

# NAMIBIAN PORTS AUTHORITY ANNUAL REPORT



# NAMIBIAN PORTS AUTHORITY

## OUR MISSION



## *Your Effective Gateway to Southern Africa*

Namport is committed to providing, facilitating and promoting efficient and effective port and related services for seaborne trade between Namibia, its neighbours and their international trading partners as well as for the Namibian fishing and other offshore industries.

Our goals will be to achieve excellent customer care. We aim to operate cost effectively whilst generating sufficient funds to make a reasonable return on investment for long-term sustainable growth.

We promote and encourage the active participation of all personnel and other stakeholders in achieving our goals.

In this process, Namport will provide competitive conditions of service and a safe working environment while standing for equal opportunity for all our employees.

Namport strives to facilitate economic growth in Namibia by promoting foreign trade.

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## CHAIRMAN'S STATEMENT



I have great pleasure in contributing to this very first Annual Report of the newly formed Namibian Ports Authority which coincided with the reintegration of Walvis Bay into Namibia.

In the words of our State President, Dr Sam Nujoma, Namibia's independence only became complete with this reintegration.

The Namibian Ports Authority Act, Act 2 of 1994, set the rules for the operation and management of the ports and is based on commercial and business principles.

Under the able guidance of its Board of Directors, the Namibian Ports Authority had a good start. The takeover from the previous port operators Portnet, a division of Transnet Ltd, South Africa, went very smoothly in respect of port operations as over 90% of the port's personnel were attracted to join the new company, of which the large majority were Namibians.

Within the first period of its existence the Namibian Ports Authority set out to undertake a study on the development of the Port of Walvis Bay, kindly sponsored by the German Development Bank, Kreditanstalt für Wiederaufbau. The final report on this study will be available mid-January 1996 and will introduce amongst other things, recommendations on capital expenditure for infra- and superstructure, new equipment, measures to strengthen management, harbour legislation and safety rules.

The recommendations of this study will be based on a potential cargo flow investigation which formed part of this study and includes opportunities created by Namibia's new super highways, the Trans-Caprivi and the Trans-Kalahari.

We are thankful to a Namibian company TINKAS MARINE which had planned to start trading in Namibia as NAMPORT and which has given up their registered name NAMPORT in our favour. Namport is so much more descriptive than the alternative "N.P.A." would have been. We also developed our powerful logo of which we are proud and for which we have received favourable comments.

It is gratifying to be able to report that the financial success of the Port of Walvis Bay in its first period is satisfactory in all respects. For this reason tariff increases for 1995 could be kept well below the inflation rate.

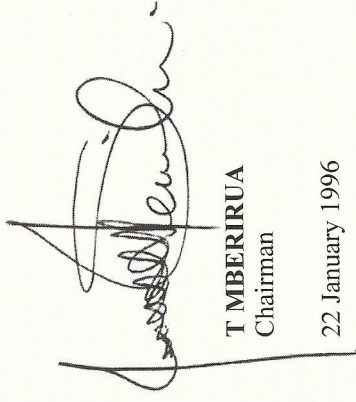
A major highlight in Namport's history was the take over of the port of Lüderitz from TransNamib Ltd on 1st April 1995. With this the Namibian Ports Authority achieved its full present scope. In the first period of operations Namport was identified with the Port of Walvis Bay only. Now we have the Namibian Ports Authority with two ports, managed as individual business units, but sharing expertise and resources where it makes economic sense.

As a young organisation Namport has discharged its responsibility in respect of human resources development with pride. Four lighthouse operators were trained and have replaced Portnet personnel. Namport's technical division employed four apprentices, all in their second year now. Workers were trained to qualify to become trade hands and trade hands were sent to special training courses to qualify as artisans. A literacy training course is endeavouring to provide the basis for further upliftment of personnel. Some of the newly trained persons left Namport in search of better opportunities - a loss to Namport but a gain for Namibia.

Activities at all levels and in all disciplines will continue to facilitate the changes required within Namport to live up to the expectations of our clients and the Namibian government as expressed in the Namibian Ports Authority Act.

I am looking forward to the second year of operations and upon receipt of the development study of the ports of Walvis Bay and Lüderitz, we will be able to start the modernisation of our two ports placing Namport in a position to serve our esteemed customers even better.

Finally I wish to thank Namport's clients, my fellow Board members, Management and personnel for their loyalty and support during our first period of operation. A period which started with great uncertainties for all of us has come to a successful end, a period with achievements we can all be proud of.



T MBERIRUA  
Chairman  
22 January 1996

## CHIEF EXECUTIVE OFFICER'S REPORT

### Background to the Formation of the Namibian Ports Authority



The creation of the Namibian Ports Authority came about with the declared intention in 1993 by South Africa to hand over the enclave of Walvis Bay to Namibia progressively over a period of time.

The Government of Namibia, ably assisted by Swedish Consultants, produced a Namibian Ports Authority Act in record time, thus creating the legal framework under which the Port of Walvis Bay could be taken over by Namibian Authorities on a predetermined date. This date, 1 March 1994, was announced before the legal framework was finally accepted by Cabinet, forcing the lawmakers to work under extreme pressure of time.

Simultaneously the actual handover of the Port as a going concern was being negotiated. These negotiations made provision for as smooth a transition as possible in the interests of uninterrupted port services. Less than 10% of the port employees elected to be repatriated and even this repatriation was over a period of time, allowing the newly born Authority to recruit suitable replacement personnel. Negotiators in both camps worked towards a common purpose and deserve praise for the success of their efforts.

The Namibian Ports Authority came into being on 1 March 1994 with the promulgation of the Namibian Ports Authority Act 1994 (Act 2 of 1994) together with the re-integration of the Enclave of Walvis Bay into Namibia. Furthermore, the Namibian Ports Authority registered NAMPORT as its trade name.

Although the negotiations with Portnet, the owner of the port, went relatively smoothly in respect of personnel, the same cannot be said about the negotiations regarding the transfer of the assets. A last minute arrangement made provision for the Namibian Ports Authority to operate the port of Walvis Bay for its own account and risk, linking the transfer of Portnet assets to Namibia with the acceptance by Namibia of liabilities attached to these assets.

Although the Transfer Agreement set a target date of 30 June 1994 as a final date by which the dispute had to be settled by the respective governments, progress on this issue was slow and a final settlement agreed on only during October 1995. The assets were finally transferred to Namport following the settlement of agreed liabilities by Namport of N\$ 30 million, with retrospective effect on 1 March 1994.

