



ANNUAL REPORT

2021



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INTEGRATED ANNUAL REPORT 2021/2022

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EXECUTIVE SUMMARY

- (i) Although the NSI continued to feel the effects of the COVID-19 pandemic during the year under review, it managed to increase its own income by 39.3% from the previous year.
- (ii) Cash flow generated from operations totaled N\$8.5 million compared to N\$4.6 million in the previous financial year.
- (iii) The NSI achieved its revenue targets set for the financial year under review and was slightly above budget by N\$3.7 million.
- (iv) The operating loss stood at N\$13.5 million, down from N\$15.4 million the previous and against a budgeted loss of N\$17.09 million for the period.
- (v) Total income for the year was down by 2.3% to N\$69.72 million compared to N\$71.4 million in the previous year. A government grant of N\$18 million was received from the Ministry of Industrialisation and Trade for operations for the year. (N\$33.27 million was availed during 2020-21)
- (vi) The operating loss before net interest income was reduced by 47% to N\$10.2 million, compared to N\$13.6 million recorded in the previous financial year. This is as a result of the cost cutting measures that were implemented and an increase in own generated revenue.
- (vii) Total assets grew by 6.9% to N\$123 million compared to N\$115 million in 2021. Non-current assets increased by 2.8% to N\$108 million (2021: N\$105 million). This was due to the increase in accounts receivable as customers have been experiencing difficulties in the payment due to various economic factors.
- (viii) Current liabilities increased by 45.8% to N\$70.8 million (2021: 48.8 million), mainly as a result of trade and other payables, and VAT and PAYE payables. Overall, the current ratio declined to 2.3 (2021: 3.1).
- (ix) Internal Audit reports for the financial year showed that there were no major breakdowns in the NSI's internal control systems.
- (x) Initiatives which relate to the expansion of scopes and to the improvement of operational efficiencies were shelved and the NSI had to re-focus its activities by optimally using its resources to enhance existing services that it provides.
- (xi) As a cost-cutting measure, NSI's participation in key international events was done, in most instances, virtually which served the same purpose as in a face to face meeting.

- (xii) Stakeholder engagement continued in order to ensure collaboration on various fronts. One of the key achievements in this collaborative efforts was the commencement of an EU funded project called EU Twinning Fiche Project. The project ensures that Namibia will have a national standardization strategy and technical regulatory framework to which all technical regulations in the country will be based on.
- (xiii) The NSI continued to develop new testing scopes to meet the demand of the fishing industry as well as other sectors of our economy. Since last year, the value of fish exports have stabilized.
- (xiv) During the year under review, the NSI recorded a number of key milestones. Amongst these are;
- Twenty (20) Namibian standards were developed;
 - Approval of the Metrology Bill by the National Assembly.
 - Successful maintenance of accreditation for Testing, Inspection, Metrology, and Certification.
 - Successful maintenance of published calibration and measurement capabilities under the Key Comparison database of the International Bureau of Weights and Measures in the field of Mass Metrology.
 - Successful maintenance of the Metrology quality system by the Intra-Africa Metrology System.
 - Scored an average customer satisfaction rating of 90% above the target of 80%.
 - Launched Good Manufacturing Practices (GMP) Inspection Scheme for Food Handling Organisations.
- (xv) During the year under review, the NSI continued to comply with the requirements of the Affirmative Action (Employment) Act, 1998 (No. 29 of 1998). In this regard, the Institution ensured that all its policies and practices are aligned to affirmative action requirements and guidelines.
- (xvi) The 2021 World Metrology Day was marked on 20 May, themed: Measurement for Health. This theme was chosen to create awareness of the important role measurement plays in health, and thus in the wellbeing of every one of us.
- (xvii) The 2021 World Standards Day was commemorated on 14 October 2021, under the theme: Shared Vision for a Better World. The NSI launched a two-week social media campaign highlighting the Sustainable Development Goals (SDGs), which aim to address social imbalances, develop a sustainable economy, and slow the rate of climate change.

The NSI continued to develop new testing scopes to meet the demand of the fishing industry as well as other sectors of our economy. Since last year, the value of fish exports have stabilized.





ABOUT THE NSI

The Namibian Standards Institution (NSI) serves as the National Standards Body (NSB), National Metrology Institute (NMI), Legal Metrology Authority (LMA) and Certification Body (CB) responsible for coordinating all trade related standardization and quality assurance activities in the country. The NSI was established in 2007 under the Standards Act (Act No. 18 of 2005) and became operational in January 2008. The NSI's primary aim is to facilitate the development of national standards for application and use in business, government and consumer protection. To assist manufacturers access the local and global market and for consumer protection, the NSI provides conformity assessment services which are testing, inspection, certification and metrology for selected products and services.

NSI FUNCTIONS

- To manage and coordinate the implementation of the National Quality Policy.
- To develop Namibian Standards to meet the industry needs.
- To train industry on relevant standards, e.g. NAM/ISO 9001: 2015 Quality Management System.
- To provide certification services to industry which is an attestation that requirements of a specific standards are fulfilled, e.g. NAM/ISO 9001. To provide testing services.
- To inspect vessels, land-based factories and cold storage facilities on the requirements of the compulsory specifications and the implementation of appropriate food safety system based on the principles of HACCP.
- To exercise official controls and product certification on fishery products destined for the EU market as the recognized competent authority by the EU Food and Veterinary Office (DG SANCO).
- To calibrate and verify services for relevant industries (dealing with pre-packed goods) and measuring scales.
- To enforce Trade Metrology Act 2005 and its amendments.
- To represent Namibia at regional and international standardization, conformity assessment (inspection, testing and certification) and metrology activities



VISION:

To be recognised as the centre of excellence for standardisation in Namibia.

MISSION:

Promoting standardisation of products for the safety of consumers, protection of the environment and improved access to global markets

BRAND PROMISE:

Creating Peace of Mind

CORE VALUES:

The organisational values of the NSI are important building blocks to guide employees in fulfilling the business goals.

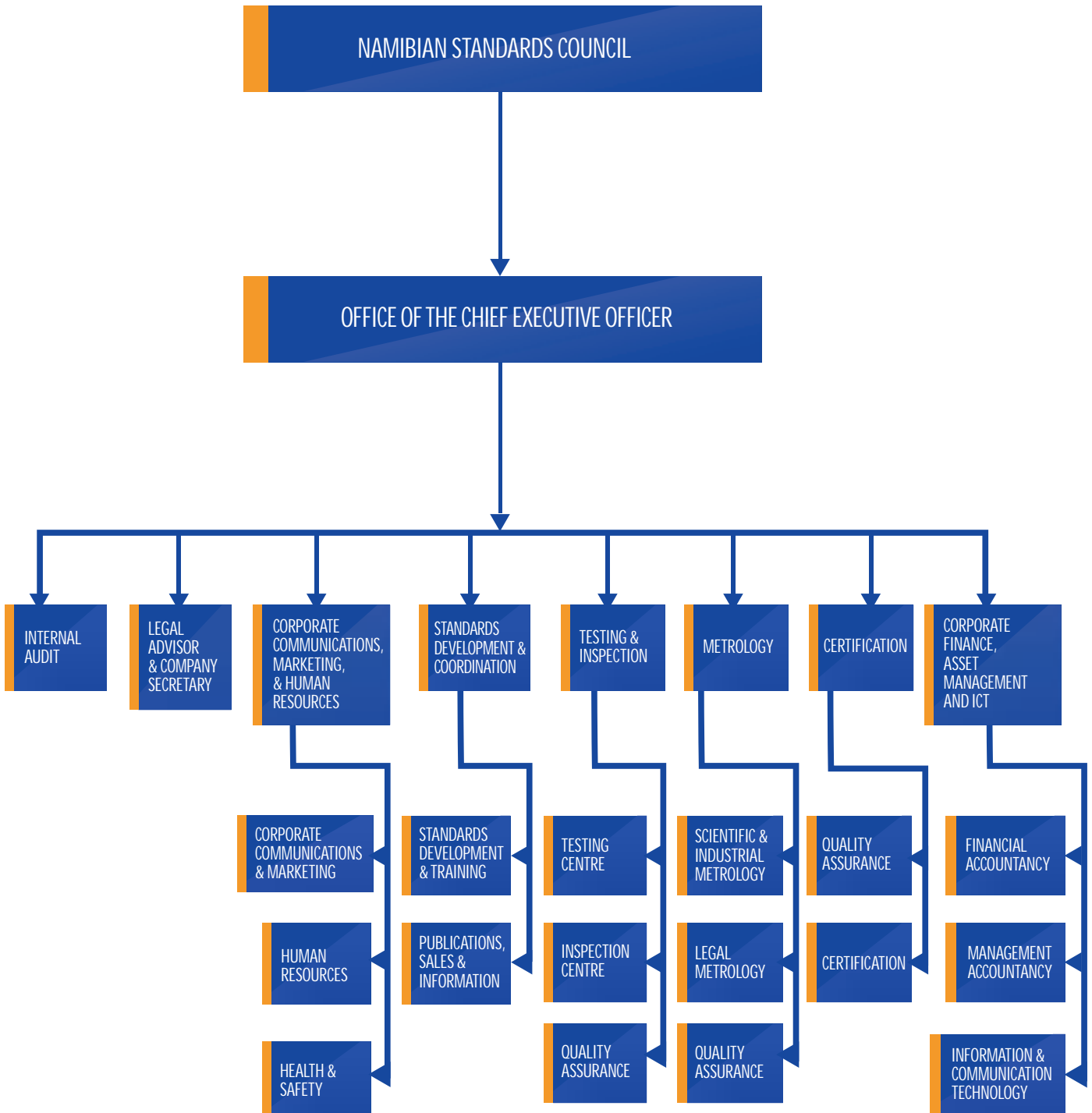
- Stakeholder and customer centricity
- Responsiveness
- Integrity and ethics
- Respect for people
- Excellence and quality
- Accountability





1

GOVERNANCE AND MANAGEMENT STRUCTURE



NAMIBIAN STANDARDS COUNCIL



PROF. MARTHA ANNERY KANDAWA-SCHULZ
CHAIRPERSON



DR. PENNY HIWILEPO-VAN HAL



MR. MILTON SHAANIKA-LOUW



MS. ROSALINDA KATJIVENA
CHAIRPERSON OF THE SPECIAL
PROJECTS COMMITTEE



MR. JOHN ALI IPINGE
CHAIRPERSON OF THE FINANCE,
RISK MANAGEMENT & AUDIT
COMMITTEE



MR. AXEL TIBINYANE



MS. AINNA VILENGI KAUNDU
CHAIRPERSON OF THE HR AND
REMUNERATION COMMITTEE



MS. CHIE WASSERFALL
CHIEF EXECUTIVE OFFICER
AND EX-OFFICIO

SENIOR MANAGEMENT



MS. CHIE WASSERFALL
CHIEF EXECUTIVE OFFICER



MS. CYNTHIA ANYANWU
LEGAL ADVISOR &
COMPANY SECRETARY



MS. ABENA TAMBRESCU
GENERAL MANAGER: CORPORATE
COMMUNICATIONS, MARKETING
& HUMAN RESOURCES



MR. JEKONIA HAUFIKU
GENERAL MANAGER: STANDARDS
DEVELOPMENT AND COORDINATION
& ACTING GENERAL MANAGER:
CERTIFICATION



MS. PALOMA ELLITSON
GENERAL MANAGER:
TESTING & INSPECTION



MR. SIMASIKU MATALI
HEAD: METROLOGY



MS. MILLICENT KAPITAKO
INTERNAL AUDITOR



MR. JOSEF ALWEENDO
ACTING CHIEF FINANCIAL OFFICER



Prof. Martha Kandawa-Schulz
Chairperson

CHAIRPERSON'S STATEMENT

It is my honour to once again humbly present to you the annual report for the NSI, highlighting the Institution's key activities during the financial year 2021-2022. The NSI continued to feel the effects of the COVID-19 pandemic during the year under review. However, the NSI was able to increase its own income year on year with a very limited budget. This was due to focused activities that ensured that NSI's own income targets were met.

Generally, economic conditions both domestically and globally remained unfavorable to the NSI's operations during the reporting year. Due to funding challenges, initiatives which relate to the expansion of scopes and to the improvement of operational efficiencies had been shelved and the NSI had to re-focus its activities by optimally using its resources to enhance the existing services that it provides to the industries.

The financial year 2021-2022 marked the last year of the five-year Strategic Plan (2017-2022) implementation. For the next five years as outlined in the ISBP 2022 – 2027, the NSI's grand strategy will anchor on enhancing our value and financial sustainability, along with the objective to be the implementation arm of the regulations.

The Namibia Standard Council (NSC) continued to provide guidance and support to the NSI. With limited resources allocated from the government to the NSI, the NSC continued to reach out to the government through the line ministry to ensure that funds would be made available to keep the Institution's operation afloat. With limited financial resources, the NSI had to prioritize its activities to revenue generating initiatives. Participation in key international events was done, in most instances, virtually which served the same purpose as in a face to face meeting.

The NSC noted that the limited government funding allocated to the NSI was not unique to this Institution as government faced several other pressing needs and the prevailing Global recession has affected Namibia as well. The situation is temporary and as an agency of the government, the NSI will have to make do the financial resources available at hand and perform the mandate as far as the financial resources could allow. The fact that the NSI continued to facilitate the development of standards and increased the number of Namibian Standards (NAMS) by 20 since the previous financial year, bears testimony to the progress that the NSI made as far as standards development was concerned and the Council is indeed satisfied with the achievement.

The NSI continues to rely heavily on collaborations with various local and international institutions. From the local perspective, the NSI has continued to reach out to key stakeholders to ensure that collaborative efforts were achieved. During the year under review, the efforts were focused on enhancing the legal instruments at which the NSI's operations hinge on. One of the key achievements in this collaborative efforts was the commencement of an EU funded project called EU Twinning Fiche Project.

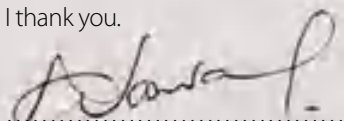
The project, which ensures that Namibia will have a national standardization strategy and technical regulatory framework to which all technical regulations in the country will be based on, is funded by the EU to the tune of 1.6 million Euros. The NSC undertakes to continue to diligently execute its role of providing the required strategic leadership and enabling environment for the NSI to operate successfully.

I thank all the Council members for their continued commitment and support.

In the same vein, let me also extend our gratitude to the Minister of Industrialization and Trade, Hon. Lucia lipumbu and the entire ministerial leadership, the Hon. Minister of Finance, the Hon. Minister of Public Enterprises, the NSI Chief Executive Officer and the entire Management.

Last but not the least, I wish to extend my sincere gratitude to the entire staff of the NSI whose dedication and commitment continue to keep this Institution growing despite the daunting challenges it faces.

I thank you.



Prof. Martha Kandawa-Schulz
Chairperson



Chie Wasserfall
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S REPORT

The lingering effects of the COVID-19 pandemic continued to influence the NSI's overall operations. However, during the year under review, I am delighted to report that the NSI's own income increased by 39.3% from the previous year. This was primarily due to the aggressive implementation of the metrological services and the recovery of the fishing industry's operations.

The COVID-19 pandemic and the recent war in Ukraine have negatively impacted the Namibian economy thereby also affecting the country's overall financial situation. Since the NSI's operations are supported financially by the government, as an agency, we continued to pursue measures to contain the NSI's costs, especially the labour cost as it is the biggest component of the Institution's expenditure.

Since last year, the value of fish exports has somehow stabilized. The demand for other marine products such as oysters is on the increase and the NSI has continuously developed new testing scopes to meet the demand of the fishing industry as well as other sectors of our economy.

Due to economic factors beyond the NSI's control, the road to self-reliance has been tough. With capital injection on hold for the past five years, in terms of procurement of relevant laboratory equipment, the NSI has been able to focus on growing its own income primarily through increasing the scopes of the existing services the Institution provides. The nature of NSI's operations, which are primarily regulatory, warrant support from government by way of grant. This is to finance the operations of the NSI to carry out its mandate as stipulated in the Standards Act as well as the Trade Metrology Act as amended in 2005.

The technological landscape globally has been positively influenced by the COVID-19 pandemic. This has brought innovative ways to meet with people without necessarily travelling to distant places. The NSI will continue to adopt technology, such as those facilitating virtual meetings, in its operations as part of its cost cutting measures as well as to help in the reduction of carbon emission which contributes to the erratic climate disturbances. However, in most instances, the NSI will continue to adopt a hybrid approach in terms of conducting meetings.

One of the key functions of the NSI is to collaborate with key stakeholders. In the next two years, the collaborative work that the NSI has been doing in the past five years will begin to yield a change in the operations of the NSI in terms of expansion of the service portfolio. The collaborative efforts were aimed at ensuring that all legislative instruments were in place and improved in order to meet the changing landscape in standardization and conformity assessment services for the NSI to grow.

The implementation of the revised National Quality Policy (NQP) is one of the collaborative initiatives that the NSI has been pursuing. The core ministerial group as well as the joint technical committee have been established and are actively performing the activities as outlined in the implementation plan. A series of workshops about the activities of the NQP were conducted for the purpose of familiarizing the content of the plan in order for those key stakeholders to implement their part of the policy.

Due to general slowing down of trade activities, the NSI re-directed its initiatives to focus on enhancing the existing services it offers to industries where market demands exist.

The 2022/2023 financial year is indeed a key year in the implementation of the new Five Year Integrated Strategic Business Plan (2022-2027). As expected, there has been a delay in the implementation of some of the ISBP initiatives due to financial constraints. However, efforts are being put in place to bring the plan back on course.

The NSI's role is significant and relevant not only in ensuring trade to happen but equally to ensure the protection of health and safety of the Namibian people and the environment we live in. As history tells us, COVID-19 is not the last one. There will be others that will come and we need to embrace that such possibilities are real. So, the NSI will continue to assist government initiatives to combat diseases proactively.

During the year under review, the NSI recorded some key milestones. Amongst these are;

- Twenty (20) Namibian standards were developed;
- Approval of the Metrology Bill by the National Assembly.
- Successful maintenance of accreditation for Testing, Inspection, Metrology, and Certification.
- Successful maintenance of published calibration and measurement capabilities under the Key Comparison database of the International Bureau of Weights and Measures in the field of Mass Metrology.
- Successful maintenance of the Metrology quality system by the Intra-Africa Metrology System.

