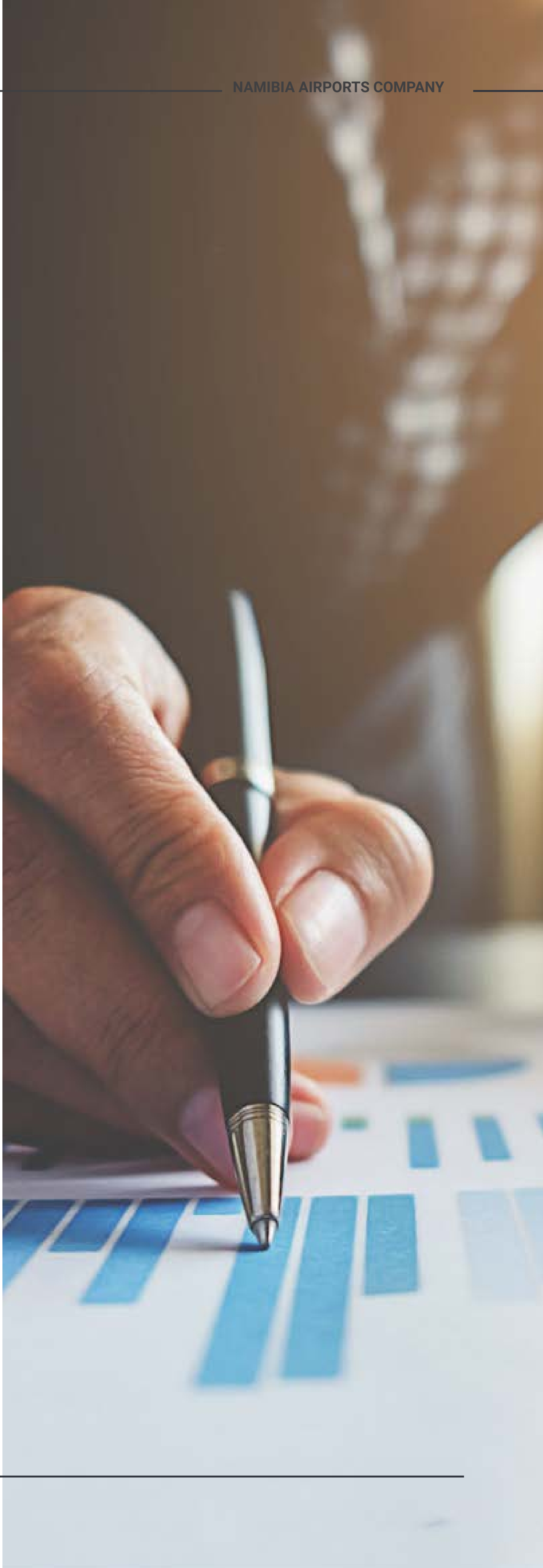
This has however been considerably challenged due to the failure to collect amounts due from one of the company's key and strategic customers Air Namibia.

During pre-pandemic times, Air Namibia's revenues constituted about 45% and a failure to collect severely threatened the cash flow generation capacity of the company.

FINANCING

During the year under review, the company continued to finance all its operational costs using the revenues generated from operations. Pursuant to a commitment by the shareholder to fund part of the Hosea Kutako Congestion alleviation project, NAC received N$115 million during the year.

This contribution will be used exclusively for this project, which is expected to cost N$250 million. The remainder of NAC's capital expenditures were funded by the company. No external funding was obtained during the financial period.



N$ 420.7 mil

total revenue across all portfolios

Total revenue increased by

9%

Since the 2018/19 year

Aeronautical revenue constitues for

64%

of NAC's total revenue

ORGANISATIONAL PERFORMANCE REPORT

SAFE AND SECURE AIRPORTS

The Namibia Civil Aviation Authority (NCAA) conducted aerodrome audits in accordance with the provisions of the Namibia Civil Aviation Regulations (NAMCARs) Part 139 (2001 Regulations). The aerodrome licenses for Hosea Kutako International Airport (HKIA), Walvis Bay International Airport (WVB) and Andimba Toivo Ya Toivo (ATYTA) were successfully renewed for a further period of twelve (12) months.

Key areas audited as part of the aerodrome license renewal include the following: physical characteristics, obstacle limitation surfaces, emergency management system, fire and rescue services, operations manuals, visual aids, aerodrome maintenance and environmental management programme. The validity period of the respective aerodrome licenses were as follows:

- HKIA – License renewed on 01 December 2019 and valid until 30 November 2020
- Walvis Bay – License renewed on 03 January 2020 and valid until 05 January 2021
- Andimba Toivo ya Toivo Airport – Licence renewed on 01 February 2020 and valid until 01 February 2021.

For the period under review the Namibia Airports Company participated and contributed to the review process of the new Namibia Civil Aviation Regulations (NAMCARs) Part 139 (2018 Regulations) which came into effect June 2020 . The outcome of the new Regulations was that the NAC airports would be required to submit an entirely new licensing or certification process, now for all 8 airports instead of the 3 main aerodromes.

Following the outbreak of the Covid-19 virus in December 2019, the following measures were implemented from late January 2020 to strengthen the control of the outbreak at NAC ports of entry in particular Hosea Kutako International Airport, Walvis Bay International Airport and Eros Airport:

- Screening of all passengers by Port Health Officials upon arrival at HKIA, WVB and Eros Airport for any signs and symptoms of the Novel Coronavirus.
- An ambulance from the Ministry of Health and Social Services (MoHSS) positioned at HKIA on a daily basis since 28 January 2020 to facilitate the transportation of suspected passengers with the Novel Coronavirus to the isolation location.
- A health and travel questionnaire developed by MoHSS for distribution on a continuous basis to the airlines operating at NAC Airports for completion by the arriving passengers.
- Two thermo-detectors installed at HKIA and one at Walvis Bay International Airport to supplement the handheld thermo-detectors for the temperature screening of arriving passengers; and
- A mobile hospital facility, including isolation rooms set up at HKIA by the Ministry of Defence for the isolation of suspected passengers at HKIA if any.

Following the International Civil Aviation Organisation Universal Security Audit Programme and Continuous Monitoring Approach (ICAO USAP-CMA), the Airport Security Programmes (ASPs) for Namibia's flagship Hosea Kutako International Airport and Eros Airport were submitted to the Namibia Civil Aviation Authority for approval. The Aviation Security Training Programme was also developed during the review period and approved for implementation by the Namibia Civil Aviation Authority.

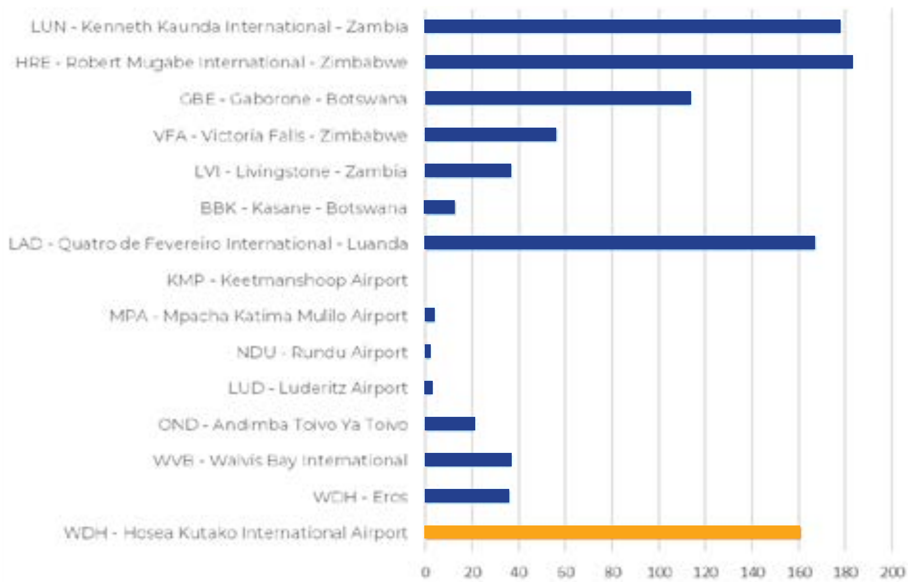
PASSENGER MOVEMENTS AND GROWTH

1. Passenger traffic movements – The total passenger traffic movements stood at 1 165 592 by the end of 2019/2020 financial year compared to 1 338 872 passenger traffic movements recorded in the previous financial year. This illustrates an average negative growth rate of 12.9% during the 2019/20 financial year compared to the previous financial year.
2. The third quarter of the financial year showed a tremendous decline in passenger movements as a result of the outbreak of the Corona Virus. The first suspected cases were officially reported to the World Health Organization on 31 December 2019, with the illness appearing just over three weeks earlier on 8 December 2019 in Wuhan.
3. Aircraft movements – The total number of aircraft movements for the 2019/20 financial year stood at 60 288 compared to 53 279 aircraft movements recorded in the previous financial year. This shows an average incremental rate of 13.2% during the 2019/20 financial year compared to the previous year of 2018/19 financial year.
4. The introduction of the additional routes by Air Namibia on the Eros - Andimba Toivo Ya Toivo route as well as the Eros – Cape Town via Oranjemund in May 2019 by Westair attributed to the increased overall aircraft movement. In addition, the introduction of the Windhoek – Frankfurt route by the Lufthansa group in October 2019, serviced by Euro wings is also a credit to the increment of total aircraft movements for the 2019/20 financial year.

AERONAUTICAL CHARGES

The aeronautical charges for 2020/21 and 2021/2022 financial years increased with an inflationary increase of 4.6%. The landing fees remained constant to provide a relief to airlines in light of the economic downturn.

AVERAGE WEEKLY DEPARTURES: NAMIBIA AND SADC AIRPORTS- PRE COVID



AIR SERVICES DEVELOPMENT

1. Lufthansa Group – The launch of the new route Frankfurt to Windhoek by the Lufthansa Group was successfully inaugurated by the Chargé d'Affaires of the Embassy of the Federal Republic of Germany, Ms Ellen Gölz on 30 October 2019 and is scheduled three times a week;
2. Westair Operations – The Westair Group successfully launched an additional route to Eros to Ondangwa on 1 July 2019 and is scheduled three times a week. An additional route was also inaugurated for Eros – Oranjemund – Cape Town in line with the Bilateral Service Agreement between the Republic of Namibia and South Africa.

CUSTOMER SERVICE

A customer satisfaction and stakeholder engagement survey was conducted and the outcome thereof recorded a 61.6% customer satisfaction rating. The overall rating calls for room for improvement in respect of service delivery and stakeholder engagement.

An action plan was developed to address the NAC responsiveness, reliability, cost effectiveness and infrastructural upgrades in order for the organization to become customer centric.

STAKEHOLDER AND CLIENT ENGAGEMENT

NAC has joined the Namibia Chamber of Commerce and Industry (NCCI) as a corporate member.

NAC is also a member of the Bilateral Air Service Agreement (BASA) Committee under the auspices of the Ministry of Works and Transport, a platform that negotiates bilateral air service agreements with respective countries.

NAC plays an active role in promoting and marketing Namibia as a preferred tourist destination through the Tourism Advisory Board of the Namibia Tourism Board. A number of marketing campaigns have been underway in collaboration with the Namibia Tourism with the aim of increasing passenger numbers through air travel.

ORGANIZATIONAL IMAGE

Ondangwa Airport has been renamed after the liberation struggle icon, the late Andimba ya Toivo, an event that was officiated by His Excellency Dr Nangolo Mbumba, Vice President of the Republic of Namibia on 22 August 2019.