### Purpose of the Namibian Ports Authority

The Namibian Ports Authority Act, 1994 gives clear guidelines to the Board of Directors and Management regarding the objectives of the Authority, namely :

- (a) to manage and exercise control over the operations of ports and lighthouses and other navigational aids in Namibia and its territorial waters;
- (b) to provide facilities and services normally related to the functioning of a port;
- (c) to conduct its business in accordance with sound and generally accepted business principles; and
- (d) except where otherwise required in the national interest, to conduct its business in such a manner as to ensure that the facilities and services relating to a port are operated in order to obtain maximum usage of such facilities and services at competitive prices which will yield a fair and reasonable profit to the Authority.

The Act also nominates the Authority to be in charge of all harbours of Namibia and in line with this provision, the port of Lüderitz was transferred from TransNamib Ltd to the Namibian Ports Authority on 1 April 1995, giving full control of all Namibian ports to the Authority. This takeover also went smoothly except for a difference of opinion on the transfer of harbour land, which is still under discussion.

### Namibia's Economic Environment

Namibia's economy and business confidence showed a rise immediately after the announcement that Walvis Bay would be reintegrated into Namibia on 1 March 1994.

Latest indications are that some of this business confidence has declined somewhat, reflected in lower building activities, with the generally expected high increase in port traffic not materialising. However, judging by the number of enquiries received by the Authority, momentum could be gained in the medium term with new industries settling in Namibia, the creation of the Export Processing Zone and a higher level of activity in the fishing industry.

### Port Development

Although a number of international offers of help to revitalise the port were received early in 1994, Namport decided to first undertake a development study kindly sponsored by the German Kreditanstalt für Wiederaufbau ( German Development Bank). The study is being carried out by a consortium of German consultants, namely Prof. Dr. Lackner and Partners and Port and Transport Consulting Bremen GmbH, with an overview of development planning of the port of Lüderitz forming part of the Study. This route was taken to ensure more realistic investments in port infra- and superstructure thereby avoiding over-capitalisation. Because the port was able to cater for the immediate needs of its clients, no hasty decision had to be taken.

The development of a Bulk Terminal, a major project initiated under Portnet Management, was allowed to continue. This project will increase the bulk handling capacity of the harbour and provides for more economic handling of bulk products. Namport has taken up 25.1% of the shares in Walvis Bay Bulk Terminal (Pty) Ltd, thus guaranteeing direct participation in the business venture.

### Major Factors Influencing Namport

The outstanding issue of liabilities attached to the Port of Walvis Bay assets by Portnet was a major stumbling block in the first period of Namport's operation. Portnet was the owner of the port and Namport the user which limited Namport in its plans to develop the port. Furthermore, Namport was paying interest on the outstanding liabilities, with total interest payments amounting to N\$5.7 million for the period under review. However, as agreement has now been reached on settlement of these liabilities, Namport will no longer be restricted and can proceed with its plans for the future.

Uncertainty exists on the apparent overlap of the Namibian Ports Authority Act and the Proclamation of the Fishing Harbour in Walvis Bay in terms of the Sea Fisheries Act of 1992, (Act 29 of 1992) Section 22. Namport and the Ministry of Fisheries and Marine Resources must negotiate and define areas of responsibilities - financial as well as control and maintenance.

The transfer of the Hon Minister Marco Hausiko from the Ministry of Works, Transport and Communication has resulted in Namport losing its Minister who was responsible to the Government for the negotiations with South Africa and Portnet during the takeover period, for the appointment of the First Board of Directors and generally starting off the Namibian Ports Authority.

The transfer of the Permanent Secretary of the Ministry of Works, Transport and Communications - Dr Frieda Williams resulted in Namport losing its first Chairperson.

The sad passing away of Dr Raimo Kankondi, Permanent Secretary to the Ministry of Fisheries and Marine Resources, resulted in a vacancy on the Board and hindered communications between Namport and the Ministry of Fisheries and Marine Resources.

In March 1995 the Minister appointed two additional members to the Board, namely Mr. Harald Dennewill from Walvis Bay and Capt. Ian Wingate from Lüderitz.

Regrettably, Mr John Kirkpatrick resigned from the board in April 1995.

The untimely changes in the Ministries and on the Board of Directors no doubt had an influence on the working relationship between the groups.

## Operating Results

Namport can report a positive financial result at the end of the first 14 month period of operations.

	NS 000's
Turnover	57,461
Operating profit	14,410
Finance costs	4,534
Profit before taxation	<u>9,876</u>

Bearing in mind the mandate received, namely to conduct its operations in a businesslike manner and without direct financial assistance from the State, management concentrated on creating a reasonable financial reserve by streamlining its operations, retarding maintenance programmes and generally following prudent business principles.

The above first financial period results indicate that Namport can stand on its own financially under present business volumes and tariff structure. However, for the future much will depend on the outcome of the financial restructuring of Namport as a result of the asset/liabilities negotiations and settlement between the governments of South Africa and Namibia.

## Major Actions To Meet Future Challenges

New financial computer systems were installed facilitating more detailed cost allocation during financial 1995/96. This also enables management to set up strategic business units within the company in preparation for splitting off port operations from port authority functions in the near future, in line with requirements of the Act.

The Study on the Development of the Port of Walvis Bay will give detailed recommendations on development of infrastructure and superstructure, heavy equipment requirements as well as port management structure in line with the requirements of the Act.

A further major point for action is the development of port regulations and legislation. This too is addressed in the study.

## Personnel

Affirmative action was and still is a major challenge, not only for Namport, but the whole of Southern Africa. Although all recruitment efforts were directed at previously disadvantaged persons, suitably qualified managers are in short supply and are generally poached from other organisations. For this reason an additional effort is directed at training young Namibians in excess of normal requirements. This training is at a cost to the Authority but it is considered a worthwhile investment for Namibia's growth.

Senior marine personnel had to be recruited overseas and employed under contract. Training in this specialised field needs particular attention and will be co-ordinated with related industries such as the Ministry of Fisheries and Marine Resources.

It is anticipated that the study on the development of the Port of Walvis Bay and Lüderitz will identify the need to strengthen the management cadre of Namport. This need is apparent as backup and replacement, previously available from other ports under Portnet management, is no longer available. The reorganisation might also call for some additional posts and Namport is working at identifying suitably qualified candidates.

To strengthen the management accountant and management information department, assistance was requested through the German Technical Assistance Scheme, which allows for experts to be integrated in the personnel structure, transferring their knowledge while working for the company.

## Tariffs

This year Namport published its own tariff book for the Port of Walvis Bay. The new book is a simplified version of the previous one. Major changes to the tariff structure can only be achieved once the new financial systems provide management with more detailed information with regards to revenue and cost allocations. It is anticipated that the 1996/97 edition will benefit from this newly gained information. The much debated ad valorem wharfage charge might also be restructured per commodity rather than value only. The advantage of such a move would be for the client to be able to quote on total port cost regardless of fluctuations in the price of the commodity in question.