I wish to extend my appreciation to our line Minister, Honourable Lucia Lipumbu and her management team who have been instrumental in the implementation of the revised NQP in particular as well as pursuing the Metrology Bill to be enacted. For the NSC's continued support under the difficult circumstances that the NSI was in. To key stakeholders who continued to believe in the NSI, who continued to support the NSI's initiatives such as our technical committee members and of course to the NSI employees who had been anchored with a strong conviction to move on despite of the difficulties we faced.

I thank you.



Chie Wasserfall,
Chief Executive Officer

The implementation of the revised National Quality Policy (NQP) is one of the collaborative initiatives that the NSI has been pursuing. The core ministerial group as well as the joint technical committee have been established and are actively performing the activities as outlined in the implementation plan.





2

GOVERNANCE AND LEGAL COMPLIANCE

The Legal Advisor and Company Secretary (LACS) department consists of the Legal Advisor, who also serves as the Company Secretary. The main functions of the department are providing legal services to the NSI and legal and company secretarial services to the Namibian Standards Council (NSC). It is also responsible for ensuring that the NSI and the NSC comply with governance and legal requirements as stipulated in relevant legislations.

In ensuring compliance with the Standards Act 18, 2005 (Act No. 18 of 2005), Trade Metrology Act of 1973 and its amendment, as well as implementing good governance practices, the King III Report and the NamCode are important guides, while the Public Enterprises Governance Act, 2019 (Act No. 1 of 2019) is applicable to the NSI as the NSI is one of Namibia's public enterprises.

The department provides company secretarial services to the NSC and its three subcommittees: Finance, Risk Management and Audit Committee (FRAC); Special Projects Committee (SPC); Human Resources and Remuneration Committee (HRRC).

The Legal Advisor and Company Secretary is responsible for arranging and facilitating all Council meetings. All minutes of meetings are compiled, circulated and filed in accordance with good corporate governance requirements.

The Legal Advisor and Company Secretary ensures that the NSC has access to independent professional advice on good corporate governance and compliance with applicable laws. The Legal Advisor and Company Secretary reports to the NSC, on a quarterly basis, on compliance with applicable legislation.

The NSC has identified means of assessing the effectiveness of the performance of the NSC Members in terms of their performance agreements through an annual NSC Members' self-assessment questionnaire. The assessment is based, in principle, on common expectations, commitment and understanding and adherence to the principles of good governance.

NSC QUARTERLY MEETINGS

During the period under review, the NSC convened and held two NSC meetings and one special meeting.

NSC FINANCE, RISK MANAGEMENT AND AUDIT COMMITTEE (FRAC)

During the period under review, the FRAC met five times to assist the NSC in matters relating to the budget preparation, expenditure control and financial reporting, and risk management, ensuring compliance with established policies, plans, rules, codes, standards, and procedures; in addition to safeguarding ethical conduct, assets, and maintenance of sound and adequate internal control systems. The FRAC convened and held three FRAC meetings and two special FRAC meetings.

NSC HUMAN RESOURCES AND REMUNERATION COMMITTEE (HRRC)

During the financial year under review, the HRRC met twice to assist the NSC with regard to policy matters related to human resources such as remuneration, succession planning, performance management and ensuring compliance with the affirmative action policy.

NSC SPECIAL PROJECTS COMMITTEE (SPC)

The function of the Special Projects Committee is to brief the NSC on capital projects outlay required to complete the projects at hand and ICT related matters and to make appropriate recommendations to the NSC. The SPC did not convene during the period under review.

The main functions of the department are providing legal services to the NSI and legal and company secretarial services to the Namibian Standards Council (NSC).





3

INTERNAL
AUDIT

The National Standards Council, through the Finance, Risk and Audit Committee (FRAC), continued to protect existing value and create new value through oversight over the management of risk and making use of opportunities arising. The reporting of risk management to the NSC improved by keeping track of top risks. Risk management has become entrenched as a core strategic output, with an account of the activities undertaken during the year under review to further reinforce and embed a positive risk culture throughout the organisation.

INTERNAL CONTROLS

The NSC have the overall responsibility for the NSI's systems of internal control and is accountable for reviewing its effectiveness. Internal control systems are designed to manage risks within the NSI rather than to eliminate the potential failure of achieving the Institution's objectives. The NSC can only provide reasonable, rather than absolute, assurance against material misstatement or loss. As a consequence, the NSC is extremely conscious of the importance of the NSI's system of internal controls and prioritises monitoring effectiveness and development in line with best practices.

FRAC exercises oversight over the internal audit function. The Internal Auditor reports functionally to the Chairperson of FRAC and administratively to the Chief Executive Officer. The external auditors have unrestricted access to the Chairperson of the Committee. In line with sound governance best practice, the Internal Auditor continues to provide objective and relevant assurance to the NSC, through FRAC, that NSI's risk management, governance and internal control processes are operating effectively.

Internal Audit reports for the 2021/2022 financial year showed that there were no major breakdowns in NSI's internal control systems. The purpose of identifying control weaknesses for corrective action will serve to enhance and improve the effectiveness of internal control systems. All the control weaknesses identified by internal and external audits are reported to FRAC and tracked for resolution. The tracking reports are part of the quarterly reports presented to FRAC by the Internal Audit Department.

The Annual Internal Audit Plan hinges on the risk-based method in line with the Institute of Internal Auditor's International Standards for the Professional Practice for Internal Auditing (IIA Standards). Informing the Internal Audit Plan are the significant risks identified and/or extracted from NSI's risk register as well as the inputs by the CEO, senior management and FRAC.

COMBINED ASSURANCE MODEL

The NSI follows the Combined Assurance Model which is premised on providing holistic assurance to the NSC on the effectiveness of risk management and internal controls systems by coordinating assurance activities from various sources of assurance.

The annual audit plan is based on the annual risk assessment performed by the Risk Management division.

The model is built on three lines of defence, being:

1. The first line of defence (functions that own and manage risks)

This is formed by managers and staff who are responsible for identifying and managing risk as part of their accountability for achieving objectives. Collectively, they should have the necessary knowledge, skills, information, and authority to operate the relevant policies and procedures of risk control. This requires an understanding of the company, its objectives, the environment in which it operates, and the risks it faces.

2. The second line of defence (functions that oversee or who specialise in compliance or the management of risk)

This provides the policies, frameworks, tools, techniques and support to enable risk and compliance to be managed in the first line, conducts monitoring to judge how effectively they are doing it, and helps ensure consistency of definitions and measurement of risk.

3. The third line of defence (functions that provide independent assurance)

This is provided by internal audit. Sitting outside the risk management processes of the first two lines of defence, its main roles are to ensure that the first two lines are operating effectively and advise how they could be improved. Tasked by, and reporting to the board / audit committee, it provides an evaluation, through a risk-based approach, on the effectiveness of governance, risk management, and internal control to the organisation's governing body and senior management. It can also give assurance to sector regulators and external auditors that appropriate controls and processes are in place and are operating effectively.



4

CORPORATE
COMMUNICATIONS,
MARKETING AND
HUMAN RESOURCES

This department is responsible for Corporate Communications, Marketing and Human Resources Management and Strategic Partnerships.

HUMAN RESOURCES

Human Resource Management (HRM) is a function designed to maximise employee performance in accordance with the NSI's strategic objectives. HRM deals primarily with how people are managed within the organisation, focusing on policies and systems. It is responsible for a number of activities, including employee recruitment, training and development, performance management and remuneration (pay and benefit systems). It also deals with industrial relations, balancing organisational practices with the respective labour and government acts and matters arising from collective bargaining.

LEVELS OF EMPLOYMENT

The NSI has a total staff compliment of one hundred (100) permanent employees as of 31 March 2022. During this year, no promotions and new appointments were made due to the fact that all selection and recruitment processes were put on hold until further notice.

EMPLOYMENT EQUITY

The NSI continued to comply with the requirements of the Affirmative Action (Employment) Act, 1998 (No. 29 of 1998). In this regard, the Institution ensured that all its policies and practices are aligned to affirmative action requirements and guidelines. During the year under review the AA Committee only managed to hold two of its three meetings due to COVID-19 outbreak.

NSI received a certificate of compliance from the Equity Commission for the year under review.

POLICIES REVIEW

No policies were reviewed during the financial year. The following Human Resources related policies exist in the NSI:

- Human Resources Policies and Procedure Manual
- Medical Aid Policy
- Training and Development Policy
- Code of Conduct and Ethics

The remuneration for Senior Management is in accordance with provisions of the Public Enterprises Governance Act, 2006.

TRAINING AND DEVELOPMENT

All the identified training on employee's Individual Development Plans (IDPs) were put on hold due to COVID-19, except critical training.

CHALLENGES

The full implementation of Human Resources-related policies remains a challenge, especially where there are costs involved. Employee self-service and online recruitment have been identified as priority areas that need urgent attention. Strengthening the Organisational Development and Training function within the Human Resources Division is also essential.

Another challenge involves the working hours for Testing and Inspection staff, which at times exceeds the required daily and weekly limits as per the Labour Act. The Office of the Minister of Labour has been sensitised about this challenge.

CORPORATE COMMUNICATIONS AND MARKETING

The Corporate Communications and Marketing Division is responsible for leading both the internal and external communication functions of the Institution. CCM promotes the Institutions' reputation and tells the NSI story to all audiences through traditional media, social media, print publications, video, web and other interactive channels.

PLANNED ACTIVITIES

The Communication and Marketing Strategy of the NSI is centred on public education after establishing the need to elevate awareness creation of the NSI brand and promote its services among stakeholders thereby instilling a sense of trust in the NSI brand and its services. To this effect, publicity activities were arranged where the NSI mandate, products and services were showcased and the benefits of the Institution's services at national and international level was expounded.

PROMOTION AND HOSTING OF WORLD METROLOGY DAY AND WORLD STANDARDS DAY

The World Standards Day and the World Metrology Day are two of the NSI's important annual events. The 2021 World Metrology Day was marked on 20 May, themed: Measurement for Health. This theme was chosen to create awareness of the important role measurement plays in health, and thus in the wellbeing of every one of us.

The 2021 World Standards Day was commemorated on 14 October 2021, under the theme: Shared Vision for a Better World. The NSI launched a two week social media campaign highlighting the Sustainable Development Goals (SDGs), which aim to address social imbalances, develop a sustainable economy, and slow the rate of climate change. To reach them will require the cooperation of many public and private partners, and the use of all available tools, including international standards and conformity assessment. The NSI arranged a stakeholder engagement event which was held on World Standards Day coupled with the launch of the Good Manufacturing Practice (GMP) scheme for Food Safety and the Standards Training Centre.

STAKEHOLDER ENGAGEMENT SESSIONS

In 2021/2022, the Institution continued to leverage its excellent relations with multiple stakeholders to fulfil its mandate.

On 20 May, 2021, Senior Management of the NSI led by the CEO had a successful stakeholder engagement with the Inspector General of the Namibian Police Force, Lt. Gen. Sebastian Ndeitunga and his senior management, where issues of quality management in relation to law enforcement were discussed.

Further, the NSI had engagements with the management of the Namibia Revenue Agency.

SOCIAL MEDIA ACTIVITY

Today's media landscape is increasingly one of convergence and integration. As a leading-edge communications and marketing division, CCM approaches its work with this reality in mind. To that end, CCM's work falls primarily into four categories: earned, owned, paid and social media. These groups do not operate in isolation; rather, they overlap and influence one another. For CCM, this means building collaborative, cross-disciplinary marketing communication teams for projects and campaigns, big or small.

Social media continues to grow as one of the most affordable and popular platforms used by businesses to reach out to their clients and stakeholders. In September 2020, CCM launched a social media campaign and launched its profile on all prominent social media platforms. Social media platforms comprise websites and applications that enable users to create and share content or to participate in social networking.

To date, the NSI has a total following of 11 635 across Facebook, LinkedIn, Instagram and Twitter. With Facebook and LinkedIn being the most interactive platforms.

Facebook: **6717**

LinkedIn: **4608**

Instagram: **167**

Twitter: **143**

OCCUPATIONAL HEALTH AND SAFETY

At NSI we understand that being the only National Standards Body brings with it enormous safety, health and environmental responsibilities. We take our obligations very seriously, and we invest considerable time and resources in implementing action plans and assessing our performance so that we continuously improve our Safety, Health and Environmental (SHE) Management System.

Amidst the economic downturn employee wellness, occupational health and safety, Environmental Stewardship and combatting climate change are all critical challenges that the NSI is committed to meeting.

The NSI SHE Division serves the Institution by providing safety, health and environment related technical support, health and safety risk assessments, information and training, audits of SHE practices and regulatory compliance. The division endeavours to provide services that promote a healthy and safe environment for the NSI employees and all its stakeholders.

According to the Maslow hierarchy of needs, human beings look to satisfy their physiological and safety needs before aiming for social, esteem and growth needs. Thus, the implementation of SHE systems in the workplace can be attributed to several economic benefits for the organisation which include, but are not limited to, increased productivity, higher quality of work, increased workforce morale and reduced employee turnover.

In the year under review, the division worked in collaboration with the various NSI business units to promote the SHE culture throughout the organisation. Notable and commendable improvement has been realised in terms of SHE culture improvement.

SHE HIGHLIGHTS

- Implementation of the Medical Surveillance Programme.
- Implementation of Employee Workplace Wellness Programme.
- Drafting and Ratification of SHE related procedures, e.g. Risk Assessment Procedure, Maternity Procedure, and Paternity Procedure.
- Training Top and Middle Management on SHE legal liability.
- Implementation of internal SHE audits, for self-regulation and compliance monitoring.
- Use of risk assessment to identify and control risks.
- SHE Committee meetings held on a quarterly basis to address SHE risks and concerns

SHE PLANS

With no Health & Safety legislative change on the horizon, key areas associated with employee safety will include:

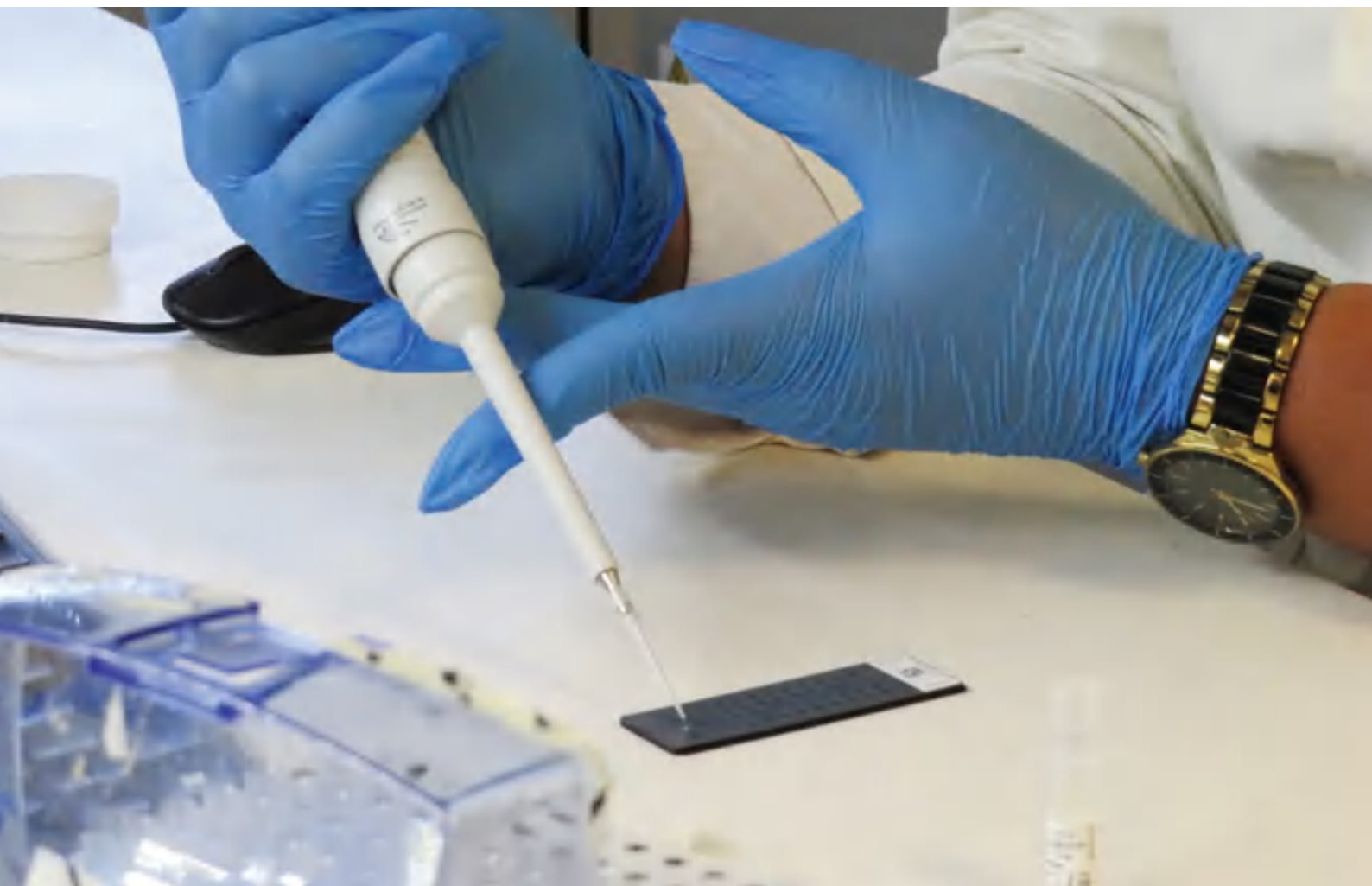
- More engagement with the SHE representatives to enhance efficiency; and
- Providing more coaching to line managers to build confidence in managing health and safety risks.
- Driving initiatives that are directed at continuously improving the NSI SHE culture.
- Strengthening Occupational Health and Safety interventions around COVID-19.

CHALLENGES

A number of SHE interventions come with cost implications. However, financial restriction remains the main obstacle. As a result, the SHE division has resorted to addressing only those initiatives that have to do with legal compliance.

The following policies exist under the Occupational Health and Safety Section:

- Risk Assessment Procedure
- Personal Protective Equipment Procedure
- SHE Induction Procedure
- Accident/Incident Reporting Procedures
- Alcohol and Substance Abuse Policy





5

STANDARDS
DEVELOPMENT AND
COORDINATION

CORE FUNCTIONS

The main function of the Standards Development and Coordination Department is to prepare and develop Namibian standards (NAMS) in accordance with the International Code of Good Practice as specified by Annex 3 to the World Trade Organisation agreements and International Organisation for Standardisation directives.