The Ground-breaking ceremony of Hosea Kutako International Airport Congestion Alleviation Project was officiated by the Right Honourable Netumbo Nandi – Ndaitwa Deputy Prime Minister and Minister of International Relations and Cooperation on 16 September 2019




NAC ENGINEERING AND INFRASTRUCTURE PROJECTS

OVERVIEW OF CURRENT PERFORMANCE AGAINST TARGETS

The Engineering Business Unit is responsible for the planning, designing, construction, supervision, maintenance and technical forecasting of all airport infrastructure under the Namibia Airports Company (NAC). All these activities are guided and directed by the Namibian Civil Aviation Regulations (NAMCARs) Part 139 as well as the ICAO Regulations.

The Business Unit is further responsible for all infrastructure management.

We remain 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

AIRPORT NAME	PROJECT NAME	CURRENT PERFORMANCE VS TARGETED
Hosea Kutako International Airport (HKIA)	Congestion Alleviation Project	The project is progressing well and completion is expected by end Oct 2020.
Eros Airport	Full rehabilitation project for airside pavements at Eros Airport	Detailed designs are complete and the procurement process for construction works to commence during 2020 calendar year. Construction is expected to commence in June 2020.
Andimba Toivo Ya Toivo Airport	Construction of a new fire station	Currently at design stage.
Katima Mulilo Airport	Rehabilitation of runway at Katima Mulilo Airport	The design is being finalised for submission to NCAA for approval

MAINTENANCE PROJECTS

AIRPORT NAME	PROJECT NAME	CURRENT PERFORMANCE VS TARGETED
Hosea Kutako International Airport (HKIA)	Implementation of Maintenance Programme	Maintenance programme is in place, implemented and updated on a continuous basis.
Hosea Kutako International Airport (HKIA)	Maintenance Service Level Agreements (SLA) for Rosenbauer fire trucks	Service Level Agreements now in place, and all maintenance done according this agreement.
Hosea Kutako International Airport (HKIA)	Sealing of shoulders at HKIA	The works are expected to be completed by April 2020.
Walvis Bay International Airport	Implementation of Maintenance Programme	Maintenance programme is in place, implemented and updated on a continuous basis.
Andimba Toivo Ya Toivo Airport	Implementation of Maintenance Programme	Maintenance programme is in place, implemented and updated on a continuous basis.
Eros Airport	Development of maintenance programme	Maintenance programme is being developed for submission to NCAA for approval, 90% complete.
Eros Airport	Holding Action Works on Eros Airport Runway (Milling out existing asphalt surface and replace with a new asphalt surface.	Construction works are expected to be completed by end of May 2020.

MAINTENANCE PROJECTS CONTINUED

AIRPORT NAME	PROJECT NAME	CURRENT PERFORMANCE VS TARGETED
All 8 airports	Maintenance Service Level Agreements (SLA) for Marcé fire trucks	The Service Level Agreements have been concluded.
All 8 airports	Maintenance Service Level Agreements (SLA) for Astrophysics' scanners	The Service Level Agreements have been concluded 90%.
Regional Airports (Katima Mulilo, Rundu, Keetmanshoop and Luderitz)	Routine maintenance	Maintenance is done as and when required.
All 8 airports	Pavement Management System	Significant works were done during period, decision still to be made on resizing the regional airports for economic maintenance strategy of the airside pavement.

OPERATIONAL COMPLIANCE PROJECTS

As part of our NCAA licensing requirements, we completed various works at HKIA, Walvis Airport and Andimba Toivo Ya Toivo Airport in order to renew the annual license.

Various activities such as Runway Friction Testing, Pavement Classification testing and analyses and Photometric testing took place under the supervision of the Engineering Department. These activities and tests are necessary for license renewal at these airports.

ACHIEVEMENTS

The department have archived several milestones, with ongoing projects that will mark remarkable achievement for the company.

A summary of the departmental achievements are listed below:

AIRPORT NAME	INFRASTRUCTURE/ ACHIEVEMENT (YEAR OF COMPLETION)
HKIA	Terminal expansion – Construction works commenced with congestion alleviation project and is due to be completed on 30th of October 2020
Andimba Toivo Ya Toivo Airport	New fire station – the design is in progress and due to be finalised for submission to NCAA for approval
Eros Airport	• Runway maintenance - a contractor has been appointed for holding actions and works will start on 6th of April 2020. • The works include remedial maintenance on the runway and the taxiway.
HKIA	Paint truck – a paint truck has been procured and commissioned for the maintenance of markings
All 8 airports	Fire trucks – the Service Level Agreements for the Marcé Fire trucks have been concluded.
Staff Related	• The Business unit has embarked on a vigorous training exercise for all its staff members especially the Engineers, noting that there is a shortage of skilled aviation engineers in the country. • The Engineering Department continues to provide in-service training (internship) to all its bursary holders that have completed their studies.

NEW PROJECTS AND OPPORTUNITIES FOR 2020/2021

The section kicked off the year with robust energy, of which it has started and continued with the following projects between January and March 2020 already.

- Commencement of Eros Airport Full Rehabilitation upon availing of funds by the Ministry of Works and Transport.
- Aeronautical Data gathering by ATNS completed on 28 February 2020 and data (once received) to be assessed and workshopped to airports to close off Corrective Action Plans.
- Project continuation of Alleviation of Congestion at Hosea Kutako International airport by expanding the Apron (approx. N$ 70 Million) and Terminal 1(approx. N$ 40 Million) facilities when funds are availed by the Ministry of Works and Transport.
- Design review, submission for approval and implementation of Katima Mulilo runway rehabilitation works as funded by the Ministry of Works and Transport.

Engineering is prepared to implement and oversee the following projects at various airports in its endeavour to develop and maintain the company infrastructure during the 2020/2021 financial year, if budgetary provisions allow:

- Review of Existing Masterplan for Hosea Kutako and Walvis Bay International Airport
- Development of all Regional Airport Land-Use plans
- Refurbishment of the Old terminal building to accommodate the Emergency Control Centre of the aerodrome for Andimba Toivo Ya Toivo airport.
- Upgrade of Andimba Toivo Ya Toivo airport security equipment including Electronic Tracing Device (ETD) and Explosive Detecting Device for Security, etc.
- Upgrade of Secondary power supply generator and shipping container housing at both Katima Mulilo and Rundu airport.
- Upgrade of Luderitz airport terminal building by separating arrival and departure hall and purchasing of various operational equipment.
- Construction of the Airport Boundary wall and implementation of the SCADA light monitoring system at Walvis Bay International Airport. Additionally, the section is considering procuring a machine for the runway PAPI calibration in order to be able to calibrate the PAPI annually and cut cost of external services to the company.

LEGAL

Mitigation of legal risk has been, is and continues to be an undertaking of consequence at NAC, not least because of the pernicious effects attendant upon failure to keep same in check. This is more so in light of the fact that the potential legal risk that NAC has been exposed to during the 2019/2020 and subsequent 2020/2021 Financial Years can be quantified to be just over half a billion Namibia Dollars.

We continue to mitigate instances of legal risk, as more fully set out below.

COMMERCIAL CASES

The company has been exposed to a number of court cases in the past few years. During the current reporting period, the list of court cases in both the High Court and Supreme Court has been significantly reduced from 34 litigious cases to only 1 active case, which is at an advanced stage of litigation. We expect the remaining cases to be finalised in the very near future. Cases that follow are particularly noteworthy, namely:

NAC // CHINA STATE CONSTRUCTION ENGINEERING COMPANY (CSCEC)

NAC filed a self-review application in the High Court seeking to set aside the purported award of a tender to CSCEC (by the previous Board) for Phase 2 of the Taxiways and Apron Rehabilitation works at Andimba Toivo ya Toivo Airport; whose total value was N$235 million.

The High Court delivered judgement in favour of NAC, with the purported award of the Phase 2 project being set aside with costs. CSCEC further appealed to the Supreme Court and the appeal was heard on an expedited basis in light of the aviation safety and security concerns posed by the condition of the taxiways and apron that the impugned project intended to remedy.

The Supreme Court handed down judgment in favour of NAC on 7 May 2020 by dismissing the appeal on an expedited basis.

NAC // IBB MILITARY EQUIPMENT AND ACCESSORIES SUPPLIES CC (IBB)

NAC likewise instituted self-review proceedings in the High Court seeking to set aside the purported award of a tender for the facelift of HKIA and Eros Airport to IBB in the amount of N$156 million by the erstwhile Board of Directors without conducting a public procurement process.

The matter has since been amicably settled in December 2020.

IBB MILITARY EQUIPMENT AND ACCESSORIES SUPPLIES CC (IBB) // NAC

Pursuant to NAC cancelling the award of the HKIA and Eros Airport Facelift tender and ancillary matters; IBB instituted action proceedings against NAC seeking payment of N$198 million as alleged damages.

This matter was simultaneously settled with the preceding litigious case bearing the same name.

LABOUR CASES

Two labour cases remain a cause for concern. The first is the case instituted by NAC middle managers and the second is the one pursued by employees that are close to retirement (some of the affected employees have since reached retirement age in the intervening period).

A certificate of unresolved dispute has since been issued by the Labour Commissioner's office in respect of the middle managers' case.

INFORMATION COMMUNICATION TECHNOLOGY

The Namibia Airports Company's Information and Communication Department was established in November 2019. It previously formed part of the Strategic Business Unit: Engineering, Project and IT. The main aim of the department is to be a key strategic partner bringing value, efficiencies and process improvements across the organization though technology solutions, initiatives and projects that benefits the organisation 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 organiSation.

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

CURRENT PERFORMANCE

The ICT department achieved an average percentage uptime of 99.69 % for all our Windows Servers and an average percentage uptime of 99.86 % for all our Linux Servers including the main ERP system servers. This is clearly 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.

ACHIEVEMENTS

NAC's network connectivity was upgraded to ensure that all airports are connected at functional speeds.

SITE	PREVIOUS	CURRENT
Walvis Bay	2 Mbps	8 Mbps*
Andimba Toivo Ya Toivo (Ondangwa)	2 Mbps	4 Mbps*
Rundu	64 Kbps	4 Mbps*
Katima	1 Mbps	4 Mbps*
Eros	10 Mbps	14 Mbps*
Hosea Kutako International	2 Mbps	4 Mbps *
Head Office (Sanlam buidling)	8 Mbps	10 Mbps*
Luderitz	64 Kbps	4 Mbps
Keetmanshoop	1 Mbps	4 Mbps
Internet	4 Mbps	20 Mbps*

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

Microsoft Office 365 is a cloud-based service that is designed to help meet an organization's needs for robust security, reliability, and user productivity. This entitles us to setup services / features without the need to invest in additional capital expenditure in terms of additional hardware needed. The full implementation of the Office 365 services will be completed by the end of April 2020.

The NAC aadditionally employed a Network and System Administrator during the financial year which assisted in the overall service provision of the department. We however need more resources within the department to ensure we can provide quality services and to ensure less dependency on external service providers.

ICT CHALLENGES

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

1. Lack of ERP skills internally and dependence on external service providers
2. Incomplete and outdated ERP system.
3. Lack of Wi-Fi facilities at some of our airports. Hosea Kutako, Walvis Bay, Eros and Andimba Toivo Ya Toivo already have the infrastructure in place but lack a cost effective solution.
4. Lack of Disaster Recovery Data Centre.
5. Lack of Common User Terminal Equipment (CUTE) at the major airports. Hosea Kutako International Airport will be the first to be considered followed by Walvis Bay International Airport.
6. Aging Server infrastructure that needs to be replaced.
7. Expired Hardware and Software subscriptions
8. Electrical system upgrade at the Main Data Centre (EROS Airport) and Service of the Uninterruptible Power Supply (UPS).
9. Aging Payment Management Systems.
10. Lack of Service Level Agreements with external partners to assist in maintaining our critical equipment such as Server Infrastructure, Network Services and other Airport Specific devices
11. The ICT Department is understaffed and would need to recruit more staff in order to service the entire organisation.