Tariffs for the two ports under Namport's control differ and it is anticipated to remain so as the aim is to charge the customer for the level of services he demands. Different cost implications from port to port due to volumes handled as well as other cost implications such as salaries, cost of services bought in by Namport, etc., call for a tariff differentiation in order to live up to our mandate. The present port tariff in Lüderitz was established by TransNamib and is in some instances higher than the corresponding tariff for Walvis Bay. However, Namport will honour the present tariff structure of the port of Lüderitz for the current financial year. For 1996/97, similar principles will be applied for both ports when determining the new tariff structures.

## Vote Of Thanks

This review would not do justice without a special expression of thanks by the Chief Executive to the Hon Minister M. Hausiko who, in the true sense of the Act, gave direction to the Board and then allowed the Board to do its work in the best interests of Namibia.

The first elected Chairperson of the Board, Dr. Frieda Williams, conducted her board duties with dedication and was a great support to Management as were all members of the Board. Their support and trust in the Management Team of Namport was greatly appreciated.

Finally, the success of Namport in its first year of operation could not have been achieved without the high level of dedication and hard work of my fellow managers and all Namport personnel. My personal thanks go out to all of them. I also would like to express my appreciation to the wives and families of those staff members whose duties kept them away from their families after normal working hours and on weekends. I sincerely hope that the continuous high demand on managers during the first period of Namport will not be repeated in 1995/96.