Additionally, the department promotes standards through training on national, regional and international standards, to address Namibian needs as well as engaging stakeholders. The NSI recognises the vital role that stakeholders play in the management of technical committees and appreciates their roles in standards development.

The NSI is also mandated to facilitate and coordinate the implementation of the National Quality Policy by hosting the Annual National Quality Awards. The National Quality Policy (NQP) was reviewed to reflect the current needs and was approved by Cabinet in September 2020.

Through this department, the Institution will continue to host and commemorate the annual World Standards Day, through hosting various activities.

NATIONAL QUALITY POLICY IMPLEMENTATION

Cabinet reviewed and approved the NQP document in September 2020, as the official government statement highlighting the strategic intent and position on all issues concerning quality enhancement and advancement across all sectors of the economy in order to, among other things, facilitate access to the global market. The NQP was officially launched in April 2021, with the appointment of the Inter-Ministerial Core Group as well the Technical Committee Members.

The implementation process is in progress for the period 2020 to 2025.

OBJECTIVES

The NQP is aimed at ensuring that goods and services emanating from or traded in Namibia meet customer needs; protect the health and safety of people, fauna, flora and environment. The two main elements of this policy are National Quality Infrastructure (NQI) and Technical Regulatory Framework (TRF).

WORLD STANDARDS DAY AND NATIONAL QUALITY AWARDS

The World Standards Day is aimed at paying tribute to the collaborative efforts of the thousands of experts worldwide who develop the voluntary international standards used in all spheres of life. These international standards form the foundation on which compulsory specifications and technical regulations are based.

The 2021 World Standards Day was celebrated under the theme: "Shared vision for a better world". The theme was promoted across social media platforms, the official launching of the Good Manufacturing Practices (GMP) Certification Scheme as well the launch of the Standards Training Centre Unit.

The National Quality Awards is a platform aimed at recognising those esteemed companies and individuals who excel in quality advancement in Namibia. The competition derives its mandate from the NQP. The competition rewards excellence in various aspects of quality improvement such as quality assurance, quality management and quality control.

No quality awards ceremony was held in the year under review mainly due to financial constraints.

STANDARDS PUBLICATION, SALES AND INFORMATION

The Standards Publications, Sales and Information Division is tasked with the publishing of the NAMS, other adopted standards as well as the selling and the dissemination of information on standards. This division is guided by the NSI's Mission to provide standardization and conformity assessment services to ensure the health and safety of consumers, protection of the environment and promotion of trade.

The department sold 452 standards to the amount of N\$334 941 of which 270 are NAMS, and 132 are International Organisation for Standardisation (ISO) and 50 are South African National Standards (SANS). During the period under review, NAMS standards recorded the highest sales followed by ISO and SANS respectively.

WTO/TBT NOTIFICATIONS AND ENQUIRY POINT

There were no Technical Regulations notified from Namibia to the WTO for the period under review.

Furthermore, the NSI is in the process of establishing the National Technical Barriers to Trade Consultative Committee (NTBTCC). A National TBT Consultative Committee provides a mechanism for consultation and advisory at national level, as well as coordinating and overseeing the implementation of the WTO TBT Agreement.

The NBTCC will be co-chaired by the NSI and the Ministry of Industrialisation and Trade.

As a Member of the WTO, Namibia is committed to the effective implementation of the WTO TBT as it aligns with national development ambitions and supports trade as an engine of economic growth for the country.

On 3 September 2021, the NSI submitted the bi-annual standards work development programme for the preceding and ensuing six months to the WTO Secretariat for publication to other WTO members. To this end, the Institution created the WTO TBT online page on the NSI website (www.nsi.com.na). Stakeholders are encouraged to visit the website and register to receive the technical regulation published and notified by other WTO members.

STANDARDS WORKSHOPS AND TRAINING

TRAININGS EXECUTED BY THE NSI

INSTITUTION	PARTICIPANTS	TRAINING	STATUS
Southern Namibia Hake Fishing Industries (PTY) Ltd LUDERITZ HACCP Dev & Imp, plus Awareness	8	NAMS/SANS 10330 - Requirements for a Hazard Analysis and Critical Control Point (HACCP) System (Introductory and Awareness)	Completed
Southern Namibia Hake Fishing Industries (PTY) Ltd LUDERITZ HACCP Dev & Imp, plus Awareness	11	NAMS/SANS 10330 - Requirements for a Hazard Analysis and Critical Control Point (HACCP) System (Development and Implementation)	Completed
Namibian Fresh Produce Market & Stampriet farmers	5	NAMS/SANS 10049 - Good Manufacturing Practices (Prerequisite Programs), (Development & Implementation)	Completed
Namibian Fresh Produce Market, Stampriet farmers & Individuals	10	NAMS/SANS 10330 - Requirements for a Hazard Analysis and Critical Control Point (HACCP) System (Development & Implementation)	Completed
Agro-Marketing & Trade Agency	20	ISO 45001:2018 Occupational Health and Safety Management System (Executive Briefing)	Completed
Agro-Marketing & Trade Agency	20	ISO 22000:2018 Food Safety Management System (Executive Briefing)	Completed

DEPARTMENTAL CHALLENGES

- Lack of Technical Regulations Framework to support operations.
- Inadequate brand visibility.
- Low standards uptake, hence low standards training requests.
- Lack of a National Standards Development Plan as required by National Standardisation Strategy: This absence creates a predicament in prioritising the standards to be developed.
- Lack of funds to attend vital regional and international standards-related meetings.
- Poor attendance of Technical Committee Meetings: This causes delays in standards development, a stumbling block in business productivity/efficiency and sales of standards.



6

TESTING
AND
INSPECTION

The Testing and Inspection Department has twin responsibilities of provision of inspection services to the Namibian fishing industry and testing services to regulators and commercially to various customers.

NEW INSPECTION CENTRE

The construction of the new NSI Inspection Centre at Walvis Bay was completed during July 2021. The Inspection Centre relocated from the old building at the end of July and the beginning of August 2021 and normal operations resumed again during the first week of August 2021. When an accredited facility relocates it is required to provide evidence to the accreditation body that its new building premises and environment are fit for purpose and that it is performing within quality criteria.

The accreditation of the Inspection Centre was re-instated during August 2021 at the new Testing and Inspection building.

INTERNATIONAL CO-OPERATION

The Department continued to implement its obligations under the technical cooperation agreement signed with the South African National Regulator for Compulsory Specifications (NRCS), the SIIR scheme signed with the Botswana Bureau of Standards (BOBS), and the memorandums of agreement signed with Instituto Nacional de Inspeccao do Pescado (INIP) Mozambique and Instituto Nacional de Inspeccao do Pescado (INIP) Angola. These agreements provide for recognition of the inspection services for products intended for export to these countries from Namibia.

The Department benefited from development cooperation with the International Atomic Energy Agency (IAEA) on the national project NAM5015 and the regional project RAF5084 through the receipt of an ICP-MS equipment and technical training. These projects contribute towards technical capacity for chemistry and microbiology services.

INSPECTION CENTRE

The Inspection Centre performs inspection for compliance to specifications for fish, fishery products and canned fish, as well as meat products. In order to ensure international recognition of its services, the Centre is accredited to ISO/IEC 17020:2012, the international standard that specifies requirements for the competence of bodies performing inspection and for the impartiality and consistency of their inspection activities. The Inspection Centre is classified as a 'Type A' Inspection body as it provides third party inspections.

During FY 2021/22 the Inspection Centre continued to perform its delegated function as Competent Authority and Inspection Agency for fishery products to the European Market. Inspection activities include the physical and organoleptic examination of the fishery products, canned meat and canned fish, as well as hygiene monitoring of processing establishments and vessels to ensure consumer safety, facilitation of trade and protection of the market.

ACCREDITATION TO ISO/IEC 17020

The Inspection Centre's accreditation is built on a quality management system that reinforces impartiality, integrity, confidentiality and staff competency as the foundational cornerstones of the NSI.

During FY 2021/22, the Inspection Centre's accreditation status was confirmed during the surveillance assessment conducted in October 2021, by the regional accreditation body, the Southern African Development Community Accreditation Services (SADCAS). Inspection of frozen crab was added as a new inspection scope for the Walvis Bay office to support a growing export market for this commodity.

Inspection activities during 2021/22 were focused on the following products:

1. Frozen finfish, marine mollusks and frozen crustaceans (lobster, langoustines and crabs);
2. Chilled fresh finfish for export;
3. Canned and pouched meat products;
4. Canned fish.

MARINE AQUACULTURE

The Department continued to assist the Ministry of Fisheries and Marine Resources (MFMR) with the implementation of the Shellfish Model Sanitation Programme through regular sampling of sea water and product sampling (shellfish) for laboratory testing. The testing checked for the presence of chemical and microbiological contamination and performance of evaluation of the test results for compliance to regulatory and/or international market requirements.

CHANGES IN NATURE AND VOLUME OF WORK

The Inspection Centre completed 7,658 inspection activities during the FY 2021/22. Figure 1 illustrates changes in the type of inspections conducted. Frozen fish inspection continued to contribute the most significant portion of inspection work, followed by chilled fish inspections. Canned fish products inspections remain low due to the moratorium on pilchard fishing in the Namibian industry. Chilled fresh fish inspections showed good recovery and returned to pre-COVID levels. In Lüderitz, the stoppage of chilled fish production resulted in no chilled fish inspections being conducted. No canned meat inspections were done during 2021/22 due to the closure of the Meatco canning facility.

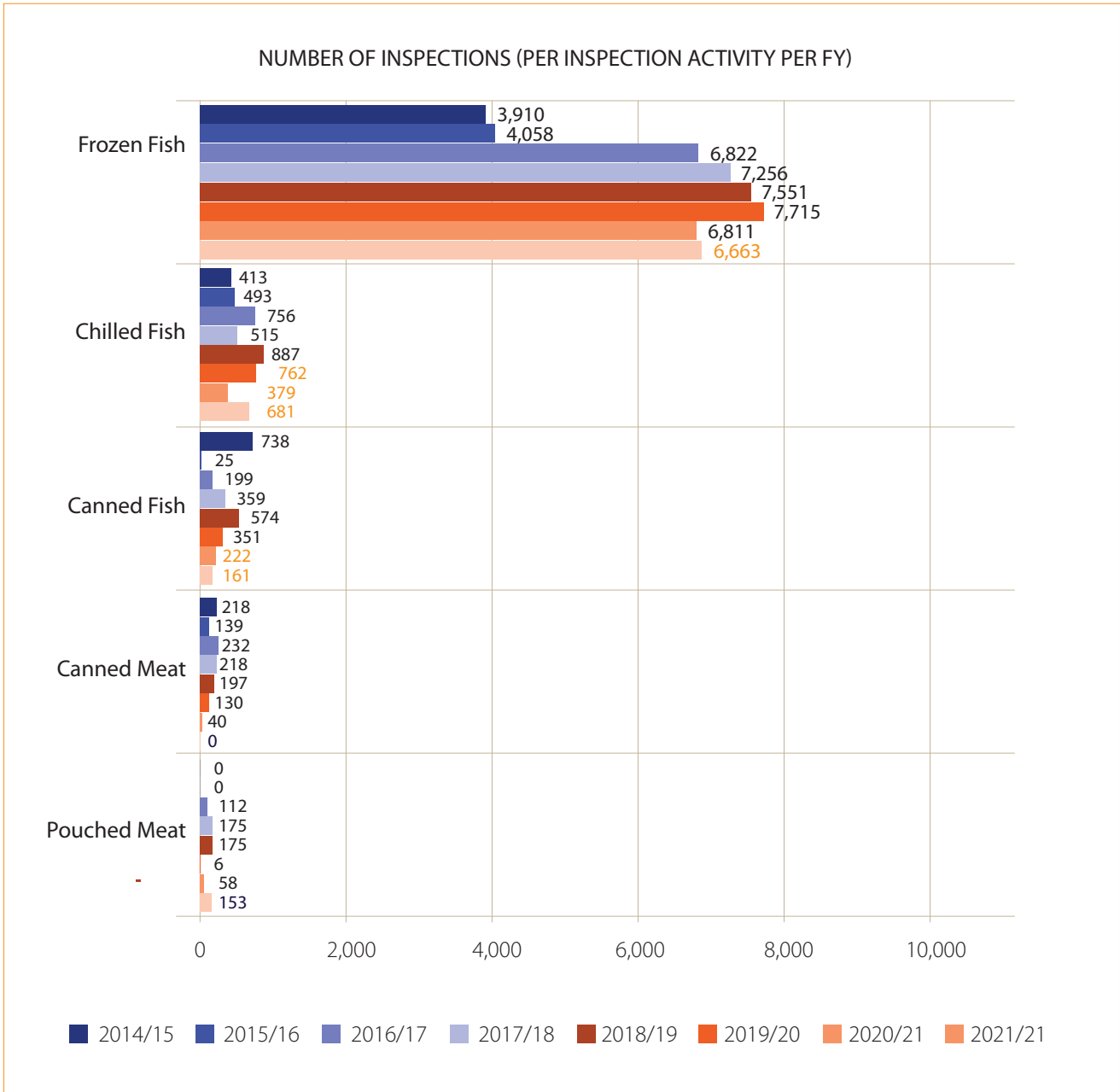


Figure 1: Changes in nature of inspection work based on inspection activity.

TECHNICAL CAPACITY

Figure 2 reflects a steady growth in the number of technical signatories added to the schedule of accreditation. This growth needs to match the increase in volume and scope of work to ensure delivery of efficient services at all two Inspection Centre offices.

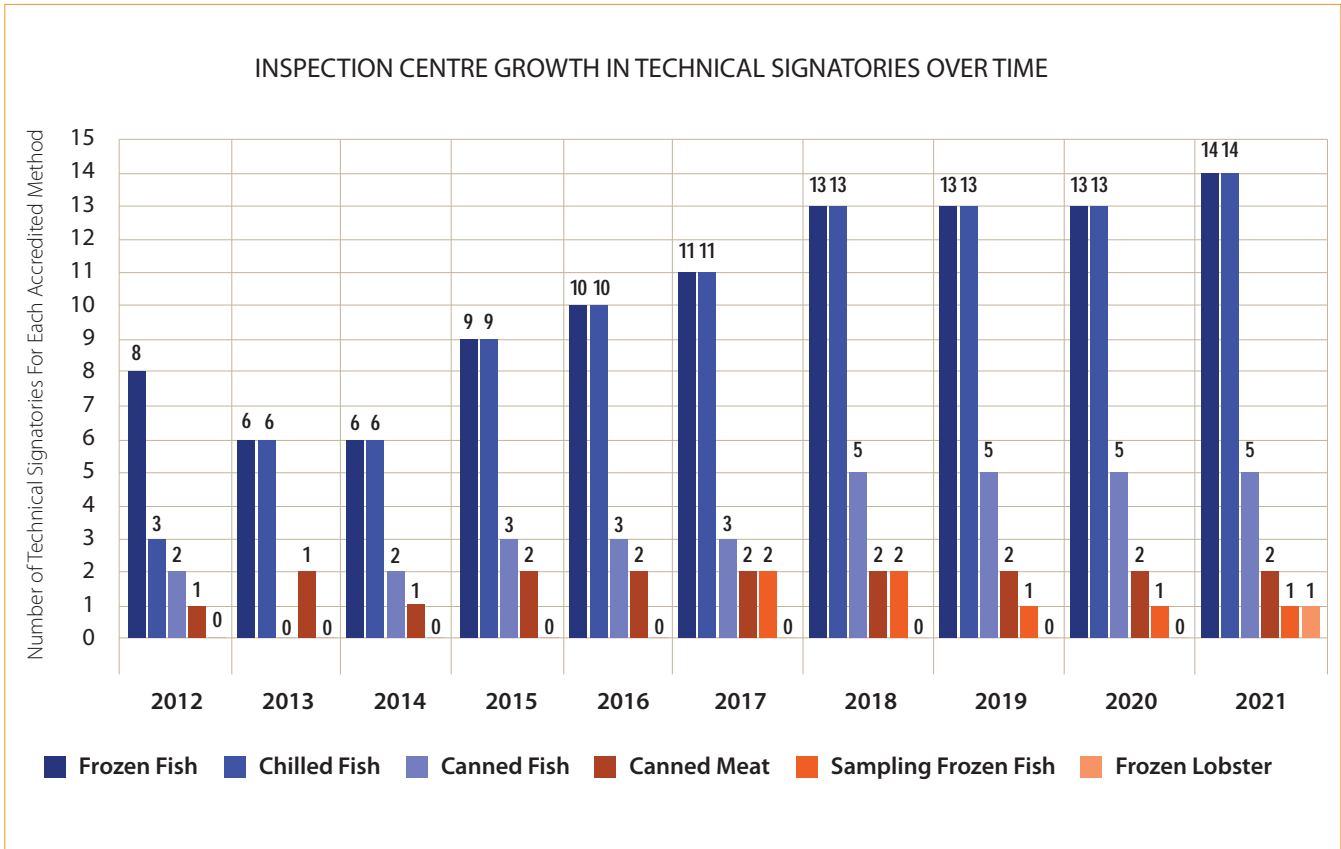


Figure 2: Changes in number and scope of Inspection Centre technical signatories represented at all three Inspection Centre offices (Walvis Bay, Windhoek and Lüderitz).

TESTING CENTRE

The Testing Centre provides analytical testing services for food, water and environmental samples through provision of microbiology and chemistry testing. The test results provide independent assessment and evidence of compliance of products and services with regulations and conformity with market requirements. The laboratory serves the fishing and related industries, regional authorities in Erongo and //Karas regions, various food manufacturing industries, the hospitality industry, water bottling and other industries.

The Testing Centre is accredited to ISO/IEC 17025:2017, the international standard for quality management systems for testing and calibration laboratories. Accreditation is upheld through commitment to ongoing implementation of its quality management system built on the five (5) pillars of competency, namely; competent staff, competent methods, competent equipment, competent environment, and traceability to international units of measurement. This ensures that each measurement issued is both accurate and reliable.

The Testing Centre upheld its accreditation status during the annual surveillance assessment conducted in November 2021.

EXCELLENCE OF TEST RESULTS ASSURED

The Testing Centre remains committed to international competitiveness in terms of its quality of services. To this end, the laboratory participates in inter-laboratory comparison schemes, which provide independent assessment of the quality of laboratory results in the format of blind test runs in comparison to other regional and international laboratories offering similar services.