NEW ICT PROJECTS FOR 2020/21

PROJECTS

- System Infrastructure Upgrade (Core Server and Data Storage Equipment)
- Network, Telecom and Cybersecurity Infrastructure Upgrades
- Implementing a Unified Communication System (VOIP)
- Establish a Disaster Recovery Data Center with all procedures and plans
- Wi-Fi Project
- Implementation of CUTE system
- Implementation of Intranet (Content Management System-CMS) and Revamping the external Website, add features such as e-Procurement
- Implementation of a Helpdesk System
- Enterprise Resource System (ERP) Upgrades and Integration of all Systems
- Parking Management System (PMS)
- Organisation wide process improvement
- Business Intelligence (BI) / Reporting Mechanisms/ Artificial Intelligence and Internet of Things/ Statistical Information

HUMAN RESOURCES

PROVIDE POSITIVE WORK ENVIRONMENT

In the aviation industry, the key ingredient in superb service delivery is people with the right competencies (knowledge, skills, correct attitude and attributes). Therefore, one of the strategic objectives adopted is to create and provide a positive work environment.

The key focus area for 2021 was to increase the stability in the leadership roles and to focus on building healthy trust relationships amongst employees through increased employee involvement and participation in the organisations strategic focus and direction. In light of the above, below is an account of some of highlights with respect to activities directed towards creating a positive work environment.

PARTICIPATION IN THE 2019 SOE GAMES

NAC participated, for the first time, in the Public Enterprises CEO AGM and Sport Games which was held at Lüderitz on 6 – 9 June 2019. A team comprised of 27 staff members form various airports participated in soccer, tug of war, women and men relay and volleyball games. The team scooped two gold medals in Volleyball and for the Best Team Spirit (being most vocal and supportive team to each other). The team received the runner up award for the ladies' relay and scooped a silver medal. It was an opportunity to rebuild teamwork, the organisational brand and network with various stakeholders.

MANAGEMENT TEAM BUILDING EXERCISE

The management team was engaged in a team building exercise where the team rejuvenated the relationships and engaged in some competitive activities. At the end of the engagement there was a high and positive spirit and excitement towards contributing to make NAC achieve its goals and objectives and to forester and build healthy relationships.

COVID-19 AWARENESS CAMPAIGN

As participant in the Port Health framework, NAC in early 2020 rolled out an awareness and educational seminar for all airport users and employees at all workstations. Increased health screening procedures were implemented at the international airports.

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 Procedure to resolve disciplinary and grievance matters. Employees are informed about this framework and employees and management make use of this readily available process.

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

The NAC engaged the Ministry of Public Enterprises and submitted a reviewed proposal for approval to implement the PwC proposed remuneration framework that the NAC Board of Directors approved the implementation of a three-year remuneration improvement plan, subject to the approval of Minister of Public Enterprises during 2018.

After the resubmission, NAC was granted approval to implement year one and two of the proposed remuneration improvement plan in a different framework. The engagement with the representative Union continued and NAC successfully resolved and implemented the approval by the Minister of Public Enterprises in July 2019.

ENSURE IMPLEMENTATION OF EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM (PMS)

Although NAC in the past rolled out the Performance Management System on Executive level, the focus was towards developing and implementing a Performance Management System across the Company. This is to support achieving a performance culture by linking the company reward system to performance in the future.

PRIORITISE SKILLS DEVELOPMENT AND TRAINING

Continuous and competency-based training is key to service delivery. It ensures service standards consistent with industry norms. The staff members have attended various competency-based short-term training interventions such as AVSEC Supervisory training, Basic AVSEC training, Security Management Systems (SEMS), Continuous Surveillance of Certified Aerodromes, Resolution of Safety Concerns at an aerodrome, OJT (Safety Audits), Project Management Professional Preparation boot camp, Aviation and Health Sector Workshop addressing the current Coronavirus.

The training budget was N$6,250,000.00 and N$1, 497,281.80 was spent for the year under review. The greater focus of the training was towards the compliance training in order to implement the corrective action plans to improve the airport operations safety and security framework.

CULTURE AND ORGANISATIONAL TRANSFORMATION

With changes recorded in the previous year in terms of key leadership positions, during the year 2020 we remained prudent to record the acquisition of the critical skills and retaining these critical skills, ensure continuity and success of the deliverables of the organisation. Therefore, the organisation reviewed the top management organisational structure which was finalised and approved – a structure that supports the mandate of the Company to achieve its strategic objectives.

The implementation of the Executive structure was successfully completed and during the year under review all the Executive positions were filled with substantive incumbents. This includes the recruitment of the CEO Mr. Bisey /Uirab to take up the top strategic leadership of the organisation.

EMPLOYEE PROFILE

As of 31 March 2020, the Namibia Airports Company had a total of 381 staff members across all the nine workstations, of which 339 held permanent and fixed term employment contracts, while the remaining 42 were on temporary employment contracts.

Due to the nature of the company's operations, the distribution of staff by gender remained skewed, with 243 staff members being male, representing 71.68 % of the total workforce.

This represents a 1.09 % decrease in male representation compared to 31 March 2019. The company aims to implement strategies to balance the gender representation in its workforce planning.

The table below depicts the staff movements for the period 2015 – 2020:

YEAR	MANAGEMENT	GENERAL STAFF	CONTRACT EMPLOYEES	TOTAL	RESOURCING	SEPERATION
2020	45	294	42	381	17	10
2019	39	288	22	349	13	19
2018	41	288	22	349	12	19
2017	37	312	26	375	34	15
2016	36	310	10	356	83	26
2015	33	247	19	299	15	21

STAFF AGE PROFILE

The NAC age profile remains young with the average age of 41.10. 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 381 staff complement in the period under review, 380 came from previously disadvantaged backgrounds and one had disabilities.

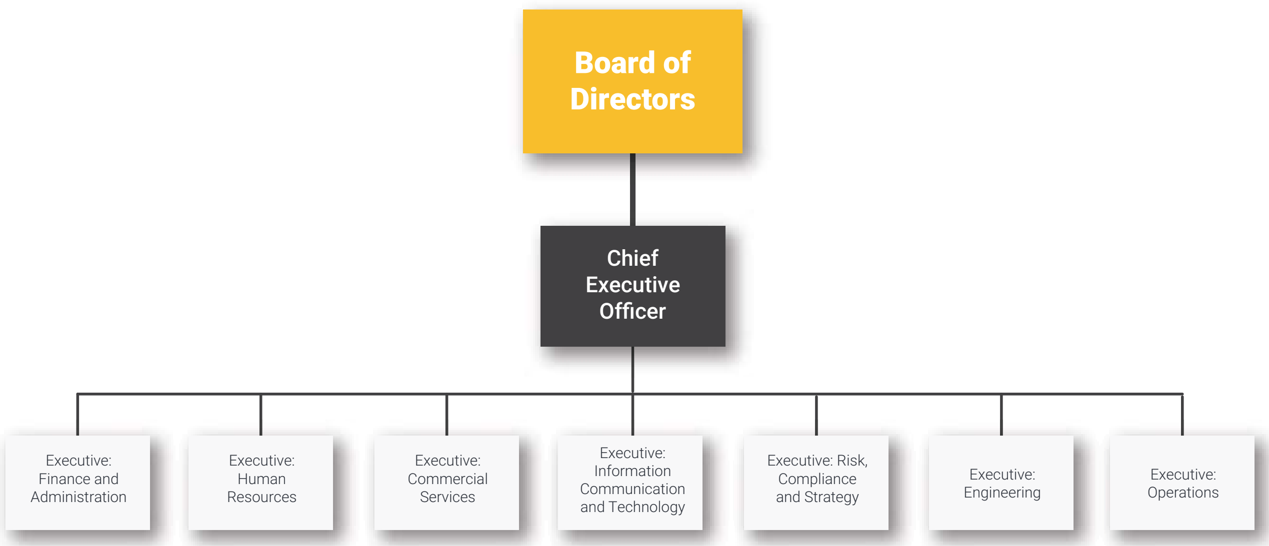
EMPLOYEE TURNOVER

The turnover rate decreased by 3.44 % in the year under review in comparison to the previous year. The 2.00 % turnover rate is below the 5 % goal set target for the organisation.

Most employees indicated better remuneration and better employment opportunity as the reasons for exit from the company. Though salary is the main factor, there are other factors such as company culture and leadership styles and regular temporary employment contracts that contributes to high employee turnover rates.

FY ENDING	MARCH 2015	MARCH 2016	MARCH 2017	MARCH 2018	MARCH 2019	MARCH 2020
Total Separations	21	26	15	30	19	10
Total Headcount	299	356	375	355	349	381
% Turnover	7.02%	7.2%	4%	8%	5.44%	2%

OPERATING STRUCTURE



NAMIBIA AIRPORTS COMPANY LIMITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

INDEX

GENERAL INFORMATION

Country of Incorporation and Domicile	Namibia
Registration Number	98/472
Nature of Business and Principal Activities	Management and operation of airports in Namibia
Directors	Dr. Leake S. Hangala Matthew //Gowaseb (Appointed 1 October 2020) Elise Petersen (Appointed 1 October 2020) Beverly Gawanas-Vugs (Resigned 30 September 2020) Adv. Irene Visser (Deceased 16 May 2021) Rudolph R. Rittmann (Deceased 13 July 2021) Ipupa J. Kasheeta (Resigned 30 September 2020)
Shareholder	Government Of The Republic of Namibia
Registered Office	5th and 8th 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
Level of Assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of Namibia.
Accountants	Grand Namibia Chartered Accountants and Auditors
Company Secretary	Ms. Ingrid Cupido 5th Floor Sanlam Centre 154 Independence Avenue Windhoek

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 and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

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

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

The annual financial statements have been audited by the independent auditing firm, Grand Namibia Chartered Accountants and Auditors, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's audit report is presented on pages 47 to 49.

The annual financial statements set out on pages 50 to 99 which have been prepared on the going concern basis, were approved by the directors and were signed on 23 September 2021 on their behalf by:

DR LEAKE HANGALA

MATTHEW //GOWASEB

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF NAMIBIA AIRPORTS COMPANY LIMITED

QUALIFIED OPINION

We have audited the annual financial statements of Namibia Airport Company Limited set out on pages 50 to 99, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the annual financial statements, present fairly in all material respects, the financial position of Namibia Airports Company Limited as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of Namibia.

BASIS FOR QUALIFIED OPINION

Impairment of property, plant and equiptment

Management performed an impairment assessment for the year ended 31 March 2020, in which management made estimations of recoverable amounts, for which impairment indicators existed. We were unable to corroborate management estimations to external data or to similar works done, therefore we were unable to determine whether management estimations made were reasonable.

As a result, we were unable to determine whether any adjustments would be required in respect of the fair value of items of property, plant and equipment, and the related elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows

Review of useful lives and residual values of items of Property, plant and equipment

Management performed a review of the useful lives and residual values of property, plant and equipment items, in which management concluded that no revision is to be made to the useful lives and residual values, we found this review to be in-adequate, as we found 4 946 fully depreciated assets on the company's fixed asset register of N$ 1 value, which are still in use.

Property, plant & equipment forms a significant element in the company's statement of financial position and in accordance with IAS 16-Property, plant & equipment, the useful life of an asset shall be reviewed at least at each financial year-end and if expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimate according to IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors. Consequently, we were unable to determine whether there are changes in estimates of the useful lives of the fixed assets which may require the application of IAS 8.

Turnover based revenue and concessions

During our audit of turnover based rental income, we noticed that management did not obtain all audit certificates during the year under review. There were no satisfactory alternative procedures that we could have performed to obtain reasonable assurance that turnover based revenue and concessions were accurately and completely recorded.