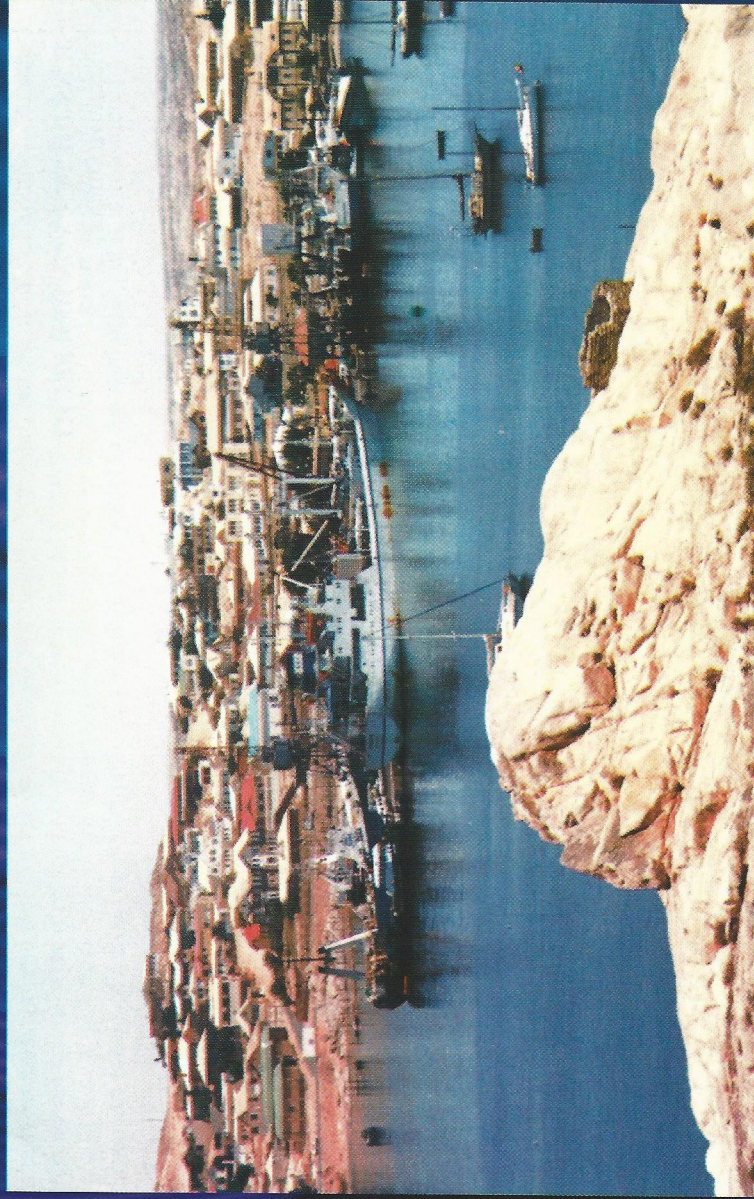


**Capt JENS-DIETER VON DER FECHT**  
Chief Executive Officer

22 January 1996



# PORT OF LÜDERTZ



Mr T Mberirua  
01/03/94



Capt. J-D von der Fecht  
01/03/94



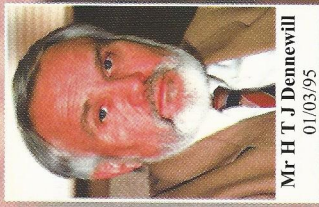
Dr J D Jurgens  
01/10/94



Mr G Gaoseb  
01/03/94



Dr P Shipoh  
21/03/95



Mr H T J Dennehill  
01/03/95



Mr R Gevers  
01/03/94

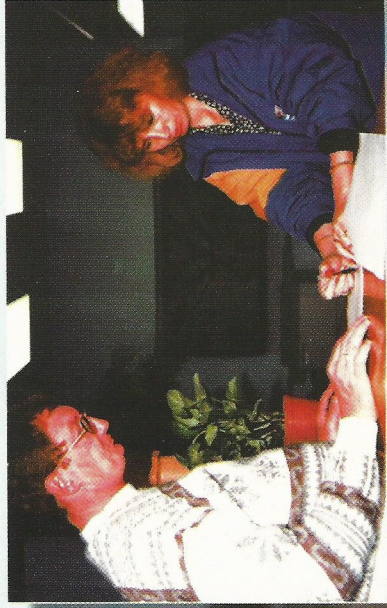
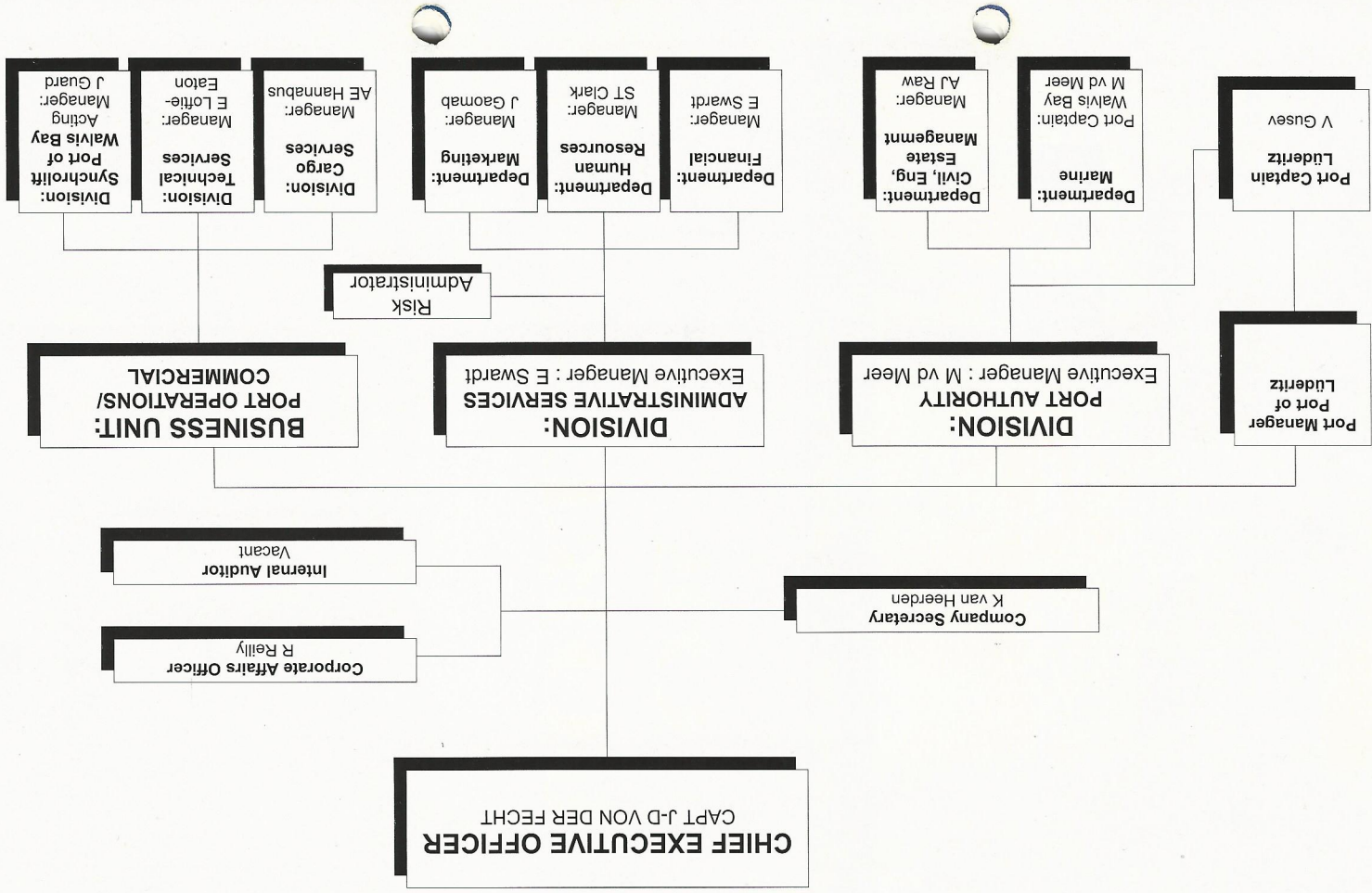


Dr F N Williams  
01/03/94 to 20/03/95



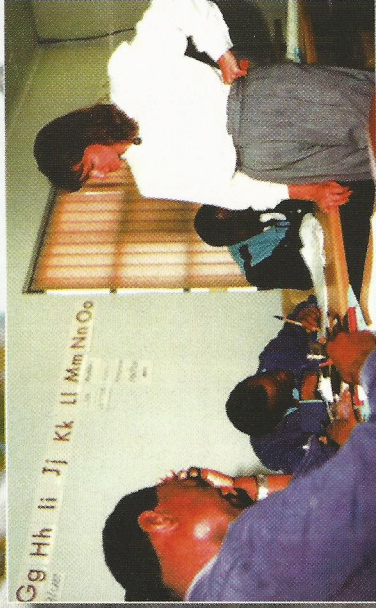
Capt I A Wingate  
01/03/95

**NAMIBIAN PORTS AUTHORITY**  
Management Structure



**FINANCIAL SERVICES**

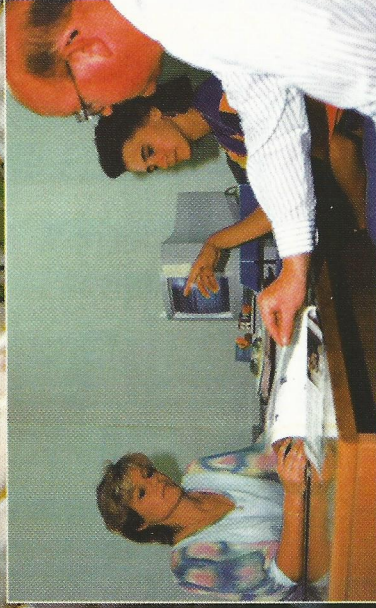
This department is made up of three sections, namely Revenue, Expenditure and Management Information Systems. Revenue is responsible for monitoring all cargo and vessel activities as well as safeguarding revenue generated by set activities. Expenditure is responsible for correctness of financial entries in Namport's books as well as keeping track of depot detail in this regard. Management Information Systems is responsible for producing management information reports on a monthly basis.



**HUMAN RESOURCES SERVICES**

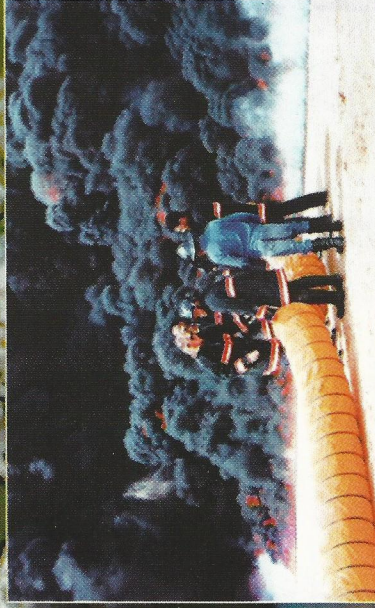
This department attends to all employee needs and benefits by way of an open systems approach thus enabling the most effective use of employees to achieve organisational and individual goals.

A literacy program was introduced during 1995 and feedback has been positive. A new pension fund and low cost housing scheme has been approved and will be implemented in the near future.