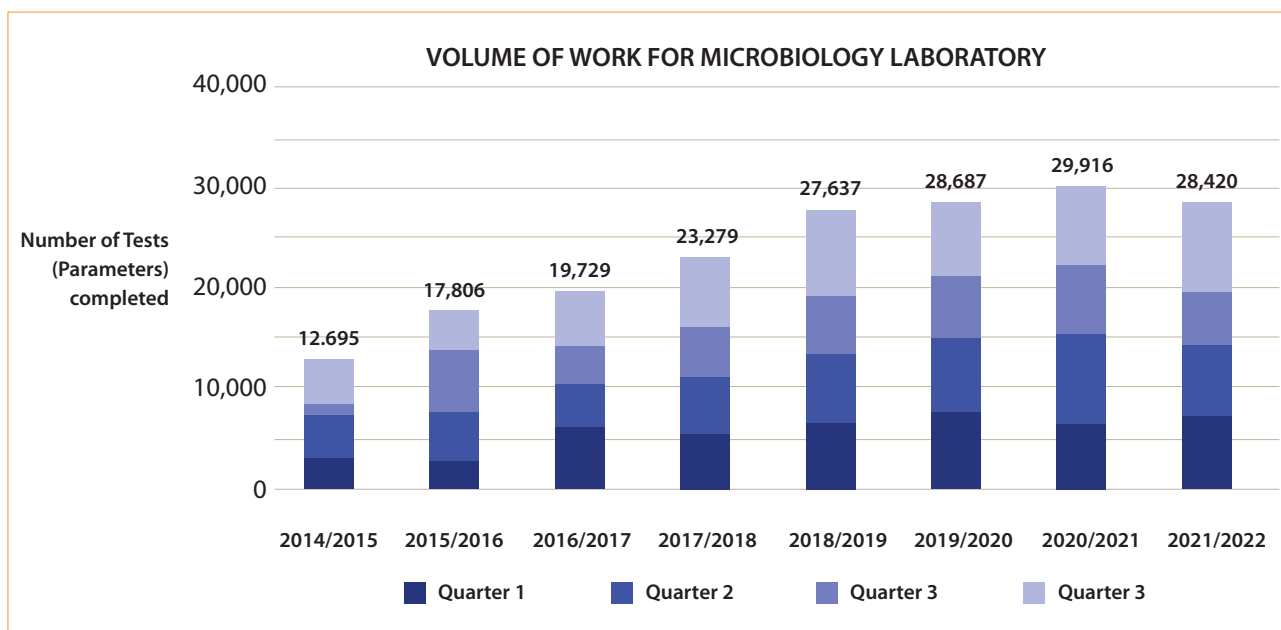
During the period under review the Testing Centre participated in the following proficiency testing activities:

UNIT	SCHEME NAME	TARGET METHODS	#ROUNDS SUCCESSFULLY COMPLETED*
Microbiology	Public Health England (PHE)	Pathogenic vibrio's specific to seafood	2
		Shellfish scheme: Microbiological indicators of seafood hygiene E.coli and Salmonella	2
		Legionella scheme	2
		Drinking water scheme	2
	National laboratory Association South Africa (NLA-SA)	Environmental swabs	3
		Water microbiology	6
		Food microbiology	2
	LGC	Shigella and F. coliforms for foods	2
		Yeast and mold for foods	2
	Inter-laboratory Comparison completed for	Sterility in canned foods	2
Bactericidal in hand sanitizer		2	
Faecal coliforms in swabs		2	
Chemistry	FAPAS	Toxic heavy metals in fishery products and histamine	1
	Quasimeme	Marine algal Biotoxins	2
	SABS water	Water physical test parameters	1
	LCG	Toxic heavy metals in meat	1

CHANGES IN WORK VOLUME

The microbiology laboratory analysed a total of 28,420 tests for 9,087 samples during FY 2021/22, which represents a slight decrease compared to the figures of FY 2020/21.

The chemistry laboratory analysed a record of 718 samples and completed 1, 666 tests which represents an increase on FY 2020/21.



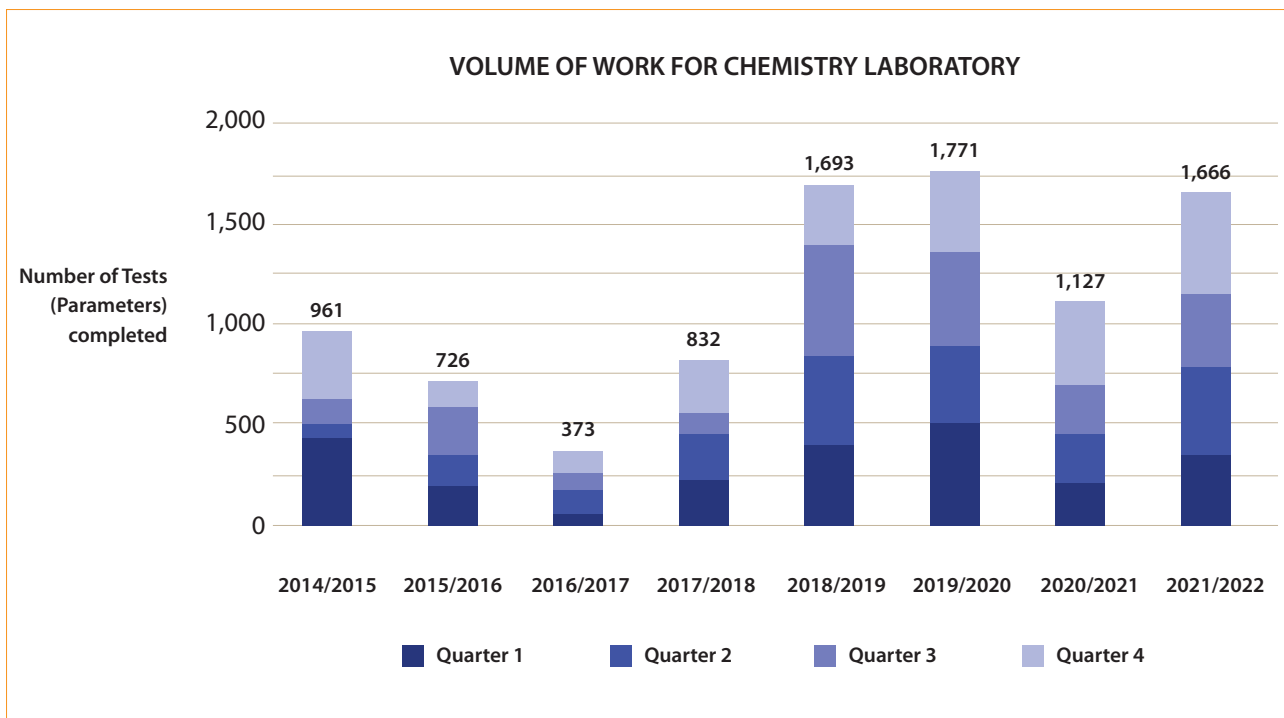


Figure 3: Changes in nature of testing work over time based on the number of test parameters completed during a FY.





7

METROLOGY

Metrology is defined as the science of measurements and its application, including all theoretical and practical aspects of measurement.

Divided into three categories, metrology is composed of:

- Scientific Metrology which deals with the organisation, development and maintenance of national measurement standards;
- Industrial Metrology that deals with the assurance of the adequate functioning of measurement instruments used in industry including production and testing processes and;
- Legal Metrology which deals with regulatory requirements of measurements and measuring instruments for the protection of health, public safety and the environment.

Metrology, therefore, places appropriate level of confidence on measuring instruments and measurement results where these measurements influence scientific and technological innovations, manufacture of products, economic transactions, human health and protection of the environment. No quantity can be correctly and consistently measured without Metrology and without a metrological infrastructure.

Compliance to a majority of standards is determined on the basis of measurement. Metrology becomes a pivotal pillar of the national quality infrastructure (NQI) that supports conformity assessment activities necessary to demonstrate compliance to stated requirements for product and services and overallly supports trade and economic growth.

In addition to Metrology being a key pillar of the NQI, its applications have many legal aspects with the following objectives:

- Protect society in commercial exchange of commodities and services;
- Support International trade;
- Reduce technical barriers to trade;
- Reduce disputes and transaction costs;
- Full collection of taxes / state revenue;
- Transparent and credible framework for regulations and sanctions;
- Control of fraud and;
- Health, safety and protection of the environment.

The Metrology Department serves the functions of the National Metrology Institute (NMI) and that of a National Legal Metrology Authority (LMA), with the function of realising, declaring calibration and measurement capabilities and dissemination of measurement traceability, as well as administration and enforcement of Legal Metrology.

Current scope of services are accredited to ISO/IEC 17025, the international standard for quality management in testing and calibration laboratories. In honouring the responsibility of the NMI, the Department continues to publish calibration and measurement capabilities under the Key Comparison database of the International Bureau of Weights and Measures in the field of Mass Metrology.

To date, the Scientific and Industrial Metrology Division has fully accredited laboratories offering services in the following Metrology fields:

- Mass Metrology: Mass pieces and Weighing Instruments Digital – self – indicating;
- Volume Metrology: Micropipettes / Syringes, Glassware and Metal Measures;
- Temperature Metrology: Digital Thermometry, Liquid in Glass Thermometry, Isothermal Media (single point and Mapping) and Infrared Thermometry (Unaccredited).
- Dimension Metrology: Calibration of Gauge Blocks, Dial/Digimatic Indicators, Micrometers, Vernier Callipers (Unaccredited)

ACCREDITATION SCHEDULES

ITEM	MEASURED QUANTITY OR TYPE OF GAUGE OR INSTRUMENT	METHOD	RANGE OF MEASURED QUANTITY	CALIBRATION AND MEASUREMENT CAPABILITY EXPRESSED AS AN UNCERTAINTY (±)
1	Mass pieces	Internal: MTPI 002 Reference: OIML R111-1	1 mg to 5 g 10 g 20 g to 50 g 100 g 200 g 500 g 1 kg to 2 kg 5 kg 10 kg 20 kg	0,02 mg 0,03 mg 0,04 mg 0,1 mg 0,2 mg 0,001 g 0,002 g 0,005 g 0,03 g 0,03 g
2	Weighing Instruments Digital – self - indicating	Internal: MTPI 003 Reference: OIML R76, EURAMET cg 18	0 g to 50 g 50 g to 200 g 200 g to 3000 g 3,0 kg to 1500 kg	0,00002 g 0,0006 g 0,00015 % + 0,000 g 0,001%
3	On-site calibration for item 2 above			

ITEM	MEASURED QUANTITY OR TYPE OF GAUGE OR INSTRUMENT	METHOD	RANGE OF MEASURED QUANTITY	CALIBRATION AND MEASUREMENT CAPABILITY EXPRESSED AS AN UNCERTAINTY (±)
1	Micropipettes / Syringes	Internal: MTPI 009	1 µl to 10 µl	0,2 µl
			10 µl to 100 µl	0,8 µl
		Reference: ISO 8655-6	100 µl to 200 µl	0,9 µl
			200 µl to 500 µl	1,6 µl
			500 µl to 1000 µl	8,2 µl
2	Glassware	Internal: MTPI 010 & MTPI 011 Reference: ISO 4787	10 ml to 5 l	0,02 %
3	Metal Measures	Internal: MTPI 010 & MTPI 014 Reference: : ISO 4787 OIML R120	1000 ml to 20 l	0,04 %

ITEM	MEASURED QUANTITY OR TYPE OF GAUGE OR INSTRUMENT	METHOD	RANGE OF MEASURED QUANTITY	CALIBRATION AND MEASUREMENT CAPABILITY EXPRESSED AS AN UNCERTAINTY (\pm)
1	Digital Thermometry	Internal: MTPI 006 Reference: SANAS TR 19	-30 °C to 450 °C	0.2 °C
2	Liquid in Glass Thermometry	Internal: MTPI 007 Reference: OIML R 133, SANAS TR 19	-40 °C to 0 °C	0.25 °C
			0 °C to 150 °C	0.2 °C
3	Temperature Installations (Single Location)	Internal: MTPI 016 Reference: SANAS TR 19	-30 °C to 0 °C	2 °C
			0 °C to 10 °C	1 °C
			10 °C to 40 °C	0.4 °C
			40 °C to 80 °C	0.8 °C
			80 °C to 450 °C	2 °C
4	Isothermal Media (Multi-location Mapping)	Internal: MTPI 016 Reference: SANAS TR 19	-30 °C to 0 °C	2 °C
			0 °C to 10 °C	1 °C
			10 °C to 40 °C	0.4 °C
			40 °C to 80 °C	0.8 °C
			80 °C to 450 °C	2 °C
5	On-site Calibration for Items 1, 3 & 4 above			

The Legal Metrology Division on the other hand continues to offer regulatory functions that cover the following mandates:

- National type approval of prescribed measuring instruments;
- Verification of prescribed measuring instruments;
- Inspection services of pre-packed goods offered for sale;
- Registration, certification and supervision of Mechanics or Technicians;
- Verification of instruments used for safety of lives at sea (SOLAS);
- Verification of instruments used to ensure road safety and law enforcement; and
- Implementation of the Quantity Control Scheme for pre-packed products (E-Marking Scheme).

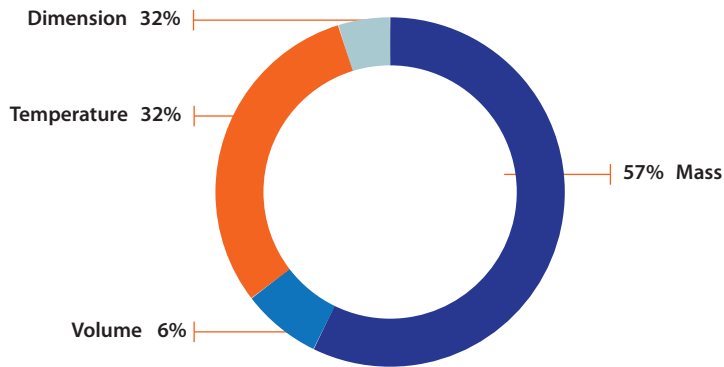
In honouring its international responsibilities, the Department continues to:

- Demonstrate National equivalence through maintenance of Calibration and Measurement Capabilities (CMCs).
- Contribute to the drafting of Legal Metrology recommendations, systems and guidelines, through international and regional structures under the International Organization of Legal Metrology (OIML) and Southern African Development Cooperation in Legal Metrology (SADCMEL);
- Translate internationally harmonised guidelines and recommendations into National Standards through the NSI Technical Committee nine (TC 9) on Metrology; and
- Transition from the OIML mutual acceptance arrangement system to the Implementation of the OIML Certification system.

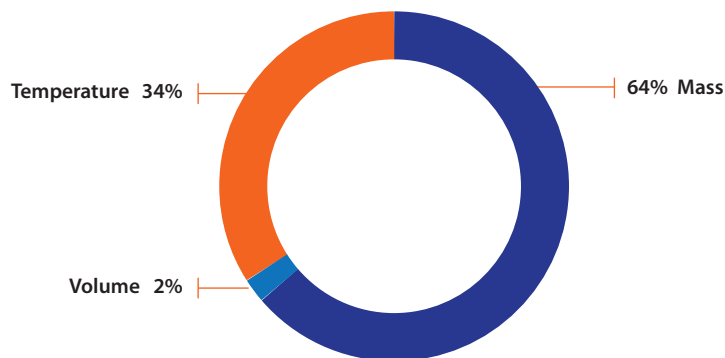
The Department's staff complement is comprised of the Head of Metrology, a Quality Assurance Officer, four (4) Scientific and Industrial Metrologists, six (6) Inspection and Verification Officers as well as a Technical Assistant, Administrative Officer and a support staff member.

The year under review also saw the finalisation of the new Metrology Bill which seeks to expand Metrology functions beyond trade to cover measurement in health, safety and the environment. The Bill is envisaged to repeal the 1973 Metrology Act which focused primarily on Trade Metrology with emphasis on the application of accurate and precise measurements in trade transactions. The Bill comes at a time when Namibia is experiencing a growing need for accelerated Metrology services and regulatory framework as a result of domestic and international market access; growing consumer awareness and the general desire for quality goods and services; adoption of technical regulations; and drive in mechanisms to protect human beings and the environment, among others.