INDEPENDENT AUDITOR'S REPORT

As a result, we were unable to determine whether any adjustments would be required in respect of recorded or unrecorded items of turnover based revenue and concessions, and the related elements making up the statement of financial position, statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

Without changing our opinion, we draw attention to point 2 in the directors' report to the annual financial statements which indicates that the company continues to incur losses, and the outbreak of the COVID-19 pandemic and the resultant economic effects have brought about material uncertainties in the ability of many companies in the aviation industry to continue as going concerns. The directors' report indicates that these conditions along with other conditions indicate the existence of material uncertainties which may cast a significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the directors' responsibility and approval of the financial statements, which we obtained prior to the date of this auditor's report. The other information does not include the annual financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion above, we were unable to obtain sufficient and appropriate audit evidence about the valuation of the carrying amounts of the Company's property, plant and equipment as at 31 March 2020, and the related elements in the statement of comprehensive income and statement of changes in equity and statement of cash flows for the year then ended. Accordingly, we were unable to conclude whether or not the other information is materially misstated with respect to these matters.

RESPONSIBILITIES OF THE DIRECTORS FOR THE ANNUAL FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

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

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

GRAND NAMIBIA CHARTERED ACCOUNTANTS AND AUDITORS

Grand Namibia

GRAND NAMIBIA
REGISTERED ACCOUNTANTS AND AUDITORS
CHARTERED ACCOUNTANTS (NAMIBIA)
PER: RICHARD THERON PARTNER
WINDHOEK
DATE: 18/10/2021

DIRECTORS' REPORT

THE DIRECTORS PRESENT THEIR REPORT FOR THE YEAR ENDED 31 MARCH 2020.

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 2020 of N$74,147,905 (2019: N$22,531,293).

Company revenue increased from N$386,140,002 in the prior year to N$420,725,979 for the year ended 31 March 2020.

Company cash flows from operating activities changed from an inflow of N$247,760 in the prior year to an outflow of N$3,005,308 for the year ended 31 March 2020.

2. GOING CONCERN

The company incurred a net loss for the year ended 31 March 2020 of N$74,147,905 (2019 loss: N$22,531,293). The company continues to incur losses.

The net losses are largely attributable to the impairment of trade receivables during the year. A significant component of this impairment relates to Air Namibia balances owing at year end. Air Namibia constitutes approximately 45% of the total revenue during the year. Subsequent to year end, Air Namibia continued to experience challenges and NAC approached the High Court of Namibia to institute liquidation procedures in a bid to recover amounts owing from Air Namibia. In addition, some major customers like South African Airways and South African Express Airways continued to experience financial troubles and were placed under business rescue. This places their continued survival at risk and there has not been any indication of improved financial prospects for them.

Furthermore, the outbreak of the COVID-19 and the resultant economic effects have brought about material uncertainties in the ability of many companies in the aviation industry to continue as going concerns. Namibia Airports Company has also been affected with significant drops in revenue in the several months subsequent to year end. Due to the impact of COVID-19, there is a risk that airport operations may not improve over the next twelve months subsequent to this report, and that Namibia Airports Company may lose customers due to liquidations and route withdrawals.

These conditions give rise to a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

Current assets exceeded current liabilities by N$ 213 million (2019: N$ 213 million) for the company at year-end. A strong working capital position is a result of a high trade receivables. This increases the company's exposure. More robust working capital management initiatives are being implemented including the implementation of tighter collection procedures over defaulting customers implemented with effect from 1 July 2020. The company is also not technically insolvent as it is in a net asset position and is able to source external funding as well as shareholder funding to meet its obligations during the normal course of business.

DIRECTORS' REPORT

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.

3. EVENTS AFTER REPORTING DATE

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

IMPACT OF COVID-19

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

The directors have determined that these events are non-adjusting events. Accordingly, the financial position and results of operations for the year ended 31 March 2020 have not been adjusted to reflect the impact. The duration and impact of the COVID-19 pandemic, as well the effectiveness of Government and The Bank of Namibia responses, remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial performance and financial position of the company for future periods. The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

4. AUTHORISED AND ISSUED SHARE CAPITAL

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

DIVIDEND

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

5. DIRECTORS

The directors of the company during the year and up to the date of this report are as follows:

Dr. Leake S. Hangala
Matthew //Gowaseb (Appointed 1 October 2020)
Elise Petersen (Appointed 1 October 2020)
Beverly Gawanas-Vugs (Resigned 30 September 2020)
Rudolph R. Rittmann (Deceased 13 July 2021)
Lesenda G. Mohamed (Resigned 30 September 2020)
Advocate Irene Visser (Deceased 16 May 2021)
Ipupa J. Kasheeta (Resigned 30 September 2020)

DIRECTORS' REPORT

6. SECRETARY

The company designated secretary is Ms. Ingrid Cupido.

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:

Government Of The Republic of Namibia Holding 100.00%

8. INDEPENDENT AUDITORS

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

STATEMENT OF FINANCIAL POSITION

FIGURES IN N$

	Notes	31 March 2020	31 March 2019
Assets			
Non-current assets			
Property and equipment	4	2,330,595,421	2,432,296,581
Intangible assets	5	6,632,234	10,206,226
Total non-current assets		**2,337,227,655**	**2,442,502,807**
Current assets			
Trade and other receivables	6	163,338,398	144,654,603
Cash and cash equivalents	9	250,697,188	215,194,097
Total current assets		**414,035,586**	**359,848,700**
Total assets		**2,751,263,241**	**2,802,351,507**
Equity and liabilities			
Equity			
Issued capital	10	1	1
Share premium	10	39,087,180	39,087,180
Retained income		1,143,175,849	1,217,323,754
Total equity		**1,182,263,030**	**1,256,410,935**
Liabilities			
Non-current liabilities			
Deferred taxation	8	285,880,755	317,147,080
Deferred income	13	1,128,390,557	1,081,516,384
Total non-current liabilities		**1,414,271,312**	**1,398,663,464**
Current liabilities			
Trade and other payables	11	86,603,072	79,151,281
Deferred income	13	68,125,827	68,125,827
Total current liabilities		**154,728,899**	**147,277,108**
Total liabilities		**1,569,000,211**	**1,545,940,572**
Total equity and liabilities		**2,751,263,241**	**2,802,351,507**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

STATEMENT OF FINANCIAL POSITION

FIGURES IN N$

	Notes	31 March 2020	31 March 2019
Revenue	14	420,725,979	386,140,002
Other operating income	15	85,134,644	78,538,151
Operating expenses		(690,819,524)	(597,269,675)
Other gains and (losses)	16	8,903,018	10,080,336
Loss from operating activities	17	**(176,055,883)**	**(122,511,186)**
Finance income	18	71,683,774	57,463,688
Finance costs	19	(1,042,123)	(730,101)
Loss before tax		**(105,414,232)**	**(65,777,599)**
Taxation	20	31,266,327	43,246,306
Loss for the year		**(74,147,905)**	**(22,531,293)**

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF FINANCIAL POSITION

FIGURES IN N$

	Notes	31 March 2020	31 March 2019

Balance at 1 April 2018	1	39,087,180	1,239,855,047	1,278,942,228
Changes in equity				
Loss for the year	-	-	(22,531,293)	(22,531,293)
Total comprehensive income	-	-	(22,531,293)	(22,531,293)
Balance at 31 March 2019	**1**	**39,087,180**	**1,217,323,754**	**1,256,410,935**
Balance at 1 April 2019	1	39,087,180	1,217,323,754	1,256,410,935
Changes in equity				
Loss for the year	-	-	(74,147,905)	(74,147,905)
Total comprehensive income	-	-	(74,147,905)	(74,147,905)
Balance at 31 March 2020	**1**	**39,087,180**	**1,143,175,849**	**1,182,263,030**
Notes	**10**	**10**		

STATEMENT OF CASH FLOWS

STATEMENT OF FINANCIAL POSITION

FIGURES IN N$

	Notes	31 March 2020	31 March 2019
Net cash flows (used in) / from operations	24	**(1,963,185)**	**977,861**
Interest paid		(1,042,123)	(730,101)
Net cash flows (used in) / from operating activities		**(3,005,308)**	**247,760**
Cash flows used in investing activities			
Proceeds from sales of property, plant and equipment		910,782	460,655
Purchase of property, plant and equipment		(83,518,796)	(23,471,076)
Purchase of intangible assets		-	(1,367,337)
Interest received		6,116,413	6,522,706
Cash flows used in investing activities		**(76,491,601)**	**(17,855,052)**
Cash flows from financing activities			
Proceeds from government grant		115,000,000	-
Cash flows from financing activities		**115,000,000**	**-**
Net increase / (decrease) in cash and cash equivalents		**35,503,091**	**(17,607,292)**
Cash and cash equivalents at beginning of the year		215,194,097	232,801,389
Cash and cash equivalents at end of the year	**9**	**250,697,188**	**215,194,097**

ACCOUNTING POLICIES

THE DIRECTORS PRESENT THEIR REPORT FOR THE YEAR ENDED 31 MARCH 2020.

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, as modified by the revaluation of property and equipment, financial assets, and financial assets and financial liabilities 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 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:

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 and runways	20 years

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

IMPAIRMENTS

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, 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.

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

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

DERECOGNITION

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

1.3 INTANGIBLE ASSETS

DEFINITION

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

RECOGNITION

An intangible asset is recognised when:

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

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

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.

ACCOUNTING POLICIES

BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED...

AMORTISATION

An intangible asset is regarded by the entity as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Intangible assets with an indefinite useful life are not amortised, but is tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. The intangible asset's determination as having an indefinite useful life is also reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment. Reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired.

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

The residual values of intangibles assets are assumed zero unless:

- there is a commitment by a third party to purchase the asset at the end of its useful life; or
- there is an active market for the asset and:

  - residual value can be determined by reference to that market; and

  - it is probable that such a market will exist at the end of the asset's useful life.

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

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

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

IMPAIRMENTS

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset in which case 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.

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

FINANCIAL ASSETS

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 with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial liabilities

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

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

SUBSEQUENT MEASUREMENT

Financial assets

Debt instruments

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

- Amortised cost: assets held only for collection of principal and interest payments
  - Interest income is included in finance income using the effective interest rate method.
  - Any gain or loss on derecognition is recognised in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.
  - Impairment losses are presented as a separate line item in the statement of profit or loss.
  - The company's financial assets at amortised cost includes trade receivables, and loans to associates and directors included under other non-current financial assets.
- Fair value through OCI: assets held only for collection of principal and interest payments and for selling the financial assets
  - Movements in the carrying amount are taken through OCI, except for interest income and foreign exchange gains and losses which are recognised in profit or loss.
  - When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses).

ACCOUNTING POLICIES

BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED...

- Interest income from these financial assets is included in finance income using the effective interest rate method.
- Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- The company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.
- The company elected to classify irrevocably its non-listed equity investments under this category.

• 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.

Equity instruments

All equity investments are subsequently measured at fair value.

• Fair value through OCI: elected to present fair value gains and losses on equity investments in OCI

- There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.
- Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.
- Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

• Fair value through profit or loss: assets that do not meet the criteria for amortised cost or fair value through OCI

- Changes in the fair value are recognised in other gains/(losses) in the statement of profit or loss as applicable.

Financial liabilities

Subsequent measurement of financial liabilities depends on their classification:

- Fair value through profit or loss: financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss

  Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

  This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

  Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

  Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The company has not designated any financial liability as at fair value through profit or loss.

- 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.

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.

CASH AND CASH EQUIVALENTS

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

TRADE AND OTHER PAYABLES

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

1.5 CAPITAL WORK-IN-PROGRESS

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

1.6 TAX

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

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

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

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.

ACCOUNTING POLICIES

BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED...