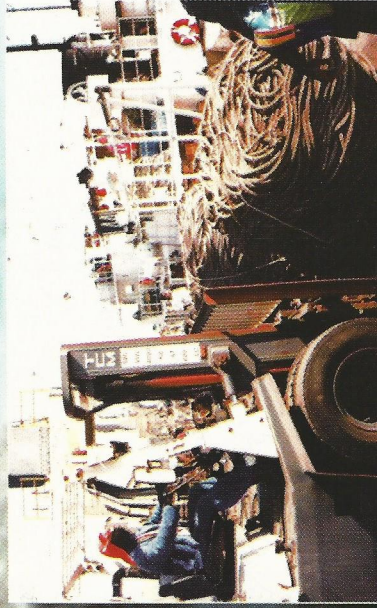
**MARKETING SERVICES**

Namport's marketing department performs Marketing functions including market analysis and research, monitoring of economic, political and social trends in Namibia, the Southern African region and defined major economic centres of the world and evaluation of their impact on the operations of Namport. It is very important that Namport and its top management are regularly advised of the rapidly changing economic events in order to maneuver swiftly, strike vigorously, and secure all the fruits of victory. This department stays in touch with clients and the ordinary public at large and operates within the framework of four major principles: defined objective (derived from Namport's mission statement), elaborate offensive plan, happy customers and the ability to maneuver (flexibility and mobility).



**RISK ADMINISTRATION**

This service is made up of the following: Occupational Safety and Health, Pollution Control, Insurance and Claims and Emergency planning in response. Fire protection service is available on a 24 hour basis.



**CARGO SERVICES**

The Namibian Ports Authority Cargo Operations Division is responsible for all shoreside cargo handling operations in the Port of Walvis Bay. Certain activities/sections, which may be part of those listed hereunder, have been privatized, however, services such as provision of under cover/open storage areas, internal haulage, handling of breakbulk/general/bulk/ro-ro cargoes and containers, are still performed by Namport.

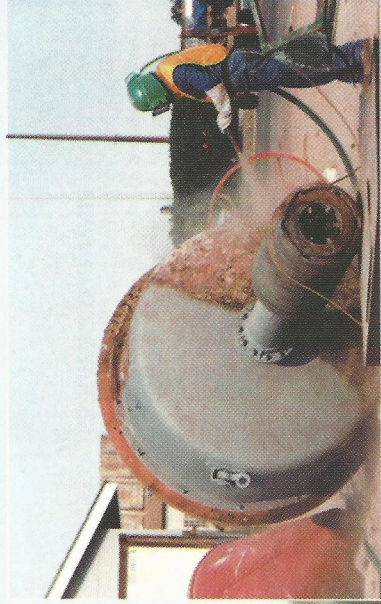
Sufficient mechanical appliances of capacities ranging from 3 tons to 25 tons are available for the handling of general cargoes. The container terminal with a capacity of 648 containers is fitted with 2 gantry cranes and 48 reefer connection terminals.

### TECHNICAL SERVICES

Quality workshops and facilities are available for repairs, maintenance and construction in the following fields:

- Mechanical and electrical engineering
- Marine Craft
- Vehicle and freight handling equipment
- Telecommunication, Radio and Navigational Aids
- Civil Works

These workshops provide services not only to the Port, but also to various other clients on demand.



### MARINE SERVICES

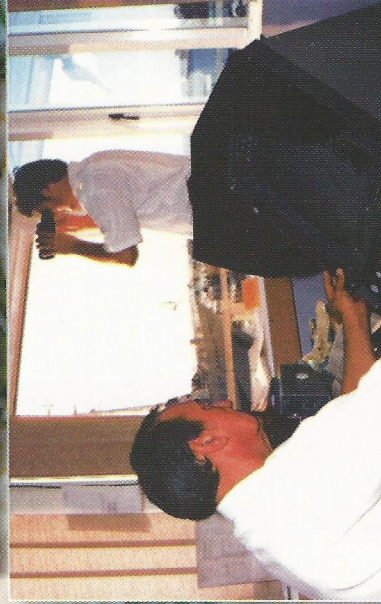
Marine Services provides tug, launch and (lighter services in Lüderitz only) services. Pilotage Services is provided as pilotage is compulsory in Namibian ports.



### MARINE CONTROL

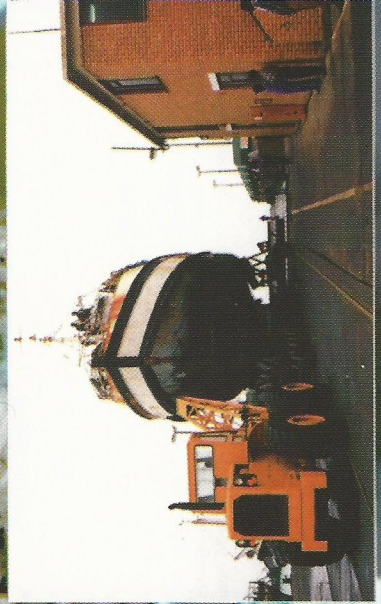
Port Control controls and co-ordinates shipping movements within port limits. Walvis Bay Port Control conducts search and rescue operations and is a Rescue Sub-Centre for the South African Search and Rescue Organisation and Namibian Search and Rescue Organisation.

Port Control controls and monitors marine pollution within port limits. It is also the information centre for the port regarding shipping movements.



### SYNCHROLIFT SERVICES

This service is provided in Walvis Bay only, being capable of lifting vessels with a maximum length of 70 metres and displacement of 20000MT and beam of 12m.