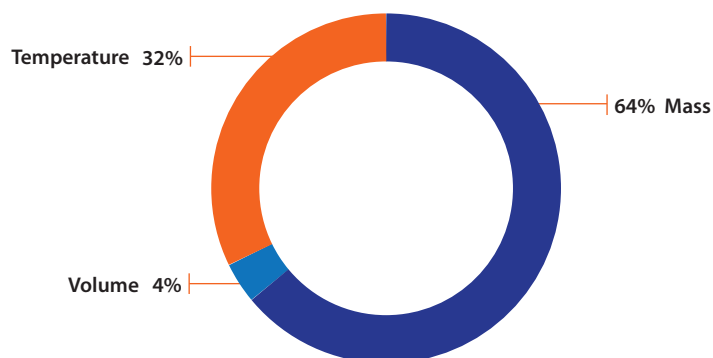
2018- 2019 WORK DISTRIBUTION PER METROLOGY FIELD



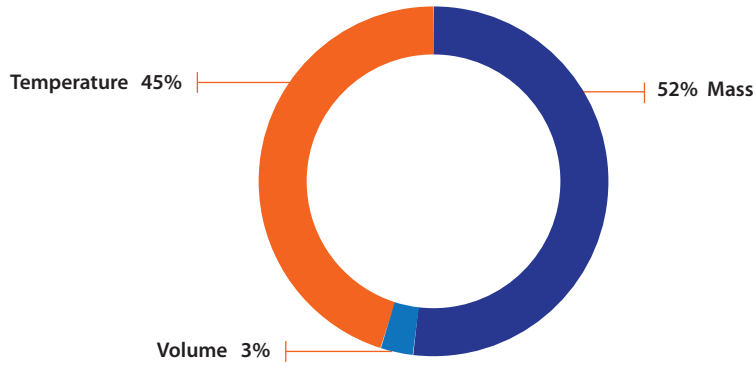
2020-2021 WORK DISTRIBUTION PER METROLOGY FIELD



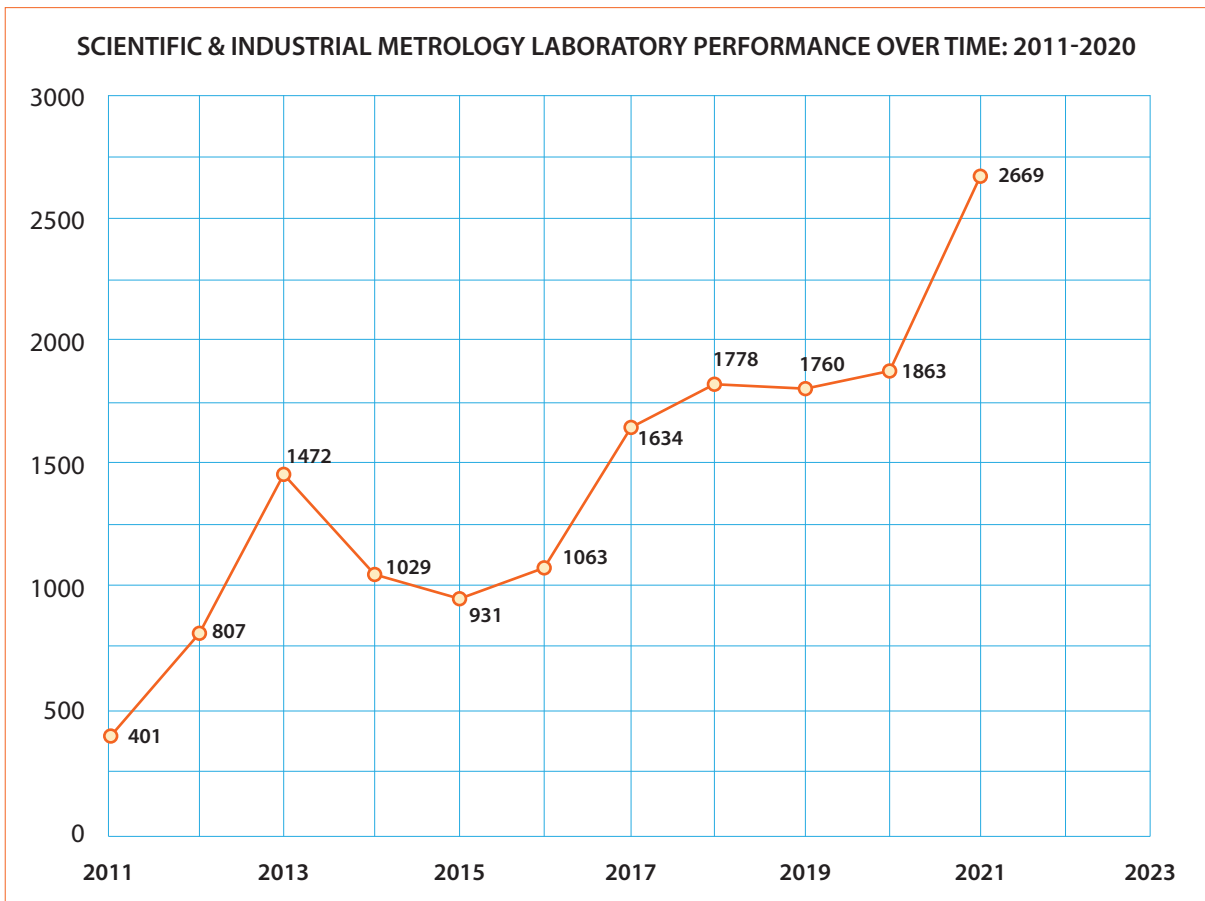
2019-2020 WORK DISTRIBUTION PER METROLOGY FIELD

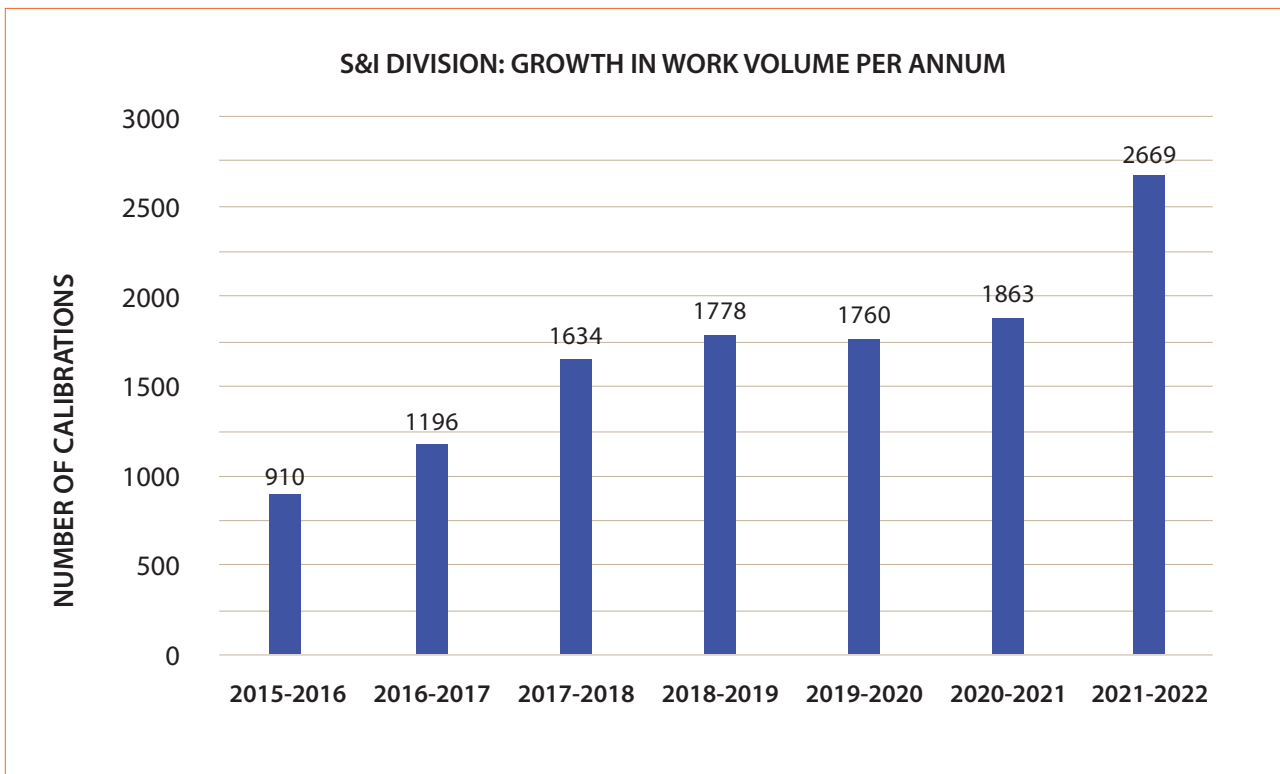
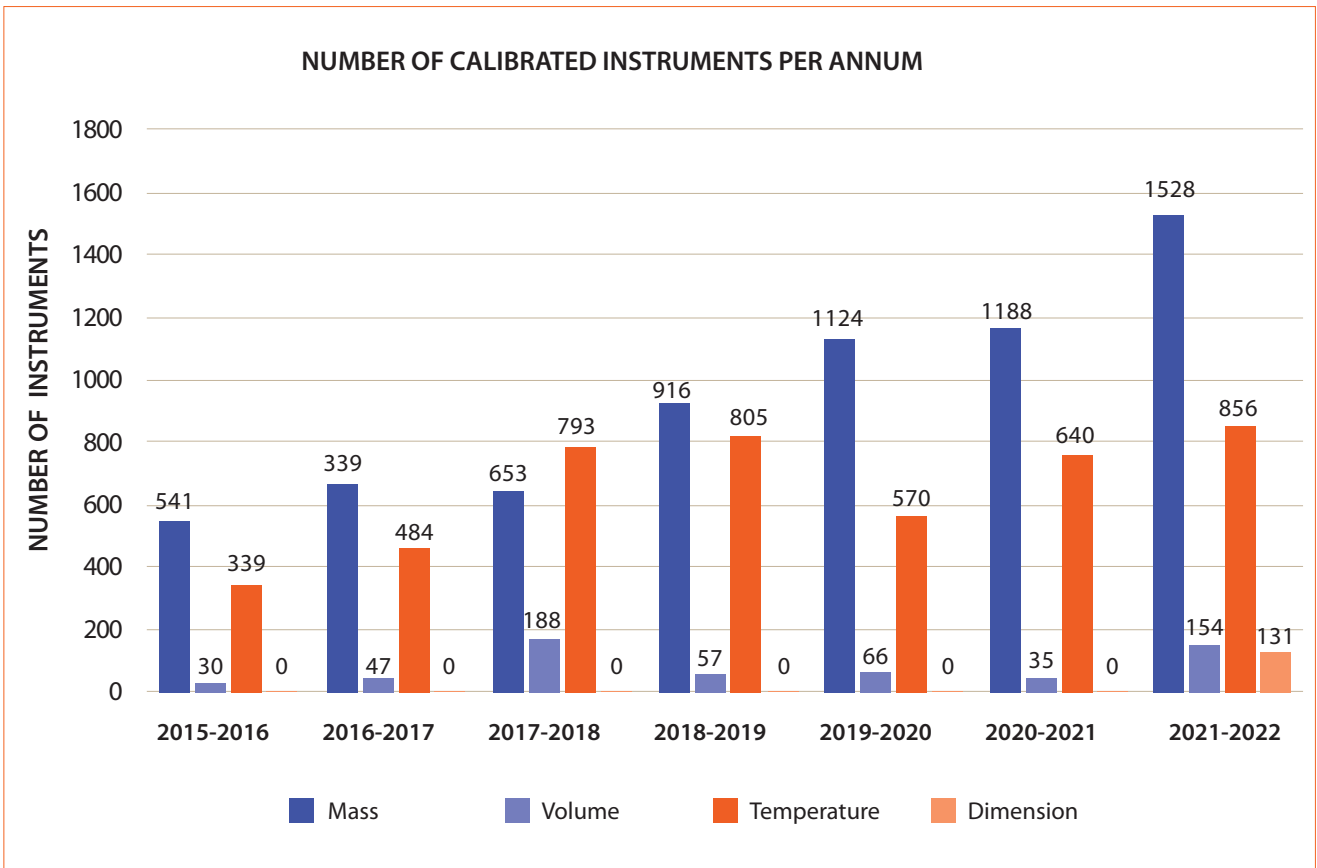


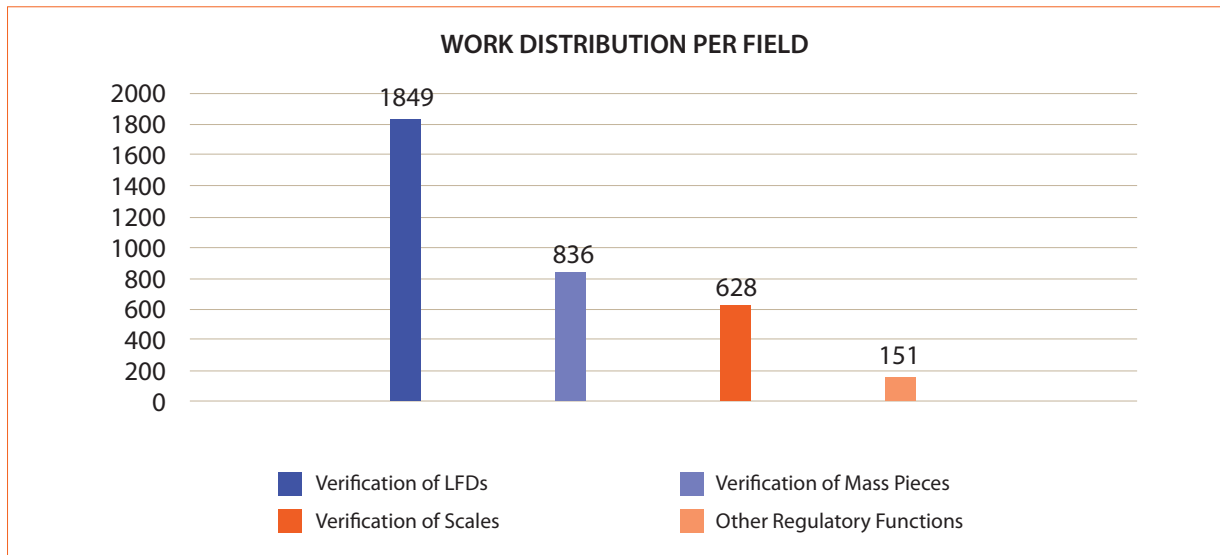
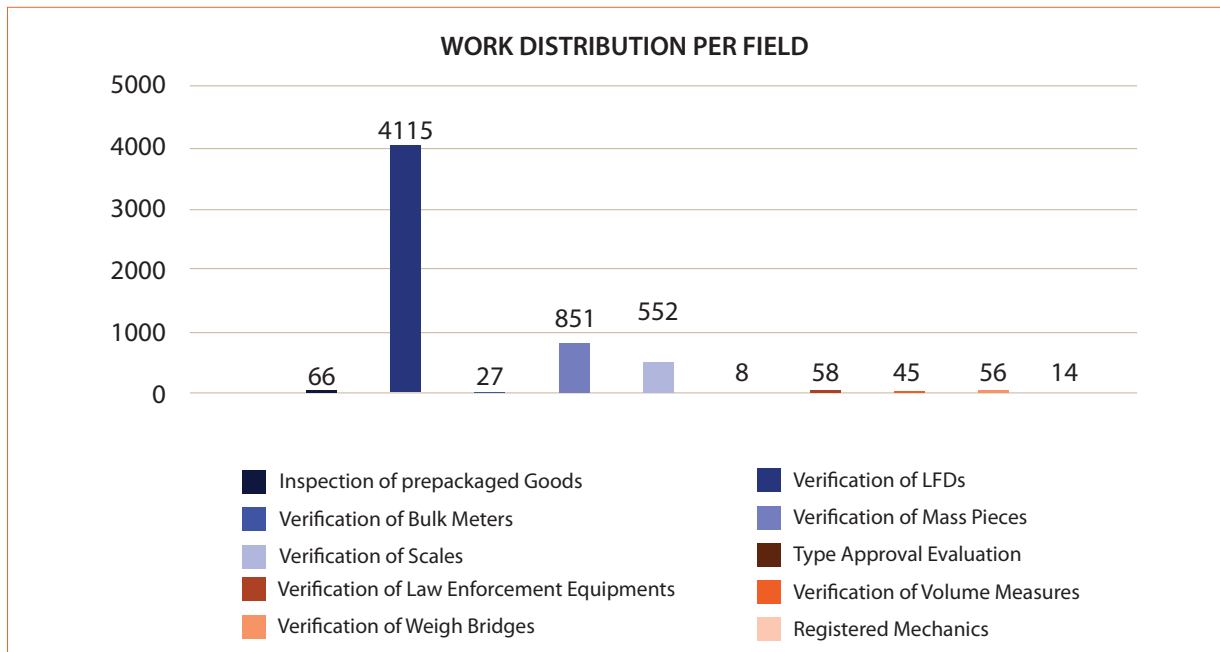
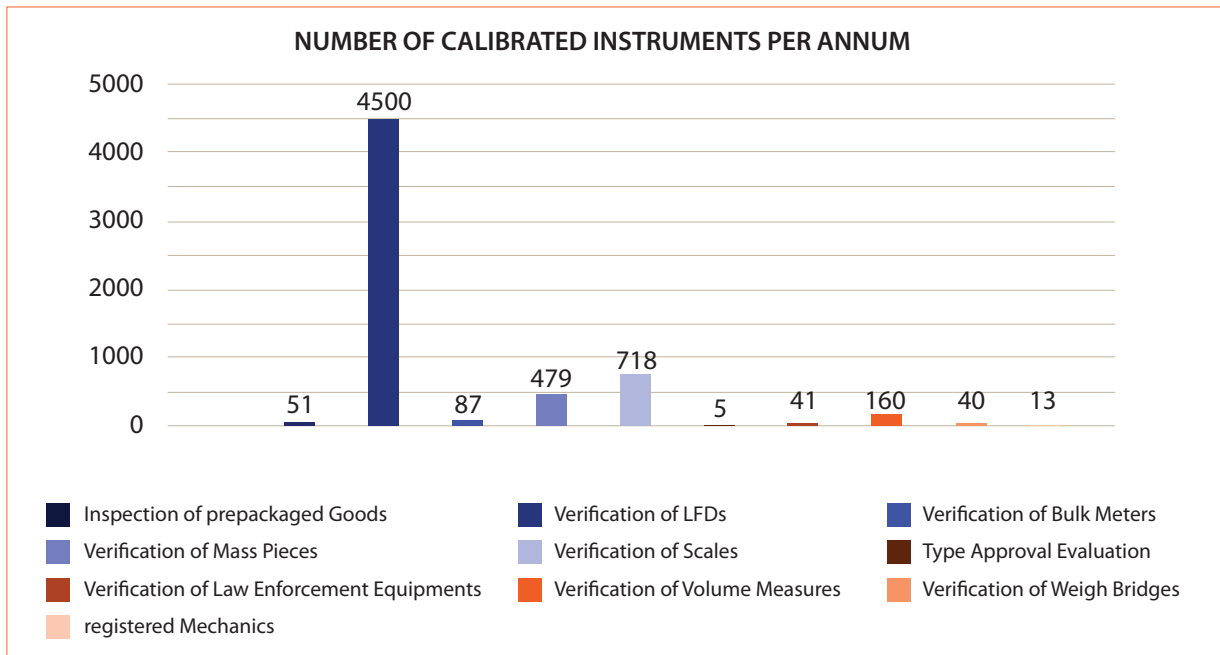
2020-2021 WORK DISTRIBUTION PER METROLOGY FIELD