DEFERRED TAX ASSETS AND LIABILITIES

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

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

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

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

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

Deferred tax assets and liabilities are offset only where:

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

TAX EXPENSE (INCOME)

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

- a transaction or event which is recognised, in the same or a different period, outside profit or loss, either in other

comprehensive income or directly in equity.

- a business combination other than the acquisition by an investment of a subsidiary that is required to be measured at fair value through profit or loss.

1.7 LEASES AS LESSEE

IDENTIFICATION OF A LEASE

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

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

LEASE TERM

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

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

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

RECOGNITION

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

MEASUREMENT

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

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

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

ACCOUNTING POLICIES

BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED...

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

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

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

Subsequently, the lease liability is measured by:

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

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

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

REASSESSMENT OF THE LEASE LIABILITY

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

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

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

LEASE MODIFICATIONS

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

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

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

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

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

1.8 LEASES AS LESSOR

Identification of a lease

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

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

LEASE TERM

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

ACCOUNTING POLICIES

BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED...

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.

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 1.7 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.

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

ACCOUNTING POLICIES

BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED...

1.11 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

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

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

DEFINED CONTRIBUTION PLAN

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

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

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

1.12 GOVERNMENT GRANTS

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

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

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

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

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

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

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

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

2.1 CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

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

2.1.1 GOING CONCERN

The going concern assumption is evaluated based on information available up to the date on which the Annual Financial Statements are approved for issuance by the Board. While there is widespread uncertainty regarding the extent of the financial impact of the COVID-19 global pandemic on the economy of Namibia, the going concern assumption was considered to be appropriate for the preparation of the Company's AFS 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 0 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.

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.

ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED...

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 thecompany'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 23.

2.1.7 ADVERTISING REVENUE

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

2.1.8 LEASES

LEASES OF PRINTING EQUIPMENT

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

LEASE OF HEAD OFFICE SPACE

During the financial year, the company leased its head office at Sanlam Centre. At the date of initial application of IFRS 16 Leases, the lease was on a month-on-month basis and there was no certainty regarding its renewal as the company was actively considering new lease arrangements or alternative head office space after the year ended 31 March 2020. The company therefore determined that it is not reasonably certain to renew this lease in its current form. It elects to apply the exemption for short-term leases to this lease.

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.

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
IFRS 16 Leases	01 January 2019	y	N
Definition of Material (Amendments to IAS 1 and IAS 8)	01 January 2020		Y

ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED...

3.1 ADOPTION OF NEW AND REVISED PRONOUNCEMENTS

At the date of authorisation of these financial statements for the year ended 31 March 2020, the following IFRSs were became effective and were adopted:

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Details of the impact of the above are disclosed in note

3.2 New standards and interpretations not yet adopted

The company has not applied the following new, revised or amended pronouncements that have been issued by the IASB as they are not yet effective for the annual financial year beginning 1 April 2019 (the list does not include information about new requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to the company).

The directors anticipate that the new standards, amendments and interpretations will be adopted in the company's financial statements when they become effective. The company has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

Definition of Material (Amendments to IAS 1 and IAS 8)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

The impact of this standard on the financial statements of the company is yet to be determined.

The mandatory implementation required by the standard is for years beginning on or after 1 January 2020. This change in accounting policy will be implemented for the first time for the financial year ending 31 March 2021.

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$

	Notes	31 March 2020	31 March 2019

4. Property and equipment

4.1 Balances at year end and movements for the year

	Land, buildings, roads and runways	Capital work- in-progress	Motor vehicles	Computers, furniture and other equipment	Total
Reconciliation for the year ended 31 March 2020					
Balance at 1 April 2019					
At cost	2,656,360,139	192,011,418	196,997,925	194,944,920	**3,240,314,402**
Accumulated depreciation	(560,891,572)	-	(109,498,489)	(137,627,760)	**(808,017,821)**
Net book value	**2,095,468,567**	**192,011,418**	**87,499,436**	**57,317,160**	**2,432,296,581**
Movements for the year ended 31 March 2020					
Additions:	1,847,732	67,816,277	12,743,946	1,110,840	**83,518,796**
Depreciation	(49,895,291)	-	(13,717,169)	(32,699,030)	**(96,311,490)**
Impairment loss recognised in profit or loss	(3,815,261)	(84,358,411)	-	-	**(88,173,672)**
Disposals	-	-	(731,533)	(3,261)	**(734,793)**
Property, plant and equipment at end of year	**2,043,605,747**	**175,469,284**	**85,794,681**	**25,725,709**	**2,330,595,421**
Closing balance at 31 March 2020					
At cost	2,654,392,610	175,469,284	207,924,801	195,852,543	**3,233,639,238**
Accumulated depreciation	(610,786,863)	-	(122,130,120)	(170,126,834)	**(903,043,817)**
Net book value	**2,043,605,747**	**175,469,284**	**85,794,681**	**25,725,709**	**2,330,595,421**
Reconciliation for the year ended 31 March 2019					
Balance at 1 April 2018					
At cost	2,642,445,897	191,660,122	194,234,839	190,356,881	**3,218,697,739**
Accumulated depreciation	(508,358,880)	-	(97,088,303)	(104,416,720)	**(709,863,903)**
Net book value	**2,134,087,017**	**191,660,122**	**97,146,536**	**85,940,161**	**2,508,833,836**
Movements for the year ended 31 March 2019					
Additions: Own	13,255,578	1,009,960	4,526,447	4,679,092	**23,471,076**
Depreciation	(52,532,692)	-	(14,100,562)	(33,262,919)	**(99,896,173)**
Transfers from Capital work-in-progress	658,663	(658,663)	-	-	-
Disposals	-	-	(72,986)	(39,173)	**(112,159)**
Property, plant and equipment at end of year	**2,095,468,566**	**192,011,419**	**87,499,435**	**57,317,161**	**2,432,296,580**
Closing balance at 31 March 2019					
At cost	2,656,360,139	192,011,419	196,997,925	194,944,920	**3,240,314,403**
Accumulated depreciation	(560,891,573)	-	(109,498,490)	(137,627,759)	**(808,017,822)**
Net book value	**2,095,468,566**	**192,011,419**	**87,499,435**	**57,317,161**	**2,432,296,581**

ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED...

4.2 IMPAIRMENTS

Demolished structures as part of the Hosea Kutako Congestion Alleviation Project

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

Katima Mulilo Taxiway Rehabilitation

The Katima Mulilo Taxiway Rehabilitation project was undertaken by the Ministry of Works and Transport on behalf of Namibia Airports Company. The carrying amount at year end was N$90,193,583. An internal impairment assessment performed at 31 March 2020 determined that the recoverable amount of the work in progress was N$23,249,099. An impairment loss of N$66,944,484 was recognised in profit or loss.

Walvis Bay Polymer Fence Upgrade

The project to erect a polymer fence at Walvis Bay International Airport has been ongoing since 2012. This project has been on hold since November 2016 and there has been various quality and contractual issues noted in respect of this project. In addition, the project has since exceeded its initial budget despite the fact that it is incomplete. The carrying amount for the work in progress at 31 March 2020 was N$44,127,130, while the recoverable value that was estimated through an internal impairment assessment to be N$36,849,397. An impairment loss of N$6,619,070 was recorded in profit or loss.

Luderitz Polymer Fence Upgrade

The project to erect a polymer fence at Luderitz Airport has also been ongoing since 2012. This project has been on hold since November 2016 and there has been various quality and contractual issues noted in respect of this project. In addition, the project has since exceeded its initial budget despite the fact that it is incomplete. The carrying amount for the work in progress at 31 March 2020 was N$25,496,503, while the recoverable value that was estimated through an internal impairment assessment to be N$14,023,076. An impairment loss of N$11,473,426 was recorded in profit or loss.

4.3 OTHER DISCLOSURES

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

Two projects being undertaken by the Ministry of Works and Transport at Eros and Katima Mulilo Airports with a carrying value of N$105,653,953 (2019: N$105,653,953) are included in work-in-progress. Subsequent to year end, control of the Eros project was handed over to Namibia Airports Company.

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$	Notes	31 March 2020	31 March 2019

5. Intangible assets

Reconciliation of changes in intangible assets

	Computer software	Total
Reconciliation for the year ended 31 March 2020		
Balance at 1 April 2019		
At cost	21,759,879	**21,759,879**
Accumulated amortisation	(11,553,653)	**(11,553,653)**
Net book value	**10,206,226**	10,206,226
Movements for the year ended 31 March 2020		
Amortisation	(3,573,992)	**(3,573,992)**
Intangible assets at end of period	**6,632,234**	6,632,234
Closing balance at 31 March 2020		
At cost	21,759,644	**21,759,644**
Accumulated amortisation	(15,127,410)	**(15,127,410)**
Net book value	**6,632,234**	6,632,234
Reconciliation for the year ended 31 March 2019		
Balance at 1 April 2018		
At cost	20,392,542	**20,392,542**
Accumulated amortisation	(7,986,715)	**(7,986,715)**
Net book value	**12,405,827**	12,405,827
Movements for the year ended 31 March 2019		
Additions	1,367,337	**1,367,337**
Amortisation	(3,566,938)	**(3,566,938)**
Intangible assets at end of period	**10,206,226**	10,206,226
Closing balance at 31 March 2019		
At cost	21,759,879	**21,759,879**
Accumulated amortisation	(11,553,653)	**(11,553,653)**
Net book value	**10,206,226**	10,206,226

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$	Notes	31 March 2020	31 March 2019

6. Trade and other receivables

6.1 Trade and other receivables comprise:

Trade receivables	872,575,437	673,143,684
Trade receivables impairment	(806,811,723)	(608,321,559)
Trade receivables - net	65,763,714	64,822,125
Sundry debtors	2,237,996	2,237,996
Prepaid expenses	2,210,034	1,031,815
Staff debtors	(239,557)	927,129
Operating lease receivables	39,759,221	24,507,041
GST receivable from Inland Revenue	253,856	253,856
GST receivables impairment	(253,856)	(253,856)
Value added tax	53,606,990	51,128,497
Total trade and other receivables	**163,338,398**	**144,654,603**

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

Prepaid expenses	2,210,034	1,031,815
Value added tax	53,606,990	51,128,497
Operating lease receivables	39,759,221	24,507,041
Total non-financial instruments included in trade and other receivables	95,576,245	76,667,353
Total trade and other receivables excluding non-financial assets included in trade and other receivables	67,762,153	67,987,250
Total trade and other receivables	**163,338,398**	**144,654,603**

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

7. Financial assets

7.1 Carrying amount of financial assets by category

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

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$	Notes	31 March 2020	31 March 2019

Financial assets continued...

	At amortised cost	Total
Year ended 31 March 2019		
Trade and other receivables excluding non-financial assets (Note 6)	67,987,250	**67,987,250**
Cash and cash equivalents (Note 9)	215,194,097	**215,194,097**
	283,181,347	**283,181,347**

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

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

7.2 Fair value hierarchy

	Level 1	Level 3	Total
Year ended 31 March 2020			
Trade and other receivables excluding non-financial assets (Note 6)	-	67,762,153	**67,762,153**
Cash and cash equivalents (Note 9)	250,697,188	-	**250,697,188**
	250,697,188	**67,762,153**	**318,459,341**
Year ended 31 March 2019			
Trade and other receivables excluding non-financial assets (Note 6)	-	67,987,250	**67,987,250**
Cash and cash equivalents (Note 9)	215,194,097	-	**215,194,097**
	215,194,097	**67,987,250**	**283,181,347**

7.3 Transfers between level 1 and level 2

There are no level 1 assets or transfers between level 1 and 2 during the reported financial periods.

8. Deferred tax

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 32% (2019: 32%).