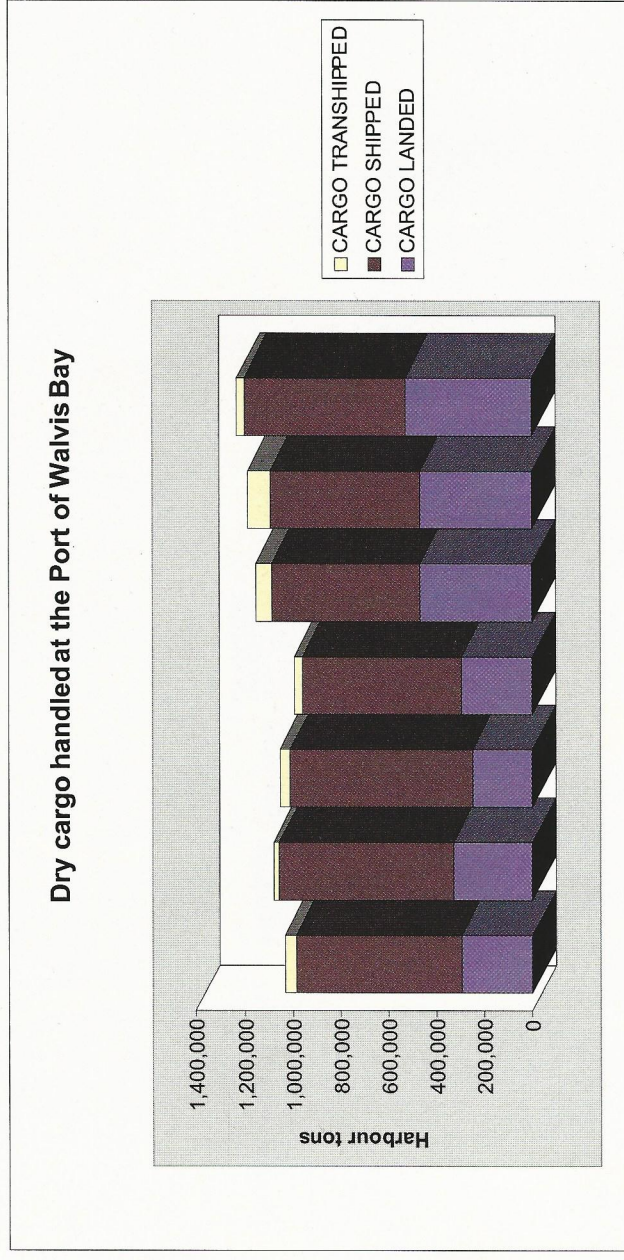
### INFRASTRUCTURE

Infrastructure Management is responsible for the utilisation, administration and maintenance of all Namport property and fixed assets. Any proposed changes to fixed assets and improvements on Namport property must be planned/approved, financed and co-ordinated by this department in order to allow internal and external port users to conduct business to their own advantage.



## STATISTICAL DATA

### DRY CARGO HANDLED AT THE PORT OF WALVIS BAY (Statistics are for the 12 month periods from May to April)



### CARGO LANDED

Bulk and Breakbulk  
Containerized

	88/89	89/90	90/91	91/92	92/93	93/94	94/95
Bulk and Breakbulk	116,959	147,461	111,213	157,348	356,878	323,079	361,649
Containerized	176,628	180,762	138,056	137,528	108,555	143,718	168,677

### CARGO SHIPPED

Bulk and Breakbulk  
Containerized

	88/89	89/90	90/91	91/92	92/93	93/94	94/95
Bulk and Breakbulk	556,105	528,456	600,902	517,624	459,253	448,841	502,691
Containerized	133,736	198,281	158,048	143,612	162,381	173,302	162,424

### CARGO TRANSSHIPPED

Bulk and Breakbulk  
Containerized

	88/89	89/90	90/91	91/92	92/93	93/94	94/95
Bulk and Breakbulk	689,841	726,737	758,950	661,236	621,634	622,143	665,115
Containerized	44,948	24,783	42,281	36,848	54,465	92,738	30,213
	1,340	209	36	818	8,140	2,616	1,834

### TOTAL DRY CARGO

	88/89	89/90	90/91	91/92	92/93	93/94	94/95
	1,029,716	1,079,952	1,050,536	993,778	1,149,672	1,184,294	1,227,488

### PETROLEUM LANDED

	88/89	89/90	90/91	91/92	92/93	93/94	94/95
	N/A	N/A	N/A	N/A	459,231	435,384	580,059

### CONTAINERS HANDLED AT PORT OF WALVIS BAY (TEU'S)

Landed  
Shipped

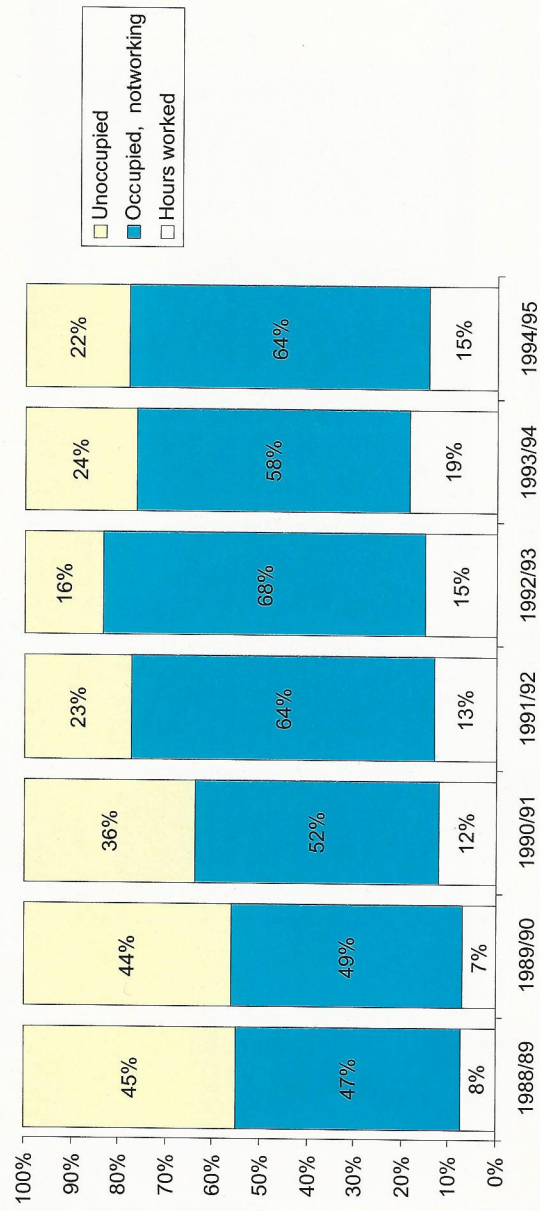
	88/89	89/90	90/91	91/92	92/93	93/94	94/95
Landed	9,605	9,658	8,890	8,501	9,536	9,323	10,307
Shipped	8,922	9,371	9,232	7,886	9,291	10,046	9,743

N/A = Data not available  
TEU's = Twenty foot Equivalent Units



# STATISTICAL DATA

## BERTH OCCUPANCY AT THE PORT OF WALVIS BAY (Statistics are for the 12 month periods from May to April)



## COMMODITIES HANDLED AT THE PORT OF WALVIS BAY

Statistics are for 12 month periods from May to April

	90/91	91/92	92/93	93/94	94/95
<b>MAIN COMMODITIES LANDED</b>					
Coal	0.00	14,803	81,104	147,859	154,315
Fish Products	23,881	48,114	61,744	61,290	106,650
Maize & grain	20,939	28,831	171,022	79,743	62,099
Sugar	47,958	41,070	38,989	39,344	45,045
Cement	14,325	9,256	10,508	18,728	19,835
Prepared foodstuffs	36,396	41,004	21,355	21,901	19,646
Copper & lead	37,173	35,304	9,814	4,386	17,479
Chemicals	8,452	11,477	9,472	14,887	12,740
Vegetable products	6,794	14,202	13,733	11,309	12,509
Other	53,351	50,815	47,692	67,350	80,008
<b>TOTAL</b>	<b>249,269</b>	<b>294,876</b>	<b>465,433</b>	<b>466,797</b>	<b>530,326</b>
<b>MAIN COMMODITIES SHIPPED</b>					
Salt	468,489	395,779	356,120	351,500	370,206
Fish Products	74,400	75,891	84,365	24,892	108,981
Fluorspar	36,655	37,301	45,494	34,958	57,451
Copper & lead	68,445	67,471	56,738	50,956	38,516
Manganese ore	0.00	0.00	0.00	0.00	29,360
Timer products	7,442	11,633	13,187	16,882	18,835
Marble & granite	15,488	19,284	14,945	19,794	13,760
Prepared foodstuffs	11,296	10,467	10,938	5,305	5,446
Zinc concentrates	17,338	2,125	0.00	10,715	6
Other	59,397	41,285	39,847	107,141	22,554
<b>TOTAL</b>	<b>758,950</b>	<b>661,236</b>	<b>621,634</b>	<b>622,143</b>	<b>665,115</b>

# FINANCIAL STATEMENTS

FOR THE FOURTEEN MONTHS ENDED 30 APRIL 1995

The report and statements set out below comprise the financial statements of the Namibian Ports Authority.