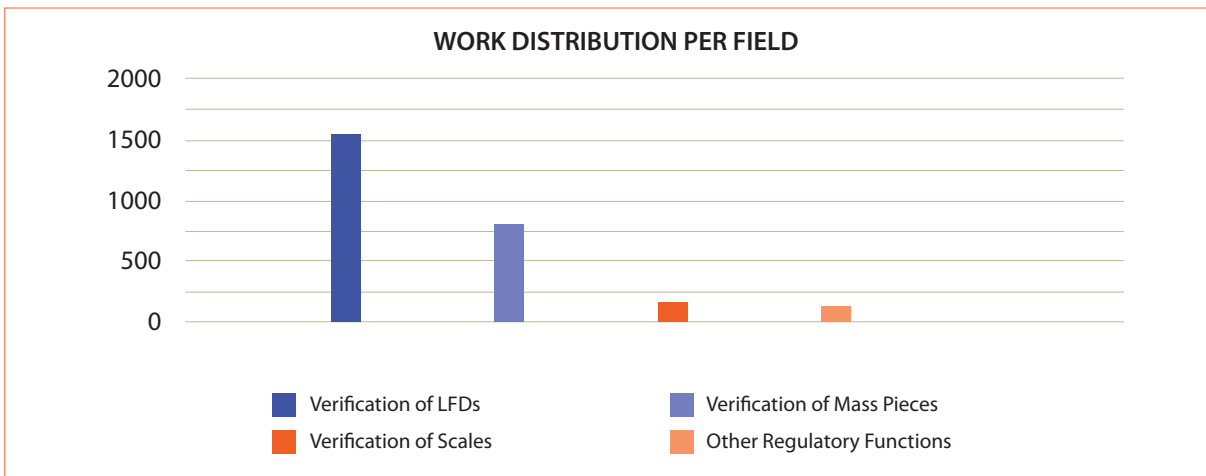
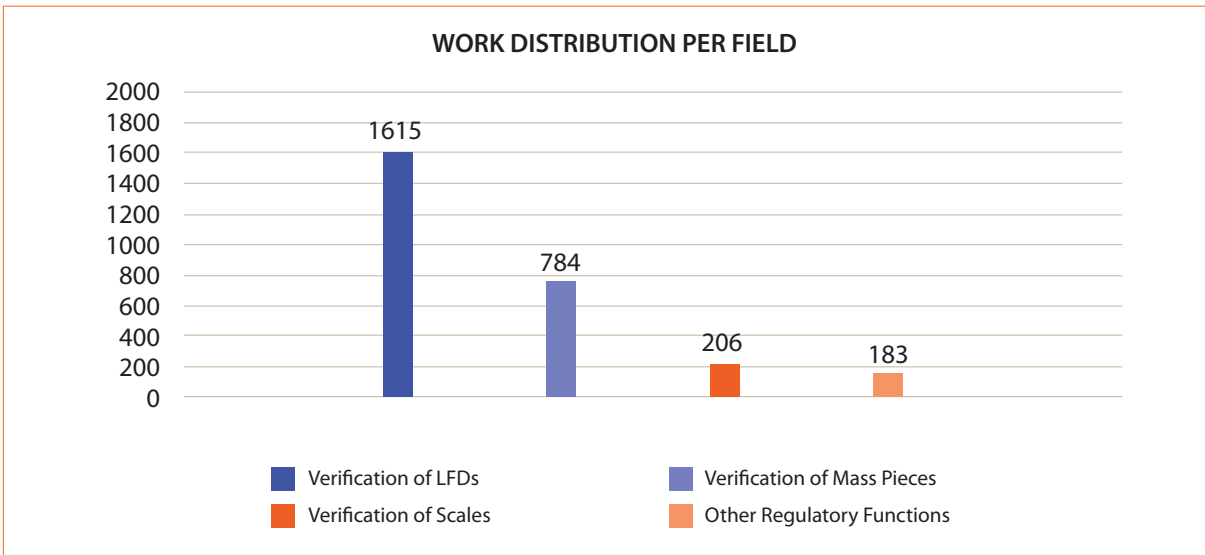
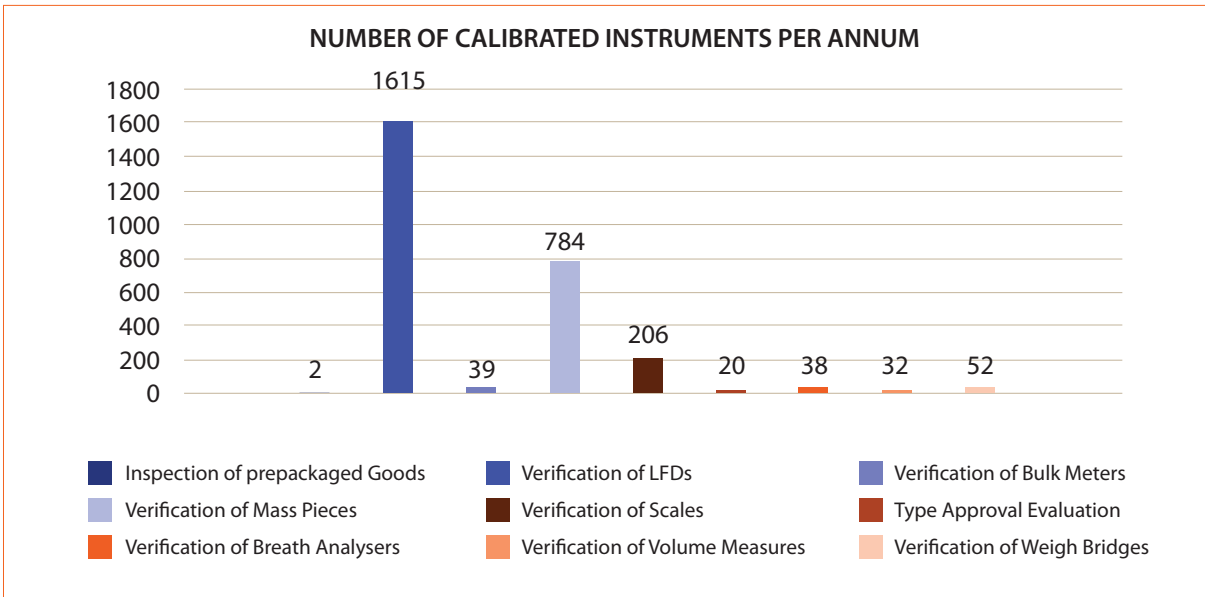


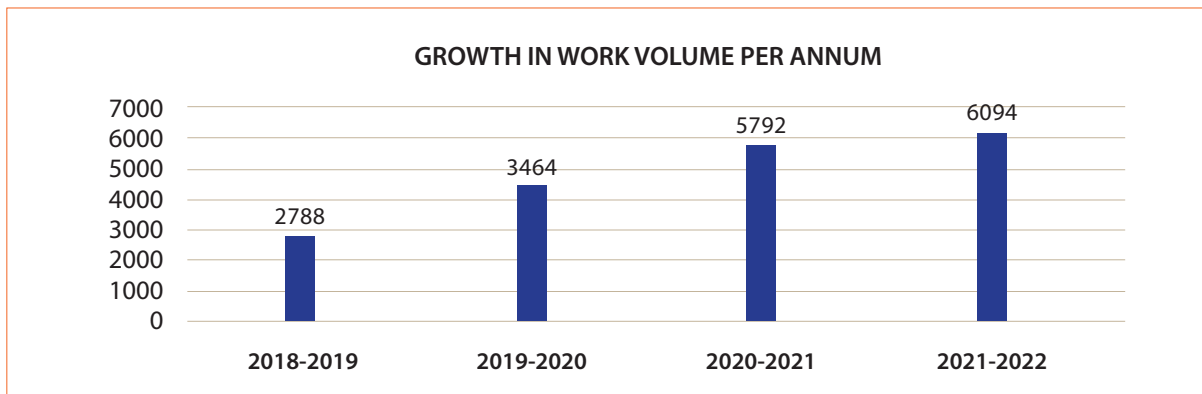
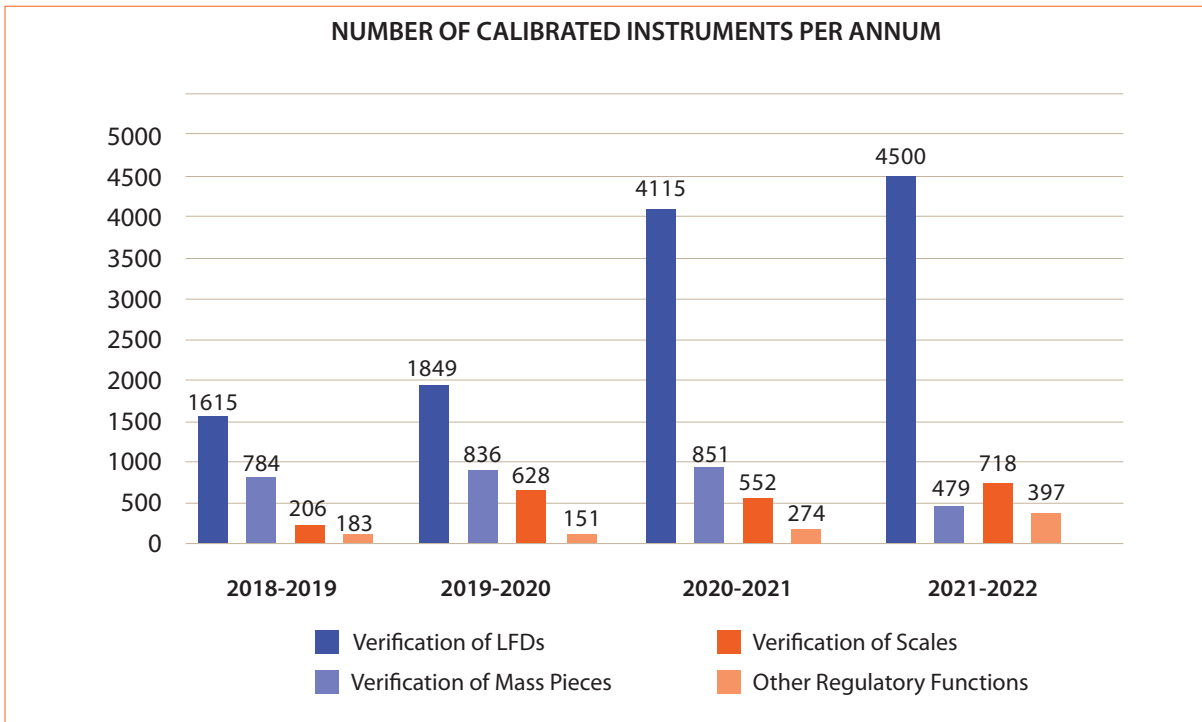
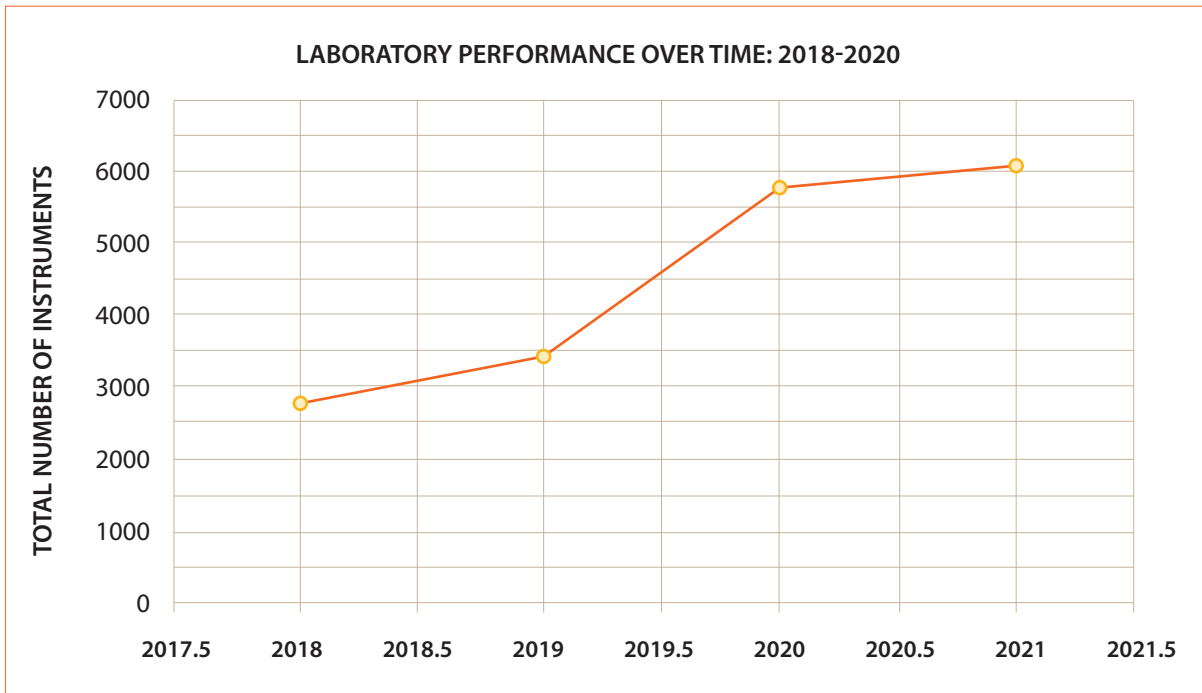
2020-2021 WORK DISTRIBUTION PER METROLOGY FIELD













8

CERTIFICATION

The NSI Certification Department has been established in line with Section 23 of the Standards Act, 2005 (Act No. 18 of 2005), and operates as a Certification Body (CB) in accordance with the requirements of the ISO/IEC 17021-1, ISO/IEC 17021-3, ISO/TS 22003, ISO/IEC 17067 and ISO/IEC 17065 Standards.

It provides independent third-party certification services of whether an organisation's management system meets the requirements specified by applicable management system standards (e.g. ISO 9001, ISO 22000, NAMS/SANS 10330), or whether products meet the requirements of specific product standards.

The Certification Body provides a platform to enhance the quality of Namibian products and services, which will in turn facilitate trade and ensure the competitiveness of Namibian products and services both locally and internationally. It is the appointed inspection authority for cement and alcohol based hand sanitiser.

Namibian goods and services that meet the requirements of the applicable Namibian and/or International standards are issued with a Certificate of Conformity and awarded with the license to use the NSI Mark of Conformity. The Mark of Conformity informs consumers that a product or service has been assessed by the NSI and found to conform to the requirements specified in the applicable standard, e.g. product and/or management system standard.

PRODUCTS AND SERVICES

- Management system certification to ISO 9001:2015, ISO 22000 & NAMS/SANS 10330;
- Standard Mark Certification Scheme;
- Enforcement of the alcohol-based hand sanitisers regulations, effective 30th April 2021;
- Enforcement of the Cement Regulations, effective 12th May 2020; and
- Import product verification scheme.

PERFORMANCE HIGHLIGHTS

- The Certification Body has managed to maintain accreditation scope of Quality Management Systems to ISO/IEC 17021-1:2005 and ISO/IEC 17021-3:2017 (Certification to ISO 9001:2015), for the sub-scope - food, beverages and tobacco (IAF Code 3).assessment for Certification to ISO 9001:2015.
- Accreditation Approvals Committee has approved for the extension of accreditation to include the following sub-scope:
 - a) Paper products (IAF Code 7);
 - b) Printing companies (IAF Code 9); and
 - c) Rubber and plastic products (IAF Code 14).
- Additionally, the Accreditation Approvals Committee has granted the extension of accreditation to include the following scope:
 1. ISO 22000:2018 - Processing of perishable animal products – Category CI.
 2. HACCP (NAMS/SANS 10330:2020) - Processing of ambient stable products – Category CIV.

ACHIEVEMENTS

- Scored an average customer satisfaction rating of 90% above the target of 80%.
- Launched Good Manufacturing Practices (GMP) Inspection Scheme for Food Handling Organisations.
- Increased the number of management system clients from four (4) in FY 2020/2021 to six (6) in FY 2021/2022.
- Increased product certification clients from two (2) in FY 2020/2021 to five (5) in FY 2021/2022.

CHALLENGES

- Certification is voluntary, with the exception of the two regulated products.
- Certification Body only offering two management system schemes (Quality Management System and Food Safety Systems).
- Lack of stakeholder engagement.
- Lack of legal framework for the implementation of Technical Regulations.
- Failure to meet financial obligation for the department.



9

CORPORATE FINANCE, ASSET MANAGEMENT AND ICT

The Financial Services Department is responsible for the management of the NSI's cash flow and to ensure that enough funds are available to meet the day-to-day payments, prepare forecasts on a regular basis to systematically calculate the ongoing cash needs.

The Department is also responsible for the preparation of the NSI's budget and forecasts, and to report back on the progress throughout the year. This information is used to proactively plan for staffing levels, asset purchases, expansions and cash needs.

FINANCE OVERVIEW

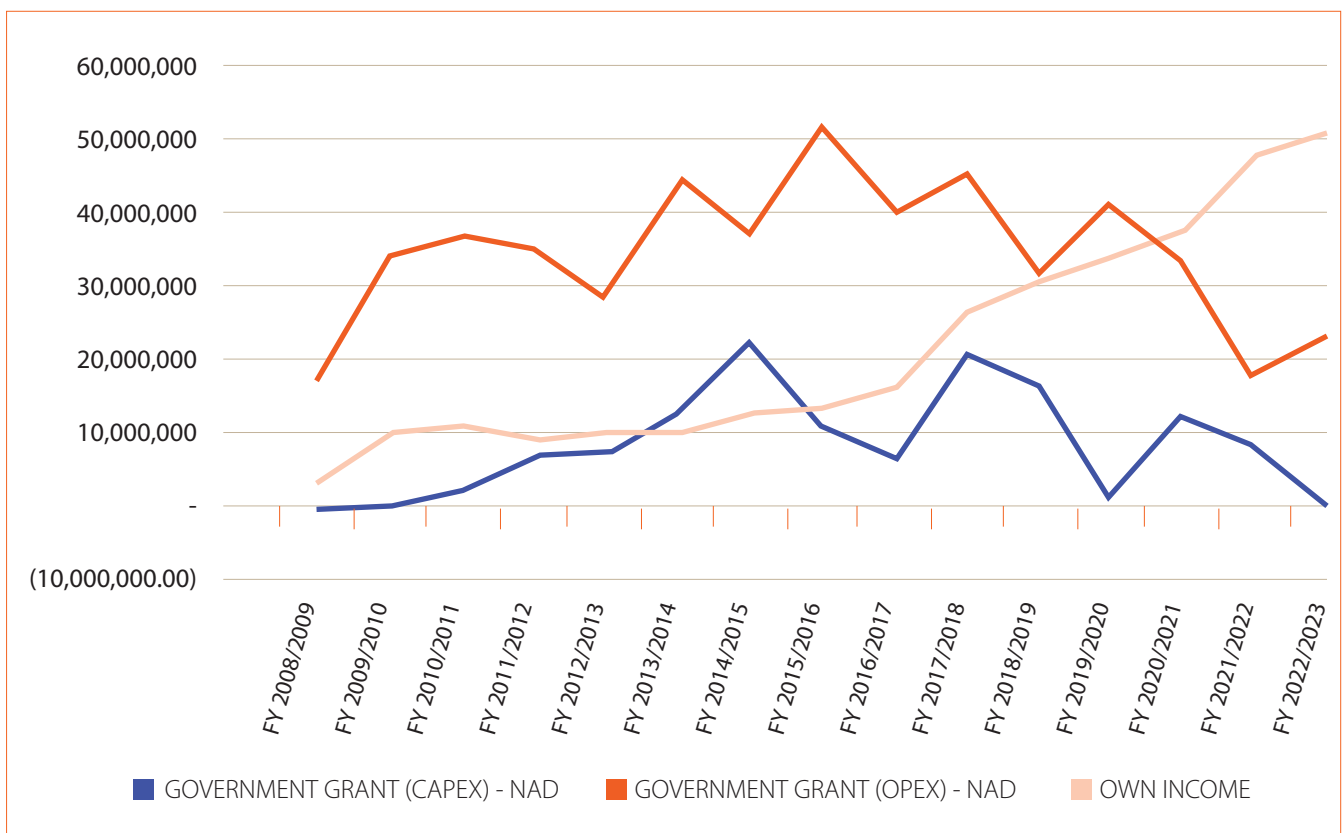
The NSI recorded an operating loss of 2022: N\$13.5 million (2021: N\$15.4 million), against a budgeted loss of N\$17.09 million for the period. The NSI met its revenue targets set for the period under review and was slightly above budget by N\$3.7 million. Summarised information on the NSI financial performance for the year under review is included in the audited financial overview section.