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$	Notes	31 March 2020	31 March 2019
Deferred tax continued...			
The movement on the deferred tax account is as follows:			
At the beginning of the year		317,147,080	360,393,386
Movements attributable to:			
- Capital allowances		(22,092,857)	(18,442,250)
- Operating leases		4,880,698	2,445,388
- Prepaid expenses		377,030	(470,376)
- Income received in advance		41,622	94,550
- Tax losses		(11,196,628)	(27,456,261)
- Prior year under provision		(3,276,191)	582,643
At the end of the year		**285,880,755**	**317,147,080**
The deferred tax liabilities can be analysed as follows:			
Capital allowances		508,649,881	534,018,930
Operating leases		12,722,951	7,842,253
Prepaid expenses		707,211	330,180
Income received in advance		(1,200,952)	(1,242,575)
Tax losses		(234,998,335)	(223,801,709)
		285,880,755	**317,147,080**

9. Cash and cash equivalents

Cash and cash equivalents comprise:

Cash			
Cash on hand		51,203	49,003
Balances with banks		3,551,952	3,087,403
Total cash		**3,603,155**	**3,136,406**
Cash equivalents			
Short term investments		247,094,033	212,057,691
Total cash equivalents		**247,094,033**	**212,057,691**
Total cash and cash equivalents included in current assets		**250,697,188**	**215,194,097**
Net cash and cash equivalents		**250,697,188**	**215,194,097**

The Company's exposure to credit and currency risks related to cash and cash equivalents is disclosed in note 23.

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$

	Notes	31 March 2020	31 March 2019
10. Issued capital			
Authorised and issued share capital			
Authorised			
90,000,000 Ordinary shares of N$1 each		90,000,000	90,000,000
10,000,000 Preference shares of N$1 each		10,000,000	10,000,000
		100,000,000	**100,000,000**
Issued			
1 Ordinary share of N$1 each		1	1
		1	**1**
Share premium		39,087,180	39,087,180
		39,087,181	**39,087,181**
11. Trade and other payables			
11.1 Trade and other payables comprise:			
Trade payables		31,755,847	28,554,001
Rental income received in advance		3,752,976	3,883,046
Rental deposits		4,160,996	3,878,743
Accrued expenses and sundry payables		3,998,910	11,088,635
Penalties and interest accrued		1,191,807	1,080,437
Contract retention		14,403,777	11,675,324
Provision for bonuses		1,772,840	1,492,270
Provision for leave pay		25,565,919	17,498,825
Total trade and other payables		**86,603,072**	**79,151,281**
11.2 Items included in trade and other payables not classified as financial liabilities			
Rental income received in advance		3,752,976	3,883,046
Penalties and interest accrued		1,191,807	1,080,437
Contract retention		14,403,777	11,675,324
Provision for bonuses		1,772,840	1,492,270
Provision for leave pay		25,565,919	17,498,825
Total non-financial liabilities included in trade and other payables		46,687,319	35,629,902
Total trade and other payables excluding non-financial liabilities included in trade and other payables		39,915,753	43,521,379
Total trade and other payables		**86,603,072**	**79,151,281**

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$	Notes	31 March 2020	31 March 2019

12. Financial liabilities

Carrying amount of financial liabilities by category

	At amortised cost	Total	Fair value (where different from carrying value)
Year ended 31 March 2020			
Trade and other payables excluding non-financial liabilities (Note 11)	39,915,753	**39,915,753**	39,915,753
Year ended 31 March 2019			
Trade and other payables excluding non-financial liabilities (Note 11)	43,521,379	**43,521,379**	43,521,379

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

13. Deferred income

Deferred income comprise:

	31 March 2020	31 March 2019
Balance at the beginning of the year	**1,149,642,211**	**1,217,768,038**
Amount received during the year:	115,000,000	-
-Funds received	115,000,000	-
Recognised in profit or loss	(68,125,827)	(68,125,827)
	1,196,516,384	**1,149,642,211**
Non-current liabilities	1,128,390,557	1,081,516,384
Current liabilities	68,125,827	68,125,827
	1,196,516,384	**1,149,642,211**

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$

	Notes	31 March 2020	31 March 2019
14. Revenue			
Revenue comprises:			
Passenger fees		231,943,143	193,329,352
Landing fees		45,686,921	47,476,485
Aircraft parking fees		4,123,806	5,435,578
After hours operations		791,417	489,089
Aviation security charges		46,724,474	48,110,220
Rental income		56,797,461	53,659,105
Motor vehicle parking fees		11,053,999	11,788,543
Turnover rental		8,451,141	8,149,520
Advertising revenue		6,416,364	6,414,452
Handling fees		4,476,801	6,718,116
Concession income		4,260,452	4,569,542
Total revenue		**420,725,979**	**386,140,002**
15. Other operating income			
Other operating income comprises:			
Sundry income		8,318,036	1,385,349
Water and electricity recoveries		8,690,781	9,026,975
Government grants received		68,125,827	68,125,827
Total other income		**85,134,644**	**78,538,151**
16. Other gains and (losses)			
Other gains comprise:			
Gain on disposal of assets		175,989	348,496
Gain on foreign exchange differences		3,102	254,028
Fair value gains on investments		8,723,927	9,477,812
Total other gains		**8,903,018**	**10,080,336**

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$	Notes	31 March 2020	31 March 2019
17. Loss from operating activities			
17.1 Loss from operating activities includes the following separately disclosable items			
Operating expenses			
Property and equipment			
- depreciation		96,311,490	99,896,173
- impairment loss		88,852,241	-
- reversal of impairment loss		(678,569)	-
Intangible assets			
- amortisation		3,573,757	3,566,938
Repairs and maintenance			
- Land, buildings, roads and runways		2,236,016	6,196,912
- Office and other equipment		1,263,617	3,222,801
- Computer equipment		2,433,861	2,103,717
- Motor vehicles		1,726,420	3,539,294
Impairment of trade receivables			
- Allowance for impairment		203,063,298	229,595,190
- Bad debts written off		-	7,943,190
Post-employment benefits			
- Defined contribution plans		16,151,760	13,628,587
Auditors remuneration			
- Audit fees		2,875,698	1,004,302
Directors emoluments (refer note 23.3)		912,811	868,230
Staff costs (refer note 19.2)		191,689,115	155,710,083
Consulting fees		7,608,925	3,949,425
17.2 Staff costs			
Salaries and wages		163,145,084	128,910,104
Medical aid contributions		9,937,298	9,477,900
Social security expenses		636,016	632,601
Pension costs		16,144,029	13,628,587
Workers compensation		27,039	935,888
Other staff costs		1,799,650	2,125,003
		191,689,115	155,710,083
Number of full time employees at the end of the		398	366

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$

	Notes	31 March 2020	31 March 2019
18. Finance income			
Finance income comprises:			
Interest on trade debtors		65,567,361	50,940,981
Bank balances		651,074	1,390,305
Interest received		5,465,339	5,132,402
Total finance income		**71,683,774**	**57,463,688**
19. Finance costs			
Finance costs included in profit or loss:			
Trade and other payables		1,042,123	730,101
20. Taxation			
20.1 Income tax recognised in profit or loss:			
Deferred tax			
Deferred tax		31,266,327	43,246,306
Total deferred tax		**31,266,327**	**43,246,306**
Total taxation		**31,266,327**	**43,246,306**
20.2 The income tax for the year can be reconciled to the accounting loss as follows:			
Loss before tax from operations		(105,414,232)	(65,777,599)
Income tax calculated at 32.0%		(33,732,554)	(21,048,832)
Tax effect of			
- Income not subject to tax		(24,591,921)	(24,833,167)
- Expenses not deductible for tax purposes		28,323,789	42,499
- Other tax effect (Depreciation on assets arising from GRN-run projects)		2,010,551	2,010,551
- Prior year under-provision		(3,276,193)	582,643
Tax charge		**(31,266,327)**	**(43,246,306)**

20.3 Accumulated tax loss

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

		31 March 2020	31 March 2019
The accumulated loss available for set-off against future assessed profits is as follows:		734,369,797	699,380,341

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$	Notes	31 March 2020	31 March 2019

21. Contingent liabilities

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

At reporting date, the company was defendant to various legal actions. In the opinion of management, after taking appropriate legal advise, the outcome of some actions may give rise to possible losses comprising of the amount claimed plus costs not exceeding N$257,272,922 (2019: N$110,645,195). The nature of individual cases can not be disclosed due to on-going disputes.

Subsequent to year-end, most of the litigations against the company were concluded and a few cases are still ongoing at the date of this report. The possible losses from these claims amount to N$226,353,720. Management is of the view that NAC has very good prospects of successfully defending these claims.

22. Related parties

22.1 Ownership and control

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

22.2 Key management personnel

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

Name	Details of tenure
Bisey /Uirab	Chief Executive Oficer
T. Sem	Executive: Commercial Services
L. Haifidi	Chief Legal Advisor
C. Faure	Executive: Strategy and Compliance
V. Ruswa	Executive: Finance and Administration
L. Shipuata	Executive: Airport Operations
J. Soroses	Executive: Human Resources
R. !Gaoseb	Executive: Infrastructure
J. Strauss	Executive: ICT
M. Jakobs	Head: Internal Audit
I. Cupido	Company Secretary

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$

Related parties continued...

22.3 Compensation paid to key management personnel and directors

FIGURES IN N$	Notes	31 March 2020	31 March 2019
Compensation paid to key management personnel			
Salaries and allowances		7,896,052	4,731,790
Company contributions		1,527,715	1,554,251
Bonus		379,651	234,324
Total compensation paid to key management personnel		**9,803,418**	**6,520,364**
Compensation paid to directors			
L. S. Hangala		91,665	78,871
B. Gawanas-Vugs		190,099	197,799
R. R. Rittmann		199,108	175,313
L. G. Mohamed		132,183	140,112
I. J. Kasheeta		153,163	154,331
R. R.U. Kauta		-	45,832
I. Visser		146,594	75,971
Total compensation paid to directors		**912,811**	**868,230**

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$

Notes	31 March 2020	31 March 2019

Related parties continued...

22.4 Significant related party balances with government related parties

	31 March 2020 N$		31 March 2019 N$	
	Amounts receivables/ (payable)	**Impairment/ Discounting**	**Amounts receivables/ (payable)**	**Impairment/ Discounting**
Air Namibia	708,152,101	(708,152,101)	521,243,418	(521,243,418)
Ministry of Agriculture, Water and Forestry	324,732	(324,732)	322,449	(322,449)
Ministry of Defence	7,256,386	(7,256,386)	6,898,048	(6,898,048)
Ministry of Environment and Tourism	1,346	(1,346)	842	(842)
Ministry of Finance	5,074,564	(5,074,564)	5,192,695	(5,192,695)
Ministry of Foreign Affairs	3,630,095	(3,630,095)	3,628,935	(3,628,935)
Ministry of Fisheries and Marine Resources	33,778	(33,778)	28,135	(28,135)
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)	21,307	(21,307)
Ministry of Home Affairs	368,570	(368,570)	292,764	(292,764)
Ministry of Safety and Security	6,061,027	(6,061,027)	7,726,762	(7,726,762)
Ministry of Wildlife	883	(883)	883	(883)
Ministry of Works and Transport	3,725,891	(3,725,891)	3,699,915	(3,699,915)
Mobile Telecommunications (MTC)	58,527	(58,527)	82,735	(82,735)
Ministry of Trade and Industry	10,795	(10,795)	9,588	(9,588)
Namibia Civil Aviation Authority	15,365,778	(15,365,778)	15,264,791	(15,264,791)
Namibia Post Limited	22,066	-	-	-
Nampower (Proprietary) Limited	407	-	-	-
Namdeb Diamond Corporation	22,502	-	-	-
NAMCOR Petroleum Trading and Distribution	312,337	-	-	-
Namibian Police Headquarters	2,042,217	(2,042,217)	-	-
Namibia Post and Telecom Holdings	4,453	-	-	-
Telecom Namibia Limited	115,290	-	-	-
Air Namibia	(28,661)	-	-	-
Nampower (Proprietary) Limited	(838,585)	-	(982,981)	-
Telecom Namibia Limited	(332,044)	-	(322,122)	-
Namibia Civil Aviation Authority	(68,376)	-	- -	-
Namibia Post Limited	(21,543)	-	(8,428)	-
Namibia Water Corporation	(280,333)	-	(200,461)	-
Walvis Bay Municipality	(140,284)	-	(14,484)	-
Nored Electricity	-	-	(212,536)	-
Ondangwa Town Council	(59,133)	-	(56,499)	-
Keetmanshoop Municipality	(26,518)	-	(21,721)	-
Luderitz Municipality	(2,382)	-	(714)	-
Road Fund Administration	(17,670)	-	(6,948)	-
New Era	(26,686)	-	-	-
Social Security Commission	(162)	-	-	-