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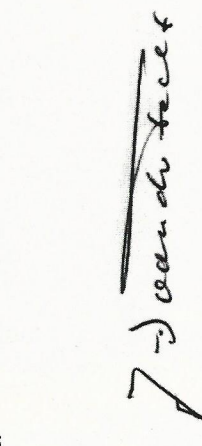
Notes to the financial statements

23-25

The financial statements set out on pages 17 to 25 were approved by the Board of Directors on 22 January 1996 and are signed on its behalf.



T MBERIRUA  
CHAIRPERSON



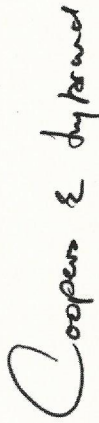
J-D VON DER FECHT  
CHIEF EXECUTIVE OFFICER

# REPORT OF THE INDEPENDENT AUDITORS

We have audited the financial statements set out on pages 17 to 25. These financial statements are the responsibility of the Authority's directors. Our responsibility is to report on these financial statements.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the financial statements. An audit includes an evaluation of the appropriateness of the accounting policies, an examination, on a test basis, of evidence supporting the amounts and disclosures included in the financial statements, an assessment of the reasonableness of significant estimates and a consideration of the appropriateness of the overall financial statement presentation. We consider that our audit procedures were appropriate in the circumstances to express our opinion presented below.

In our opinion these financial statements fairly present the financial position of the Authority at 30 April 1995, and the results of its operations and cash flow information for the period then ended in conformity with generally accepted accounting practice in accordance with the Namibian Ports Authority Act, 1994.



COOPERS & LYBRAND  
CHARTERED ACCOUNTANTS (NAMIBIA)

Walvis Bay  
22 January 1996

## DIRECTORS' REPORT

The directors present their first annual report which forms part of the audited annual financial statements of the Authority for the period ended 30 April 1995.

### NATURE OF BUSINESS

The Namibian Ports Authority was established in terms of the Namibian Ports Authority Act, 1994 on 1 March 1994. The objectives of the Authority are:

- (a) to manage and to exercise control over the operation of ports and lighthouses and other navigational aids in Namibia and its territorial waters;
- (b) to provide facilities and services normally related to the functioning of a port;
- (c) to conduct its business in accordance with sound and generally accepted business principles; and
- (d) except where otherwise required in the national interest, to conduct its business in such a manner so as to ensure that the facilities and services relating to such ports are operated in order to maximise usage of such facilities and services at competitive prices which will yield a fair and reasonable profit to the Authority.

### CAPITAL

The Namibian Ports Authority was established in accordance with the Namibian Ports Authority Act, 1994 with no share capital. The surplus which resulted from the transfer of assets to the Namibian Ports Authority is treated as capital contributed.

### FINANCIAL RESULTS

The financial results of the Authority for the fourteen months ended 30 April 1995 are set out in the income statement and the notes thereto.

### TURNOVER

The proportions of turnover attributable to the different aspects of the Authority's business were:

	N\$000	% of total
Wharfage	20,114	35%
Port dues	2,709	5%
Marine services	12,867	22%
Cargo services	17,975	31%
Port Authority services	3,796	7%
	<u>57,461</u>	<u>100%</u>

### OWNERSHIP OF LAND

Land, as stated in note 3 to the financial statements, is in the process of being registered in the name of the Authority.

## DIRECTORS' REPORT

### DIRECTORS

The following persons were directors of the Authority during the period under review.

	Date appointed	Date resigned
Dr F N Williams	01/03/94	20/03/95
Dr R Kankondi	01/03/94	18/07/94
Mr J S Kirkpatrick	01/03/94	19/04/95
Mr G Gaooseb	01/03/94	
Capt J-D von der Fecht	01/03/94	
Mr R Gevers	01/03/94	
Mr T Mberirua	01/03/94	
Dr J D Jurgens	01/10/94	
Mr H T J Dennewill	01/03/95	
Capt I A Wingate	01/03/95	
Dr P Shipoh	21/03/95	

### AUDITORS

Coopers & Lybrand will continue in office in terms of section 26(3) of the Namibian Ports Authority Act, 1994.

## ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis and incorporate the following principle accounting policies which have been consistently applied in all material respects.

### 1. Fixed Assets

All assets are included at historical cost. Maintenance and repairs are expensed as and when incurred.

Depreciation is calculated to write off the cost of fixed assets, excluding freehold land, on a straight-line basis over their estimated useful lives.

### 2. Leased Assets

Assets acquired under finance lease agreements that transfer to the Authority all the risks and rewards of ownership, are capitalised at their cash equivalent. The capital element of the leasing commitment is disclosed under long term liabilities. Lease rentals are treated as consisting of capital and interest elements, using the effective interest rate method.

### 3. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes transport and handling cost. Where necessary, provision is made for redundant and slow-moving inventories with regard to its age, condition and utility.

### 4. Deferred Taxation

The net tax effect of all material timing differences between the accounting results and taxable income is recognized as a deferred tax liability. Where the effects of timing differences result in deferred tax assets, these assets are accounted for only to the extent that they offset deferred tax liabilities.

### 5. Associates

Associates are those investments, in which the Authority has a long term interest and over which it exercises a significant influence, but not control.

The Authority's share of post-acquisition results of associates is included in the financial statements using the equity method.

### 6. Provision for dredging

Provision for dredging is made at the current value of the expected cost to restore the harbours and access channels to required draft. Dredging is expected to be carried out at intervals of five to eight years.