TOTAL INCOME

Total income for the year was down by 2.3% to 2022: N\$69.72 million (2021: N\$71.4 million). Government grant of N\$18 million (2021: N\$33.27 million) was received from the Ministry of Industrialisation and Trade for operations for the year.

Revenue from conformity assessment services, comprising of certification, laboratory services and training, increased by N\$13 million to N\$46.9 million (2021: N\$33.27 million). This was as a result of the growth in the customer base, as the NSI continues to strive to increase its market share.

The Laboratory Services Division was impacted by lower sample volumes as well as COVID-19 lockdowns resulting in total revenue earned for the period at N\$9.7 million (2021: N\$9.7 million). Revenue from standard sales decreased by N\$283 117 to N\$165 682 (2021: N\$448 799). Other income decreased mainly due to the reduction in the government grant for 2022, which amounted to N\$18 million (2021: N\$33.2 million).



GRN Grant (OPEX, CAPEX) vs Own Income

The Institution activated plans to allow aggressive revenue increase in the FY 2022/2023 that included: Implementing the SADC European Union (EU) funded Twinning Project titled "Support to the Namibian Standards Institution" which commenced on 01 February 2022, with the objective of boosting NSI's capacity to carry out its mandate, increasing Namibian participation in International Trade agreements, addressing technical trade barriers and enhancing economic growth. This project will enhance the current NSI capacity and enable future revenue generation.

OPERATING EXPENDITURE

Management of operational expenditure continued to receive maximum attention during the period under review. Total expenditure (including depreciation and amortisation) was reduced by 4.7 % to N\$80.0 million from N\$84.6 million during the previous financial year.

The NSI has implanted aggressive cost cutting strategies that have yielded positive result over the years. This has resulted in the Institution being able to contain its costs. The main cost saver was labour. However, the cost of consumables continues to pose a risk due to the increase in international prices, further exacerbated by the geo-political environment. Employee-related expenses remain the largest cost, making up 69% of the NSI's total expenditure. Efforts continue to be made to contain this expenditure.

The NSI remained sound and resilient in the year under review, despite the pre-existing sluggish economic activity that was further exacerbated by the COVID-19 pandemic. Both the global and domestic economies contracted from 2019 to 2021, primarily as a result of the COVID-19 pandemic.

Despite the domestic and international challenges, the NSI continued to record growth in its revenue. Management remains optimistic about the recovery of the domestic economy from 2022 and beyond.

OPERATING LOSS AND NET PROFIT

The operating loss before net interest income was reduced by 47% to N\$10.2 million, compared to N\$13.6 million recorded in the previous financial year. This is as a result of the cost cutting measures that were implemented and an increase in internally own revenue.

FINANCIAL POSITION

Total assets grew by 6.9% to N\$123 million compared to N\$115 million in 2021. Non-current assets increased by 2.8% to N\$108 million (2021: N\$105 million). This is due to the increase in accounts receivable as customers have been experiencing difficulties in the payment due to various economic factors. The NSI has implemented an aggressive collection method which has started to yield results of which the effects will be felt in the 2022/2023 financial year.

Movement in property, plant and equipment for the year amounted to N\$3.4 million (2021: N\$104 million). Investments into new laboratory equipment and ICT equipment were in line with the renewal strategy of the NSI, although equipment cost continues to hinder lab testing activities negatively. Depreciation totalled N\$4.6 million, up from N\$3.8 million recorded during the previous year.

Current liabilities increased by 45.8% to N\$70.8 million (2021: N\$48.8 million), mainly as a result of trade and other payables, and VAT and PAYE payables. Overall, the current ratio declined to 2.3 (2021: 3.1). Cash flow generated from operations totalled N\$8.5 million compared to N\$4.6 million the previous year. At year-end the NSI cash and cash equivalents totalled N\$245 260 (2021: N\$537 323).

POST-EMPLOYMENT HEALTHCARE BENEFITS

The NSI provides post-employment medical aid contribution subsidies to qualifying retirees. Employees who meet set criteria (detailed in note 22 of the annual financial statements) are also entitled to this benefit when they retire. Actuaries have determined the expected liability. The post-employment healthcare benefit obligation as of 31 March 2022 was N\$17.8 million, up from N\$11.4 million at the same time the previous year. The funding of the liability is being managed through the investments held at fair value through profit and loss.

POST-BALANCE SHEET EVENTS

Except for the matters highlighted above, no other matters of significance occurred after the reporting date and up to the date of this report.



NAMIBIAN
STANDARDS
INSTITUTION





10

ANNUAL
FINANCIAL
STATEMENTS



Republic of Namibia



OFFICE OF THE AUDITOR-GENERAL

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WINDHOEK
9000

**AUDIT COMPLIANCE CERTIFICATE ON THE ACCOUNTS
OF THE NAMIBIAN STANDARDS INSTITUTION
FOR THE YEAR ENDED 31 MARCH 2022**

The documentation as compiled by the firm BDO which is registered in terms of the Public Accountant's and Auditor's Act, 1951, who was appointed by the Board Members of the Namibian Standards Institution, has been examined by Officials of the Office of the Auditor-General.

In terms of Section 19 (1) of the Standards Act, 2005 (Act 18 of 2005) I certify that the above-mentioned audit of the annual financial statements for the year ended 31 March 2022 has been carried out to my satisfaction.

WINDHOEK, September 2022

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**



NAMIBIAN STANDARDS INSTITUTION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Namibian Standards Institution is engaged in promotion of standardisation and quality assurance in the industry, commerce and public sector in Namibia with the aim of improving product quality, industrial efficiency and productivity, and to promote trade, so as to achieve optimum benefits for the public of Namibia in general.
Directors	Prof. Martha Annery Kandawa-Schulz Mr. John Ali Ipinge Ms. Rosalinda Katjivena Mr. Milton Shaanika-Louw Dr. Penny Hiwilepo-van Hal Ms. Ainna Vilengi Kaundu Mrs. Concepcion Wasserfall
Business address	37 Feld Street, Windhoek Namibia
Postal address	P O Box 26364 Windhoek Namibia
Bankers	First National Bank of Namibia Limited Bank Windhoek Limited
Auditors	BDO Namibia Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Ms. Cynthia Anyanwu

NAMIBIAN STANDARDS INSTITUTION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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NAMIBIAN STANDARDS INSTITUTION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

MEMBERS' RESPONSIBILITIES AND APPROVAL

The Namibia Standards Council (NSC) members are required in terms of the Standards Act, No 18 of 2005 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 fairly present the state of affairs of the NSI as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

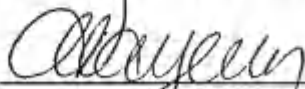
The NSC members acknowledge that they are ultimately responsible for the system of internal financial control established by the NSI and place considerable importance on maintaining a strong control environment. To enable the NSC members to meet these responsibilities, the NSC members sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the NSI and all employees are required to maintain the highest ethical standards in ensuring the NSI's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across the NSI. While operating risk cannot be fully eliminated, it endeavours to minimise such risks by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

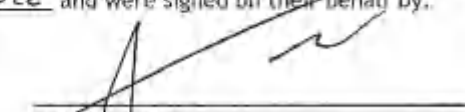
The NSC members have reviewed the NSI's cash flow forecast for the year to 31 March 2023 and, in light of this review and the current financial position, they are in negotiation with the shareholder to acquire adequate resources to continue with the operational existence of the NSI for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the NSI's annual financial statements. The annual financial statements have been examined by the external auditors and their report is presented on pages 4 to 6.

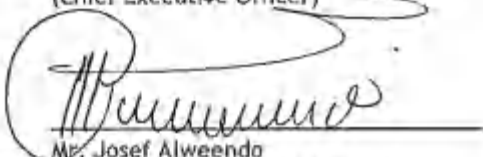
The annual financial statements set out on pages 7 to 40, which have been prepared on the going concern basis, were approved by the NSC members on 30 AUGUST 2022 and were signed on their behalf by:



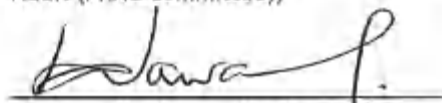
Mrs. Concepcion Wasserfall
(Chief Executive Officer)



Mr. John Ali Ipinge
(Chairperson of Finance, Risk Management and Audit (FRAC Committee))



Mr. Josef Alweendo
(Acting: Chief Financial Officer)



Prof. Martha Annery Kandawa-Schulz
(Chairperson)

NAMIBIAN STANDARDS INSTITUTION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022



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NAMIBIA

INDEPENDENT AUDITOR'S REPORT

To the NSC members of Namibian Standards Institution

Opinion

We have audited the annual financial statements of Namibian Standards Institution set out on pages 7 to 38, which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies and members' report.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Namibian Standards Institution as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Standards Act, No 18 of 2005.

Basis for Opinion

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

Material uncertainty related to going concern

We draw attention to note 23 of the annual financial statements that indicated that NSI incurred a net loss for the year of N\$ 16,084,924 (2021: N\$ 15,461,237) and had accumulated losses of N\$ (70,238,381) (2021: N\$ (54,153,457)) and its total liabilities exceed its assets by N\$ (70,238,381) (2021: N\$ (54,153,457)) and its total current liabilities exceed its current assets by N\$ 56,125,674 (2021: N\$ 38,883,159). Furthermore, we draw attention to note 10 of the annual financial statements which states that NSI has accumulated PAYE debt of N\$ 21,792,794 (2021: N\$ 12,505,461) (excluding interest and penalties) since 2019 due to cashflow constraints, and that the going concern of the Institution is primarily dependent on the following key factors:

1. Securing of future Government funding for the continuation of NSI's operations and settlement of NSI's obligations in the normal course of business; and
2. Success in the following action plans:
 - a) Successfully implementing the SADC European Union (EU) funded Twinning Project titled "Support to the Namibian Standards Institution" which commenced on 01 February 2022 with the objective of boosting NSI's capacity to carry out its mandate, increasing Namibian participation in International Trade agreement, addressing technical trade barriers and enhancing economic growth;

BDO, a Namibian partnership, is registered with the Public Accountants and Auditors Board (Practice Number: 9402). Our firm has offices in Windhoek, Walvis Bay and Otjovare. BDO is a member of BDO International Limited, a UK Authority limited by guarantee, and forms part of the international BDO network of independent member firms.

NAMIBIAN STANDARDS INSTITUTION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022



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 NAMIBIA

- b) Successfully negotiating with the Ministry of Mines and Energy for the possibility of receiving a subsidy from the Namibian Petro-Fund; and
- c) Successfully negotiating a payment plan with NAMRA on the PAYE debt and the waiving of the interest and penalties as per the tax incentive program;

These events or conditions, along with other matters as set forth in Note 23, indicate that a material uncertainty exists that may cast significant doubt on the Institution's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter on accumulated PAYE debt

We draw attention to Note 10 in the annual financial statements, which indicates that the NSI owes Namibia Revenue Agency (NAMRA) PAYE to the total of N\$ 21,792,794 (2021: N\$ 12,505,461) (excluding interest and penalties) as at 31 March 2022 that accumulated since 2019 due to cashflow constraints. The Ministry of Industrialization and Trade, the line ministry of NSI, has called up for a consultative meeting scheduled on the 15th of September 2022 between the NSI, its line ministry and the Ministry of Finance to discuss the future funding of NSI by Government of Namibia and the resolution on the settlement of the accumulated PAYE debt. Our opinion is not modified in respect of this matter.

Other information

The NSC members are responsible for the other information. The other information comprises the detailed statement of profit and loss and other comprehensive income, which we obtained prior to the date of this auditor's report. Other information does not include the annual financial statements and our auditor's report thereon.

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

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

Responsibilities of the NSC members for the Annual Financial Statements

The NSC members are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the NSC members 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 NSC members are responsible for assessing the Institution'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 NSC members either intend to liquidate the Institution or to cease operations, or have no realistic alternative but to do so.

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NAMIBIAN STANDARDS INSTITUTION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022



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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 Institution's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the NSC members.
- Conclude on the appropriateness of the NSC members' 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 Institution'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 Institution 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 NSC members 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.

BDO

BDO (Namibia)
 Registered Accountants and Auditors
 Chartered Accountants (Namibia)
 Per: M Nel
 Partner
 Windhoek
 02 September 2022

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NAMIBIAN STANDARDS INSTITUTION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

MEMBERS REPORT

The NSC members hereby submit their report on the annual financial statements of Namibian Standards Institution for the year ended 31 March 2022.

1. Nature of business

Namibian Standards Institution is engaged in the promotion of standardisation and quality assurance to the industry, commerce and public sector in Namibia with the aim of improving product quality, industrial efficiency and productivity, and to promote trade, so as to achieve optimum benefits for the public of Namibia in general.

There have been no material changes to the nature of the NSI's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with IFRS and the requirements of the Standards Act, No 18 of 2005. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows are set out in these annual financial statements.

3. Members

The NSC members in office at the date of this report are as follows:

Member	Office	Nationality
Mrs. Concepcion Wasserfall	Chief Executive Officer, Member Ex-Officio	Namibian
Prof. Martha Annery Kandawa-Schulz	Chairperson	Namibian
Mr. John Ali Ipinge	Chairperson of Finance, Risk Management and Audit FRAC Committee	Namibian
Ms. Rosalinda Katjivena	Chairperson of Special Projects Committee	Namibian
Mr. Milton Shaanika-Louw	Member	Namibian
Dr. Penny Hiwilepo-van Hal	Member	Namibian
Ms. Ainna Vilengi Kaundu	Chairperson of Human Resources and Remuneration Committee (HRRC)	Namibian
Mr. Axel Tibinyane	Member	Namibian

4. Property, plant and equipment

There was no change in the nature of the property, plant and equipment or in the policy regarding their use. At 31 March 2022, the NSI's investment in plant and equipment amounted to N\$ 107,979,823 (2021: N\$ 104,618,800), of which N\$ 7,681,023 (2021: N\$ 34,059,524) was added in the current year through additions.

5. Events after the reporting period

The members are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Going concern

We draw attention to the fact that at 31 March 2022, the NSI incurred a net loss for the year of N\$ 16,084,924 (2021: N\$ 15,461,237) and had accumulated losses of N\$ (70,238,381) (2021: N\$ (54,153,457)) and its total liabilities exceed its assets by N\$ (70,238,381) (2021: N\$ (54,153,457)) and its total current liabilities exceed its current assets by N\$ 56,125,674 (2021: N\$ 38,883,159). Furthermore, we draw attention to note 10 of the annual financial statements which states that NSI has accumulated PAYE debt of N\$ 21,792,794 (2021: N\$ 12,505,461) (excluding interest and penalties) since 2019 due to cashflow constraints.

In view of the above conditions, the board has performed a formal review of the NSI's results and its ability to continue trading as a going concern in the foreseeable future and have concluded that the going concern of NSI is highly dependent on the following factors:

NAMIBIAN STANDARDS INSTITUTION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

MEMBERS REPORT

1. Securing of future Government funding for the continuation of NSI's operations and settlement of NSI's obligations in the normal course of business.

The Standards Act, No. 18 of 2005 outlines the critical legislated functions of the NSI with respect to the development, promotion and maintenance of Namibian Standards and the rendering of conformity assessment services.

It is the view of the board that since these are legislated functions, there is no intention by Government to cease the operations of the NSI in the near future. The Government of the Republic of Namibia (GRN) is committed to supporting the functions of the NSI and in furtherance to this commitment the Ministry of Industrialization and Trade, the line ministry of NSI, has called up for a consultative meeting scheduled on the 15th of September 2022 between the NSI, its line ministry and the Ministry of Finance to discuss the future funding of NSI by Government of Namibia and the resolution on the settlement of the accumulated PAYE debt.

2. Successful implementation of the following action plans:
 - Successfully implementing the SADC European Union (EU) funded Twinning Project titled "Support to the Namibian Standards Institution" which commenced on 01 February 2022 with the objective of boosting NSI's capacity to carry out its mandate, increasing Namibian participation in International Trade agreement, addressing technical trade barriers and enhancing economic growth;
 - Successfully negotiating with the Ministry of Mines and Energy for the possibility of receiving a subsidy from the Namibia Petro-Fund; and
 - Successfully negotiating a payment plan with NAMRA on the PAYE debt and the waiving of the interest and penalties as per the tax incentive program.

The annual financial statements of the NSI have been prepared on the basis of accounting applicable to a going concern.

7. Secretary

The NSI's secretary is Ms. Cynthia Anyanwu.

8. Auditors

BDO Namibia are the NSI's auditors for financial year 2021/22.