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$	Notes	31 March 2020		31 March 2019	
Related parties continued...					
22.5 Significant related party transactions with government related parties		**Revenue**	**Purchases**	**Revenue**	**Purchases**
Air Namibia		197,261,244	(35,150)	195,351,987	-
Ministry of Agriculture, Water and Forestry		2,283	-	48,972	-
Ministry of Defence		358,338	-	910,173	-
Ministry of Environment and Tourism		504		-	-
Ministry of Finance		478,292	-	891,502	-
Ministry of Fisheries and Marine Resources		7,054	-	11,576	-
Ministry of Foreign Affairs		1,161	-	478,464	-
Ministry of Health and Social Services		6,021	-	8,746	-
Ministry of Home Affairs		122,890	-	306,638	-
Ministry of Safety and Security		376,481	-	714,919	-
Ministry of Trade and Industry		1,208	-	4,830	-
Ministry of Works and Transport		55,493	-	135,933	-
Mobile Telecommunications (MTC)		583,686	-	944,578	-
NAMCOR Petroleum Trading and Distribution		1,263,575	-	-	-
Namibia Civil Aviation Authority		105,999	(68,376)	961,955	-
Namdeb Diamond Corporation (Pty) Ltd		28,981	-	-	-
Nampost Courier Services		2,489	(133,187)	2,397	(117,946)
Nampower (Proprietary) Limited		69,100	(12,245,501)	95,308	(11,635,324)
Telecom Namibia Limited		429,337	(4,385,445)	405,606	(5,058,879)
Namibia Water Corporation		-	(2,923,585)	-	(2,844,741)
New Era Publications		-	(158,674)	-	(250,042)
City of Windhoek		-	(4,263,097)	-	(3,450,056)
Erongo Regional Electricity Distribution (ErongoRED)		-	(2,499,993)	-	(2,690,620)
Keetmanshoop Municipality		-	(86,113)	-	(357,545)
Luderitz Municipality		-	(46,240)	-	(19,402)
Walvis Bay Municipality		-	(60,973)	-	(24,340)
Nored Electricity		-	(2,486,855)	-	(2,732,932)
Ondangwa Town Council		-	(646,988)	-	(629,179)
Windhoek Country Club		-	-	-	(10,719)
Road Fund Administration		-	(147,978)	-	(143,467)
Social Security Commision		-	(684,287)	-	-

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$	Notes	31 March 2020	31 March 2019

23. Financial risk management

23.1 Capital risk management

3.1.1 Cash flow and fair value interest rate risk

Exposure

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

Sensitivity

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

	Impact on post tax profit		Impact on other components of equity	
	2020	**2019**	**2020**	**2019**
Interest rates – increase by 100 basis points (100 bps) *	2,506,972	2,151,941	2,506,972	2,151,941
Interest rates – decrease by 100 basis points (100 bps) *	(2,506,972)	(2,151,941)	(2,506,972)	(2,151,941)

* Holding all other variables constant

3.1.2 Price risk

Exposure

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

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$	Notes	31 March 2020	31 March 2019

Financial risk management continued...

23.2 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 company has established a credit policy under which each new customer is analysed individually for creditworthiness before the company's standard payment and service terms and conditions are offered. The company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Credit limits are established for each customer and reviewed regularly. Any revenue exceeding those limits require approval from the risk and audit committee.

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

Trade and other receivables	67,762,153	67,987,250
Cash and cash equivalents	250,697,188	215,194,097
	318,459,341	**283,181,347**

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$ 708 million of trade and other receivables as at 31 March 2020 (31 March 2019: N$ 521 million). The balances outstanding from Air Namibia have been fully impaired at 31 March 2020 as well as at 31 March 2019.

The financial institutions the company invested with are as follows:

Bank Windhoek Limited	67,714,719	54,218,381
First National Bank of Namibia Limited	49,461,307	31,503,678
Sanlam Namibia Trust Managers Limited	47,253,147	59,860,571
Old Mutual Investment Group (Namibia) Ltd	47,000,787	77,391,039
NAM Coronation Money Market Fund	45,649,879	-
	257,079,839	**222,973,668**

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

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

Opening Balance	608,575,415	378,980,225
Impairment and discounting for the trade receivable allowance	608,321,559	378,726,369
GST receivable from the Receiver of Revenue	253,856	253,856

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$	Notes	31 March 2020	31 March 2019
Financial risk management continued...			
Expected Credit Losses/ Impairment loss recognised		198,490,164	229,595,190
Impairment allowance		191,828,091	229,595,190
Provision for uncollectible VAT balance		6,662,073	-
Closing Balance		**807,065,579**	**608,575,415**
The closing balance comprise the following:			
Impairment and discounting for the trade receivable allowance		800,149,650	608,321,559
Receivable from the Receiver of Revenue		6,915,929	253,856

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$

	Notes	31 March 2020	31 March 2019

Financial risk management continued...

23.2.1 Impairment of financial assets

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

- trade receivables from the provision of services
- Operating lease receivables
- debt investments carried at amortised cost, and
- 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 2020 N$		31 March 2019 N$	
	Average Loss Rate	Gross Amount	Expected Credit Losses	Gross Amount	Impairment
Current	38%	19,742,673	7,569,286	43,552,108	18,623,432
1-30 days	67%	51,912,782	34,851,380	51,515,753	31,465,071
31-60 days	49%	2,311,314	1,139,450	18,863,243	6,730,771
61-90 days	84%	22,266,406	18,668,130	1,894,274	906,220
91-180 days	94%	63,290,488	59,307,939	57,649,104	54,976,805
181 plus days	95%	713,051,773	676,272,235	499,669,202	493,327,722
		872,575,437	**797,808,420**	**673,143,684**	**606,030,021**

	31 March 2020 N$	31 March 2019 N$
Past due but not impaired		
Past due 31-60 days	1,171,864	12,132,471
Past due 61-90 days	3,598,276	988,054
Past due 91-180 days	3,982,549	2,672,300
Past due for more than plus days	36,779,538	6,341,480
	45,532,227	**22,134,305**

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

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

Debt investments

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$	Notes	31 March 2020	31 March 2019

Financial risk management continued...

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

Other financial assets at amortised cost

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

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

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

31 March 2019	Cash and cash equivalents	Other receivables	Total
Opening loss allowance	-	-	-
Increase in the allowance recognised in profit or loss during the year	79,084	2,212,453	2,291,537
Closing loss allowance	79,084	2,212,453	2,291,537

23.2.2 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:

	31 March 2020	31 March 2019
Impairment losses		
- Impaired on receivables (previous accounting policy)	-	201,253,329
- Adjustment for impairment of trade receivables per IFRS 9	196,354,531	26,050,324
Impairment losses on other financial assets	23,063	2,212,453
Impairment losses on short-term investments	26,631	79,084
Net impairment losses on financial and contract assets	196,404,225	229,595,190

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$	Notes	31 March 2020	31 March 2019

Financial risk management continued...

23.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the group held deposits at call of N$257,079,839 (2019: N$222,973,668) that are expected to readily generate cash inflows for managing liquidity risk. At the end of the reporting period, trhe 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.

23.3.1 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**	**Total contractual cash flows**	**Carrying amount**
Year ended 31 March 2020			
Non-derivatives			
Trade and other payables excluding non-financial liabilities (Note 11)	39,915,753	**39,915,753**	**39,915,753**
Year ended 31 March 2019			
Non-derivatives			
Trade and other payables excluding non-financial liabilities (Note 11)	43,521,379	**43,521,379**	**43,521,379**

24. Cash flows from operating activities

	31 March 2020	31 March 2019
Loss before tax for the year	**(105,414,232)**	**(65,777,599)**
Adjustments for:		
Finance income	(71,683,774)	(57,463,688)
Finance costs	1,042,123	730,101
Depreciation and amortisation expense	99,885,247	103,463,111
Income recognised from government grants	(68,125,827)	(68,125,827)
Impairment loss	88,173,672	-
Gains on disposal of non-current assets	(175,989)	(348,496)
Change in operating assets and liabilities:		
Chang in trade and other receivables	46,883,566	96,553,579
Chang in trade and other payables	7,452,029	(8,053,320)

NOTES OF THE FINANCIAL STATEMENT

FIGURES IN N$	Notes	31 March 2020	31 March 2019

25. Commitments

Capital commitments

Major capital expenditure contracted for at the reporting date, but not recognized in the financial statements amounts to Nil (2019: Nil). At year end the value of capital expenditure approved by the Board of Directors amounts to N$411,468,384 (2019: $264,356,300). The capital expenditure are financed from working capital generated within the Company and from financing activities and government subsidies as declared by the government from time to time.

26. Leases

26.1 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	56,797,461	53,659,105

26.2 As a lessee

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

ANNEXURE A

Stakeholder Group	Particular Stakeholder	Frequency	Areas of importance to our stakeholder	Outcome of the stakeholder engagement	Mode of Engagement
Company Secretary					
Government	• Ministry of Public Enterprises • Ministry of Works and Transport • Ministry of Finance	• Quarterly	• Return on investment • Long Term Sustainability • Compliance • Corporate Governance • Align to national development objectives (NDP5, HPP)	• Shareholder informed of performance of the organization • Organization fully complies with prescripts of specifically PEGA • Accountability to Shareholder	• Quarterly report submitted to Shareholder on performance • Annual General meeting held to fully account for performance • Annual Report and Annual Plan aligned with ISBP • Financial Statements
Strategic Partners	• Regulator (NCAA) • Airlines • Media	• Annually • Twice a year	• Creation of an enabling environment • Establishing needs and shortcomings experienced by the Stakeholder • Utilizing media as conduit to account to the people	• Enhance Stakeholder operations and efficiency of operations • Create platform of communication to advance the Tourism industry • Accountability to the people who are the ultimate Shareholders in the company	• Meetings • Media briefing sessions
Legal	**Particular Stakeholder**	**Frequency**	**Areas of importance to our stakeholder**	**Outcome of the stakeholder engagement**	**Mode of Engagement**
Internal	• Board of Directors • Board Sub-committees • Executive Committee	• Quarterly and *ad hoc* • Quarterly and *ad hoc* • Fortnightly and *ad hoc*	• Mitigation and Management of Legal Risk • Mitigation and Management of Legal Risk; compliance with	• Assurance of and commitment to mitigation and effective management of legal risk and that operations are carried out in compliance with applicable legislative framework	• Engagement through scheduled quarterly meetings, in addition to as and when required • As above