## BALANCE SHEET

AT 30 APRIL 1995

Capital employed	Notes	N\$000
Capital account	1	50,344
Retained profit		4,558
Shareholder's interest		54,902
Borrowings	2	34,991
Provision for dredging		2,254
Deferred Taxation		1,723
		<u>93,870</u>
<b>Employment of capital</b>		
Fixed assets	3	75,005
Investment in associates	4	3,263
Net current assets		15,602

Current assets		
Inventories	5	513
Accounts receivable		7,766
Bank and cash balances		<u>17,307</u>
		<u>25,586</u>
Current liabilities		
Accounts payable		6,389
Taxation		<u>3,595</u>
		<u>9,984</u>

93,870

## INCOME STATEMENT

FOR THE FOURTEEN MONTHS ENDED 30 APRIL 1995

	Notes	N\$000
Turnover	7	<u>57,461</u>
Operating profit	8	14,410
Finance costs	9	4,534
Profit before taxation		<u>9,876</u>
Taxation	10	5,318
Retained profit at end of period		<u>4,558</u>

## CASH FLOW STATEMENT

FOR THE FOURTEEN MONTHS ENDED 30 APRIL 1995

	Notes	N\$000
<b>Cash flow from operating activities</b>		
Cash generated by operations	A	25,133
Utilised by increase in working capital	B	(1,890)
Cash generated by operating activities		23,243
Finance costs		(4,534)
Cash available from operating activities		<u>18,709</u>
<b>Cash utilised in investing activities</b>		
Acquisition of fixed assets to establish operations		(83,615)
Proceeds on disposal of fixed assets	141	141
Investment in associate		(3,263)
Cash utilised in investing activities		<u>(86,737)</u>
<b>Net cash utilised</b>		<u>(68,028)</u>
<b>Cash effects of financing activities</b>		
Capital account		50,344
Borrowings raised		34,991
Increase in bank and cash balances		(17,307)
<b>Net cash generated</b>		<u>68,028</u>

## NOTES TO THE CASH FLOW STATEMENT

<b>A</b>	<b>Cash generated by operations</b>	14,410
	Operating profit	8,543
	Adjustment of non-cash items	2,254
	Depreciation	(74)
	Provision for dredging	<u>25,133</u>
	Profit on sale of fixed assets	
<b>B</b>	<b>Utilised by increase in working capital</b>	(513)
	Inventories	(7,766)
	Accounts receivable	6,389
	Accounts payable	<u>(1,890)</u>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FOURTEEN MONTHS ENDED 30 APRIL 1995

N\$000

<b>1</b>	<b>Capital account</b>	
	The surplus which resulted from the transfer of assets from the shareholder to the Authority is treated as capital contributed.	
<b>2</b>	<b>Borrowings</b>	30,000
2.1	The loan is unsecured and bears interest at 6.25% below the prime rate of the Standard Bank of South Africa. Interest is payable monthly in arrears. The loan was settled on 31 December 1995 but was refinanced immediately by a medium term loan.	
2.2	The loan is unsecured and bears no interest. No agreement has been reached in respect of the repayment thereof.	4,991
<b>3</b>	<b>Fixed assets</b>	<u>34,991</u>
<b>3.1</b>	<b>At cost</b>	14,778
	Freehold land	47,659
	Structures and buildings	11,345
	Floating craft	3,118
	Vehicles	<u>6,622</u>
	Machinery, equipment and furniture	<u>83,522</u>
<b>3.2</b>	<b>Accumulated depreciation</b>	
	Freehold land	4,120
	Structures and buildings	1,268
	Floating craft	1,123
	Vehicles	<u>2,006</u>
	Machinery, equipment and furniture	<u>8,517</u>
<b>3.3</b>	<b>Net book value</b>	<u>75,005</u>

A register of land, buildings and structures is available for inspection by the member at the registered office of the Authority.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FOURTEEN MONTHS ENDED 30 APRIL 1995

N\$000

**4 Investment in associated company**

Walvis Bay Bulk Terminal (Pty) Ltd  
 Unlisted shares at cost 3,263  
 Directors' valuation of shares 3,263  
 Number of shares held 251  
 Proportion owned 25.1%

Walvis Bay Bulk Terminal (Pty) Ltd was incorporated on 22 August 1994. The company will operate a bulk commodities handling terminal which was under construction at 30 April 1995.

Walvis Bay Bulk Terminal (Pty) Ltd prepares its financial statements to 31 December so as to conform with the financial year of its holding company. No results for the year ended 31 December 1994 have been included in the financial statements, as the company was not yet operational.

Aggregate financial information:

<b>Balance sheet</b>	
<i>Employment of capital</i>	
Fixed assets	4,432
Net current assets	<u>8,568</u>
	<u>13,000</u>
<i>Capital employed</i>	
Share capital and reserves	<u>13,000</u>

**5 Inventories**

Inventories consist of consumable stores and maintenance spares.

**6 Pension fund**

At the financial year end, all the permanent employees of the Authority were members of the Namibian Ports Authority Pension Fund, a defined contribution fund, governed by the Pension Fund Act. Employees' contributions amount to 7.5% of basic salary and the Authority's contribution amounts to 12.5% of basic salary. The fund has not yet been registered at 30 April 1995 and no actuarial valuation has been done.

**7 Turnover**

Turnover comprises income from harbour activities and related services. 57,461

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FOURTEEN MONTHS ENDED 30 APRIL 1995

N\$000

**8 Operating profit before taxation**  
 Operating profit is stated after charging:

Auditors' remuneration	77
Audit fees	<u>23</u>
Other services	<u>100</u>

Depreciation	4,120
Structures and buildings	1,268
Floating craft	1,123
Vehicles	2,032
Machinery, equipment and furniture	<u>8,543</u>

and after crediting:

Profit on disposal of fixed assets 74

**9 Finance costs**  
 Interest paid 5,691  
 Interest received (1,157)

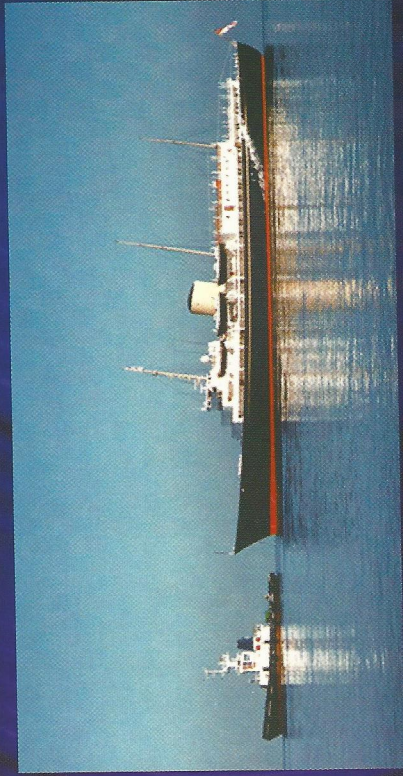
4,534

**10 Taxation**  
**Namibian normal taxation**

Current tax	3,595
Deferred taxation	<u>1,723</u>
	<u>5,318</u>

**Reconciliation of rate of taxation**

Namibian normal tax rate	38.0%
Permanent differences	<u>15.9%</u>
	<u>53.9%</u>



# PORT OF WATVIS BAY