	• Departments, Divisions and Units	• Daily	applicable legal framework • Mitigation and Management of Legal Risk; compliance with applicable legal framework • Legal advice and compliance of activities as well as processes with applicable legal framework	• As above. • As above. • Commitment to the prompt and efficient dispensation of legal advisory services	• Engagement through scheduled fortnightly, meetings in addition to as and when required • Continuous engagement with personnel from various departments, divisions and units whenever the need arises
External • Courts, tribunals and other legal fora • Legal service providers • State Institutions and Government Offices, Ministries and Agencies • Legal Profession Fraternal Institutions • International Civil Aviation Organization	• Supreme Court; High Court; Magistrates' Courts; Labour Commissioner's Office; Commercial Arbitrators • Law firms; Advocates • Parliament • Ministry of Justice • Office of the Attorney-General • Law Reform and Development Commission • Office of the Ombudsman • Law Society of Namibia • Society of Advocates of Namibia	• Case-specific in accordance with relevant court order and/or relevant directive • Continuous • Occasional • Occasional • Occasional • Occasional • Occasional • Occasional • Continuous	• Determination of Legal Disputes • Facilitation of litigation and ancillary matters • Enactment of Laws • Legislation-related liaison • Rendering of legal services at shareholder level • Proposal of new legislation and repeal of old and ineffective legislation • Human Rights-related interactions • Legal Profession-related liaisons	• Resolution of disputes in accordance with applicable legal principles. • Favorable outcome upon finalization of litigation. • Obtaining industry input in respect of relevant laws • Obtaining industry input in respect of relevant laws and regulations • Protection of shareholder's interests by mitigating adverse legal ramifications • Obtaining industry input in respect of reforming relevant areas of civil aviation law • Addressing of Human Rights Concerns	• Engagement through physical appearance at appropriate for and/or filing documents at relevant forum. • Engagement through continuous physical consultations, telephonic dialogue as well as via correspondence. • Liaison through communication channel befitting nature of stakeholder engagement. • As above • As above • As above • As above • As above

ANNEXURE A

	• Legal Affairs and External Relations Bureau	• Occasional	• Facilitation of litigation and ancillary matters • Latest legal developments at ICAO level; Communication of ICAO General Assembly Resolutions and outcomes of other key ICAO decision-making bodies	• Adherence to professional norms and standards • Pursuit of favorable outcome from litigation • Streamlining of legal services in international civil aviation law and practice	• Engagement through continuous physical consultations, telephonic dialogue as well as via correspondence • Engagement through Namibia Civil Aviation Authority; Ministry of Works and Transport and/or direct-contact depending on subject-matter of engagement
Internal Audit	**Particular Stakeholder**	**Frequency**	**Areas of importance to our stakeholder**	**Outcome of the stakeholder engagement**	**Mode of Engagement**
External	• Board • Audit Committee • Regulators (NCAA) • External Auditors	• Quarterly • Quarterly • Ongoing Consultancy • Bi –Annually	• Audit and Risk Management • Risk Based Internal Audit Plan • Risk Register • Audit Tracking Report	• Confirmation that Management takes control environment seriously and that risks are being managed	• Quarterly Internal Audit Report submitted to BARC • Progress updated report on Risk Based Internal Audit Plan
Internal	• EXCO • Management • Co-Source (EY) • Staff	• Weekly • Monthly • Weekly • Monthly	• Progress update reports on plan audit reviews • Progress on Audit Reviews • Delivery of the approved Risk Audit Plan • Audit coverage across NAC • Internal Control Self Assessments Questionnaires	• Assurance that Control Environment is managed properly • Assurance that key risks are being managed within the NAC's stated risk appetite	• Bi-Weekly Meetings – EXCO • Regular update meetings with management, Co-Source Partner (EY) and Staff

Executive: Risk, Compliance and Strategy	Particular Stakeholder	Frequency	Areas of importance to our stakeholder	Outcome of the stakeholder engagement	Mode of Engagement
Regulator:	• NCAA	• Ongoing consultations in respect of airport licensing • Monthly	• Compliance to national, international regulations and standards • Submission of compliance documents • Engagement of CAPS	• Compliance to national, international regulations and standards.	• Meetings • Submission of Corrective Action Plans
Strategic Partners	• ACI • ACSA • MET, MHI, MPE	• Industry forum	• Advocacy Role	• Benchmarking and Best industry practices	• Meetings • MOU
Executive: Operations	**Particular Stakeholder**	**Frequency**	**Areas of importance to our stakeholder**	**Outcome of the stakeholder engagement**	**Mode of Engagement**
Passengers	• Passengers	• Daily	• Flight information schedules • Facilitation of check in and arrivals process • Information on mandatory requirements • Safety and security measures	• Increased customer satisfaction in terms facilitation • Safe and secure airport environment	• Flight information display boards • Public Announcements • Signage
Airlines	• Airlines	• Quarterly	• Service levels Compliance to safety and security measures of the aerodrome • Facilitation	• Improved service delivery • On time performance • Safe and secure airport environment	• Airline Operators Committee
Tenants	• Concessionaires	• Monthly	• Safety and security measures	• Improved service delivery • On time performance	• Facilitation Meeting • Regular Inspection

ANNEXURE A

			• Compliance to service level agreements	• Safe and secure airport environment	• Meetings
GRN Service Providers	• Government Service Providers	• Monthly	• Safe and Secure airports • Compliance to national, international regulations and standards	• Improved service delivery • On time performance • Safe and secure airport environment	• Facilitation Meeting • Meetings
	• Industry Associations	• Schedule industry platform	• Information Sharing • Benchmark on best practices	• Improved service delivery • On time performance Safe and secure airport environment	• Industry organized exhibition • Meetings
	• Environmentalists	• Yearly	• Information Sharing	• Ensure compliance on environmental assessments	• Meetings
Executive: Engineering and Projects	**Particular Stakeholder**	**Frequency**	**Areas of importance to our stakeholder**	**Outcome of the stakeholder engagement**	**Mode of Engagement**
Service Providers	• Marce, AstroPhysics, Rosenbauer and others • Consulting Engineers (Civil, Electrical)	• Scheduled maintenance plans • Project Meetings • Site Briefings	• Safe and secure airports • Continues operation of airport systems • Implementation of projects in line with specifications	• Adherence to Service Level Agreement • Adherence to contractual obligations • Compliance to national, international regulations and standards	• Meetings • Virtual Meetings
Executive: Commercial	**Particular Stakeholder**	**Frequency**	**Areas of importance to our stakeholder**	**Outcome of the stakeholder engagement**	**Mode of Engagement**
Tenants and Concessionaires	• Food and Beverage • Car Rentals • Airlines, Fuel and ground handlers • Retailers	• Quarterly	• Ensure business Continuity • Enhance passenger experience • Enhance airport service quality	• Adherence to Service Level Agreement • Enhanced passenger Experience • Improved airport service quality	• Meetings • Notices

	• Advertising				
Industry Partners	• Airports Council International • IATA • Airlines Association of Southern Africa (AASA)	• Bi-annually • Every second year	• Information sharing • Route development • Business Development • Promotion and position travel and tourism • Aeronautical tariff negotiations	• Revenue growth • Increase passenger/aircraft movements • Improved stakeholders' relations • Competitive airport charges	• Conference • Seminar • Tourism Indaba/Expo • Exhibitions • Meetings • Newsletter
Strategic Partners	• Ministry of Environment, Forestry and Tourism • Ministry of Works and Transport • Ministry of Industrialization, Trade and Industry • Ministry of Public Enterprises • Namibia Chamber of Commerce and Industry • Namibia Tourism Board • Walvis Bay Corridor Group • Local Authorities	• Quarterly	• Advocacy role • Creation of an enabling environment	• Coordination of sectoral development plans • Improved stakeholder relations	• Meetings • Virtual Forums
Media and special interest groups:	• Media Houses	• Regularly	• Corporate Governance	• Brand enhancement	• Press Conference

ANNEXURE A

			• Information Dissemination	• Informed stakeholder	• Press release • Advertorial • Interview • Media Day • Social Media • Television • Publications • Events management
	• Community	• Annually	• Brand recognition and public support • Corporate Governance	• Informed community on the industry in which we operate.	• Outreach programme
Executive: Human Resources	**Particular Stakeholder**	**Frequency**	**Areas of importance to our stakeholder**	**Outcome of the stakeholder engagement**	**Mode of Engagement**
Employees	• Medical aid • Financial institutions • Pension funds • Social Security Commission • NTA • Namibia Revenue Authority • Ministry of Labour • Departments • Workstations • Training institutions	• Annually • Monthly	• Resolve employees and service provider queries • Employee benefits administration and statuary requirement • Submit statuary reports and returns • Information sharing and internal communication • Sound labour relations • Provide training and development	• Engaged employees • Informed employees • Increased productivity • Increased employee morale • Job satisfaction • Improved retention • Lower absenteeism • Conducive health & safety environment • Skilled and knowledgeable employees	• Road shows • Internal circulars • Departmental meetings • Staff meetings • Meetings • Functions • Reports and returns • Forums

			opportunities for employees		
Unions	NAPWU	• Quarterly	• Job security and career growth • Fair and transparent remuneration • Sound labour relations • Negotiating in good faith	• Sound employee relations • Wage & substantive agreements • Timely dispute resolutions	• Shop steward meetings • Negotiation platforms
Executive: Finance	**Particular Stakeholder**	**Frequency**	**Areas of importance to our stakeholder**	**Outcome of the stakeholder engagement**	**Mode of Engagement**
Service Providers and Suppliers	• Adhoc and transactional suppliers of goods and services • SLA Service providers • Prospective service providers	• Ad-hoc	• Ease of doing business • Service level agreements • Transparency in procurement process • Assurance and efficiency in payment and payment terms	• Clarification of NAC requirements • Dispute resolutions	• Tender clarification meetings • Contract negotiations • Website notifications
Financial services providers	• Banking services providers • Local providers of loan and funding	• At least quarterly and as required	• Company performance • Funding and project plans	• Financial planning • Negotiations of affordable financing	• Various engagement meetings • Financial statements and performance reports
Customers	• Airlines and general aviation operators • Tenants and concessionaires	• Every Second year • Adhoc • Quarterly engagement with customer classes	• Aeronautical tariff negotiations • Clarity and transparency of billing and payments • Account status • Cost-effectiveness	• Competitive airport charges • Satisfaction of customers with accounts status • Efficiency of billing • accuracy of account status	• Client engagement meetings • Tariff negotiation meetings • Quarterly meetings with customer classes

ANNEXURE A

Government and regulators	• Ministry of Works and Transport • Ministry of Public Enterprises • Ministry of Finance • Procurement Policy Unit • Other Ministries and Agencies	• Ad-hoc • Quarterly	• NAC performance and sustainability • Compliance with requisite laws and regulations • Funding	• Clarity of level of compliance • Performance of the company	• Various meetings • Accountability reporting • Required statutory reporting
Employees and unions	• NAPWU • Staff	• Quarterly	• Company performance and security of employment	• Transparency in salaries and wages	• Wage negotiations in conjunction with HR • Financial statements and quarterly reports • Annual performance presentations
Internal and external auditors	• Grand Namibia • Ernst and Young	• Quarterly	• Compliance with policies • Compliance with standards	• Clean audit opinions • Value-adding internal audit reports	• Engagement meetings • Audits
Executive: Information, Communications and Technology	**Particular Stakeholder**	**Frequency**	**Areas of importance to our stakeholder**	**Outcome of the stakeholder engagement**	**Mode of Engagement**
Service Providers and Suppliers	• External Suppliers of Technology Products and Services • Silnam - ERP System • Business Connexion - General Hardware and Network • RESA - Airport Management System	• Monthly	• Creation of an enabling environment • Provide information technology support services • Enable business continuity • Capture data and record keeping	• Enhance operational efficiency • Facilitate systems integration • Facilitate reporting structures • Enhance revenue generation	• Meetings • Reports • Virtual Engagements

	• Airlines • Airport Stakeholders • Internal Business Units		• To ensure control and quality assurance over products and services rendered		

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