9. Outstanding taxes

NSI owes Namibia Revenue Agency (NAMRA) PAYE to the total of N\$ 21,792,794 (2021: N\$ 12,505,461) (excluding interest and penalties) as at 31 March 2022 that accumulated since 2019 due to cashflow constraints. NSI has accounted for both interest N\$ 7,552,293 (2021: N\$ 6,381,410) and penalties N\$ 23,971,997 (2021: N\$ 17,004,435) as contingent liabilities as NSI is currently in negotiations with NAMRA for the waiver of the penalties and interest. The NSI negotiated for a payment plan with NAMRA on 12 July 2022 to settle the outstanding PAYE debt by making an initial capital debt payment of N\$ 7,000,000 on or before 31 July 2022 and then payment of the remaining PAYE debt balance with instalments over 36 months commencing 31 August 2022, and the waiver of the interest and penalties after the full settlement of the PAYE debt. However, NSI failed to make the initial payment of N\$7,000,000 before the 31st of July 2022 and up to the date of approval of the annual financial statements. Consequently, the Ministry of Industrialization and Trade, the line ministry of NSI, has called up for a consultative meeting scheduled on the 15th of September 2022 between the NSI, its line ministry and the Ministry of Finance to discuss the future funding of NSI by Government of Namibia and the resolution on the settlement of the accumulated PAYE debt.

NAMIBIAN STANDARDS INSTITUTION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

Figures in Namibia Dollar	Note(s)	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	3	107,979,823	104,618,800
Right-of-use assets	4	576,972	865,459
		108,556,795	105,484,259
Current Assets			
Inventories	5	1,287,993	860,731
Trade and other receivables	6	13,220,822	8,601,118
Cash and cash equivalents	7	245,260	537,323
		14,754,075	9,999,172
Total Assets		123,310,870	115,483,431
Equity and Liabilities			
Equity			
Accumulated loss		(70,238,381)	(54,153,457)
Liabilities			
Non-Current Liabilities			
Loans and borrowings	8	18,113,420	19,413,567
Lease liabilities	4	440,232	791,379
Deferred income	9	104,115,850	100,549,611
		122,669,502	120,754,557
Current Liabilities			
Trade and other payables	10	41,992,380	26,596,040
Loans and borrowings	8	1,233,254	1,173,802
Lease liabilities	4	351,146	275,958
Post retirement medical aid benefit liability	11	17,780,000	11,494,000
Deferred income	9	4,334,155	3,790,865
Provisions	12	5,188,814	5,551,666
		70,879,749	48,882,331
Total Liabilities		193,549,251	169,636,888
Total Equity and Liabilities		123,310,870	115,483,431

NAMIBIAN STANDARDS INSTITUTION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Namibia Dollar	Note(s)	2022	2021
Revenue	13	46,598,198	33,273,513
Other operating income	14	5,129,081	4,706,519
Government grants	14	18,000,000	33,273,097
Other operating gains	15	76,655	137,231
Other operating expenses		(80,036,396)	(84,999,916)
Operating loss	16	(10,232,462)	(13,609,556)
Investment income	17	553,129	280,931
Finance costs	18	(3,906,591)	(2,132,612)
Loss for the year		(13,585,924)	(15,461,237)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements on net defined benefit liability/asset		(2,499,000)	-
Other comprehensive income for the year net of taxation		(2,499,000)	-
Total comprehensive loss for the year		(16,084,924)	(15,461,237)

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STATEMENT OF CHANGE IN EQUITY

Figures in Namibia Dollar	Accumulated loss	Total Equity
Balance at 1 April 2020	(38,692,220)	(38,692,220)
Loss for the year	(15,461,237)	(15,461,237)
Other comprehensive income	-	-
Total comprehensive Loss for the year	(15,461,237)	(15,461,237)
Balance at 1 April 2021	(54,153,457)	(54,153,457)
Loss for the year	(13,585,924)	(13,585,924)
Other comprehensive income	(2,499,000)	(2,499,000)
Total comprehensive Loss for the year	(16,084,924)	(16,084,924)
Balance at 31 March 2022	(70,238,381)	(70,238,381)

Note(s)

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF CASH FLOWS

Figures in Namibia Dollar	Note(s)	2022	2021
Cash flows from operating activities			
Cash generated from operations	20	11,902,122	6,482,349
Interest income		553,129	280,931
Finance costs		(3,906,591)	(2,132,612)
Net cash from operating activities		8,548,660	4,630,668
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(7,681,024)	(25,690,261)
Sale of property, plant and equipment	3	18,900	71,812
Net cash utilised in investing activities		(7,662,124)	(25,618,449)
Cash flows from financing activities			
Proceeds from borrowings		-	19,173,547
Repayment of borrowings		(902,640)	-
Capital government grants		-	7,155,120
Payment on lease liabilities		(275,959)	(762,855)
Net cash (utilised in)/ generated from financing activities		(1,178,599)	25,565,812
Total cash movement for the year		(292,063)	4,578,031
Cash at the beginning of the year		537,323	(4,040,708)
Total cash at end of the year	7	245,260	537,323

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

ACCOUNTING POLICIES

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Standards Act, No 18 of 2005.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the NSI's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Going concern assessment

The NSI incurred a net loss for the year of N\$ 16,084,924 (2021: N\$ 15,461,237) and had accumulated losses of N\$ (70,238,381) (2021: N\$ (54,152,457)) and its total liabilities exceed its assets by N\$ (70,238,381) (2021: N\$ (54,153,457)) and its total current liabilities exceed its current assets by N\$ 56,125,674 (2021: N\$ 38,883,159).

The viability of the NSI and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon:

- Successfully implementing the SADC European Union (EU) funded Twinning Project titled "Support to the Namibian Standards Institution" which commenced on 01 February 2022 with the objective of boosting NSI's capacity to carry out its mandate, increasing Namibian participation in International Trade agreement, addressing technical trade barriers and enhancing economic growth;
- Successfully negotiating with the Ministry of Mines and Energy for the possibility of receiving a subsidy from the Namibia Petro-Fund; and
- Successfully negotiating a payment plan with NAMRA on the PAYE debt and the waiving of the interest and penalties as per the tax incentive program.

The uncertainty surrounding the above matters may cast significant doubt upon the NSI's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and liabilities in the normal course of business. However, the members believe that the NSI will be successful in the above matters if Government guarantees adequate subsidy to continue in business for the foreseeable future and, accordingly, have prepared the annual financial statements on a going concern basis.

The NSI's auditor included a material uncertainty paragraph in the 31 March 2021 and 2022 Audit Report relating to the NSI's ability to continue as a going concern.

NAMIBIAN STANDARDS INSTITUTION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

ACCOUNTING POLICIES

1.2 Significant judgements and sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The NSI uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the NSI's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Impairment testing of non-financial assets

The NSI reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the NSI holds for its own use or for rental to others and which are expected to be used for more than one (1) year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the NSI, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the NSI and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the NSI. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	50 years
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	2 years
IT equipment	Straight line	3 years
Laboratory equipment	Straight line	4 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

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ACCOUNTING POLICIES

1.3 Property, plant and equipment (continued)

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.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Financial instruments held by the NSI are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the NSI, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost.

Financial liabilities:

- Amortised cost.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 6).

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Impairment

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

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ACCOUNTING POLICIES

1.4 Financial instruments (continued)

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

Measurement and recognition of expected credit losses

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

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 6.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 6).

Trade and other payables

Classification

Trade and other payables (note 10), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 18).

Trade and other payables expose the NSI to liquidity risk and possibly to interest rate risk.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 15).

Cash and cash equivalents

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

1.5 Leases

The NSI assesses whether a contract is, or contains a lease, at the inception of the contract.

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.

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ACCOUNTING POLICIES

1.5 Leases (continued)

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the NSI has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

NSI as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the NSI is a lessee, except for short-term leases of twelve (12) months or less, or leases of low value assets. For these leases, the NSI recognises the lease payments as an operating expense (note 16) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the NSI is a lessee are presented in note 4 Leases (NSI as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the NSI uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the NSI under residual value guarantees;
- the exercise price of purchase options, if the NSI is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the NSI is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 4).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying

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ACCOUNTING POLICIES

1.5 Leases (continued)

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the NSI incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the NSI expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.6 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.7 Impairment of non-financial assets

The NSI assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the NSI estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the NSI also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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ACCOUNTING POLICIES

1.7 Impairment of non-financial assets (continued)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The NSI assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined benefit plans

For defined benefit plans, the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent (10%) of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in profit or loss over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the NSI is demonstrably committed to curtailment or settlement.

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ACCOUNTING POLICIES

1.8 Employee benefits (continued)

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

1.9 Provisions and contingencies

Provisions are recognised when:

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

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

Provisions are not recognised for future operating losses.

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

1.10 Government grants

Government grants are recognised when there is reasonable assurance that:

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

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

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

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 or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

1.11 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

ACCOUNTING POLICIES

1.12 Borrowing costs (continued)

- Weighted average of the borrowing costs applicable to the NSI on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

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Figures in Namibia Dollar 2022 2021

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The NSI has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the NSI's accounting periods beginning on or after 1 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
○ Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	1 January 2023	Unlikely there will be a material impact
○ Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	1 January 2023	Unlikely there will be a material impact
○ Definition of accounting estimates: Amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
○ Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact
○ IFRS 17 Insurance Contracts	1 January 2023	Unlikely there will be a material impact

3. Property, plant and equipment

	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	1,776,252	-	1,776,252	1,776,252	-	1,776,252
Buildings	113,863,468	(14,515,728)	99,347,740	71,254,939	(12,445,423)	58,809,516
Furniture and fixtures	4,172,277	(2,986,421)	1,185,856	3,580,558	(2,810,929)	769,629
Motor vehicles	5,181,845	(4,244,522)	937,323	5,181,845	(3,792,588)	1,389,257
Office equipment	912,230	(847,510)	64,720	897,230	(825,633)	71,597
IT equipment	10,067,927	(5,781,533)	4,286,394	5,394,522	(4,392,274)	1,002,248
Laboratory equipment	11,722,656	(11,341,118)	381,538	13,129,882	(12,527,755)	602,127
Assets Under Construction	-	-	-	40,198,174	-	40,198,174
Total	147,696,655	(39,716,832)	107,979,823	141,413,402	(36,794,602)	104,618,800

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment

	Land	Buildings	Furniture and fixtures
Cost			
At 1 April 2020	694,425	50,387,762	3,576,006
Additions	1,081,827	20,867,177	31,547
Disposals and scrappings	-	-	(26,995)
Other changes, movements	-	-	-
At 31 March 2021	1,776,252	71,254,939	3,580,558
Additions	-	-	-
Disposals and scrappings	-	-	-
Transfers	-	42,608,529	591,719
At 31 March 2022	1,776,252	113,863,468	4,172,277
Depreciation and impairment			
At 1 April 2020	-	(11,402,889)	(2,689,372)
Disposals	-	-	25,450
Depreciation	-	(1,042,534)	(147,007)
At 31 March 2021	-	(12,445,423)	(2,810,929)
Disposals	-	-	-
Depreciation	-	(2,070,305)	(175,492)
At 31 March 2022	-	(14,515,728)	(2,986,421)
Carrying amount			
Cost	1,776,252	71,254,939	3,580,558
Accumulated depreciation and impairment	-	(12,445,423)	(2,810,929)
At 31 March 2021	1,776,252	58,809,516	769,629

					2022	2021
	Motor vehicles	Office equipment	IT equipment	Laboratory equipment	Assets Under Construction	Total
	5,181,845	933,237	5,566,961	14,365,213	31,721,503	112,426,952
	-	16,611	154,434	306,856	11,601,072	34,059,524
	-	(52,618)	(326,873)	(1,542,187)	-	(1,948,673)
	-	-	-	-	(3,124,401)	(3,124,401)
	5,181,845	897,230	5,394,522	13,129,882	40,198,174	141,413,402
	-	15,000	2,239,730	-	5,426,294	7,681,024
	-	-	(5,124)	(1,407,226)	-	(1,412,350)
	-	-	2,438,799	-	(45,624,468)	14,579
	5,181,845	912,230	10,067,927	11,722,656	-	147,696,655
	(3,094,554)	(553,522)	(3,806,587)	(13,602,878)	-	(35,149,802)
	-	52,285	326,873	1,472,253	-	1,876,861
	(698,034)	(324,396)	(912,560)	(397,130)	-	(3,521,661)
	(3,792,588)	(825,633)	(4,392,274)	(12,527,755)	-	(36,794,602)
	-	-	3,416	1,186,637	-	1,190,053
	(451,934)	(21,877)	(1,392,675)	-	-	(4,112,283)
	(4,244,522)	(847,510)	(5,781,533)	(11,341,118)	-	(39,716,832)
	5,181,845	897,230	5,394,522	13,129,882	40,198,174	141,413,402
	(3,792,588)	(825,633)	(4,392,274)	(12,527,755)	-	(36,794,602)
	1,389,257	71,597	1,002,248	602,127	40,198,174	104,618,800

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3. Property, plant and equipment (continued)

Cost	1,776,252	113,863,468	4,172,277
Accumulated depreciation and impairment	-	(14,515,728)	(2,986,421)
At 31 March 2022	1,776,252	99,347,740	1,185,856

4. Leases (NSI as lessee)

The NSI leases various equipment from NASHUA Namibia (Pty) Ltd. The contract is entered onto fixed periods of 5 years, but may be extended. Lease terms are negotiated on an individual basis with their respective terms and conditions. The lease agreement do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Details pertaining to leasing arrangements, where the NSI is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Office equipment

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 16), as well as depreciation which has been capitalised to the cost of other assets.

Office equipment

Other disclosures

Interest expense on lease liabilities

Short-term leases on property*

* The council made a resolution in 2021 to purchase the property which they are renting. The rental payments were considered to be short-term, therefore not included in IFRS 16 Right of Use calculation.

					2022	2021
	5,181,845 (4,244,522)	912,230 (847,510)	10,067,927 (5,781,533)	11,722,656 (11,341,118)	- -	147,696,655 (39,716,832)
	937,323	64,720	4,286,394	381,538	-	107,979,823
					<u>576,972</u>	<u>865,459</u>
					<u>228,486</u>	<u>288,486</u>
					192,962 1,854,216	499,612 2,758,148

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4. Leases (NSI) as lessee) (continued)

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	412,478	358,677
Two to five years	474,350	886,829
	886,828	1,245,506
Less finance charges component	(95,450)	(178,169)
	791,378	1,067,337
Non-current liabilities	440,232	791,379
Current liabilities	351,146	275,958
	791,378	1,067,337

5. Inventories

Raw materials, components

1,287,993 860,731

6. Trade and other receivables

Financial instruments:

Trade receivables	14,395,998	8,359,316
Loss allowance	(1,969,107)	(1,232,342)
Trade receivables at amortised cost	12,426,891	7,126,974
Deposits	164,651	419,113
	12,591,542	7,546,087

Non-financial instruments:

VAT	-	309,672
Prepayments (if immaterial)	629,280	745,359

Total trade and other receivables

13,220,822 8,601,118

Split between non-current and current portions

Current assets	13,220,822	8,601,118
----------------	------------	-----------

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	12,591,542	7,546,087
Non-financial instruments	629,280	1,055,031
	13,220,822	8,601,118

Exposure to credit risk

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

The NSI measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

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6. Trade and other receivables (continued)

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

	2022	2022	2021	2021
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Not past due: 8.2% (2021: 4.5%)	5,827,399	-	5,235,918	235,344
Less than 30 days past due: 16.0% (2021: 8.1%)	959,339	488,722	1,270,483	102,963
31 - 60 days past due: 26.2% (2021: 13.5%)	1,568,856	489,769	532,112	72,038
61 - 90 days past due: 59.8% (2021: 27.9%)	1,596,316	218,040	338,564	94,354
91 - 120 days past due: 69.4% (2021: 41%)	4,444,088	772,575	982,238	402,154
More than 120 days past due: 100% (2021: 100%)	-	-	-	325,488
Total	14,395,998	1,969,106	8,359,315	1,232,341

Reconciliation of loss allowances

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

Opening balance		(1,232,342)	(483,860)
Remeasurement of loss allowance		(736,764)	(748,481)
Closing balance		(1,969,106)	(1,232,341)

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	17,000	17,000
Bank balances	228,260	520,323
	245,260	537,323

Details of total facilities and the date for review thereof are as follows:

- Direct Short Term Overdraft Facility – N\$ 2 800 000.00
- Fleet Card Facilities – N\$ 60 000.00
- First Card – N\$ 40 000.00

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8. Borrowings			
Held at amortised cost			
Bank Windhoek Namibia		18,506,154	19,173,547
The loan bears interest at 8.75% and is repayable in 166 monthly installments of N\$ 189,207 per month. The loan is secured by 1st CMB over Erf 1053 Windhoek.			
The Bank Windhoek loan was used to purchase the NSI head offices property.			
Installment sale agreement		840,520	1,413,822
The loan bears interest at 8.5% and is repayable over 22 monthly installments of N\$ 50,230 per month.			
The loan was used to purchase the NSI head offices motor vehicles.			
		19,346,674	20,587,369
Split between non-current and current portions			
Non-current liabilities		18,113,420	19,413,567
Current liabilities		1,233,254	1,173,802
		19,346,674	20,587,369
Exposure to liquidity risk			
Refer to note 22 Financial instruments and financial risk management for details of liquidity risk exposure and management.			
9. Deferred income			
Non-current liabilities		104,115,850	100,549,611
Current liabilities		4,334,155	3,790,865
		108,450,005	104,340,476
The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the NSI has directly benefited; and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. The funds are treated as deferred income, over the useful life.			
10. Trade and other payables			
Financial instruments:			
Trade payables		14,261,466	12,240,529
Retention fees		1,147,354	1,552,591
PAYE*		21,792,794	12,505,461
Accruals - operating lease		-	24,357
Suspense account/ Unallocated receipts		32,088	45,802
Other accrued expenses		-	200,600
Staff social club		-	26,700
Non-financial instruments:			
Amounts received in advance		1,251,686	-
VAT payable		3,506,992	-
		41,992,380	26,596,040

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Figures in Namibia Dollar	Note(s)	2022	2021
10. Trade and other payables (continued)			
Financial instrument and non-financial instrument components of trade and other payables			
At amortised cost		37,233,702	26,596,040
Non-financial instruments		4,758,678	-
		41,992,380	26,596,040

NSI owes Namibia Revenue Agency (NAMRA) PAYE to the total of N\$ 21,792,794 (2021: N\$ 12,505,461) (excluding interest and penalties) as at 31 March 2022 that accumulated since 2019 due to cashflow constraints. NSI has accounted for both interest N\$ 7,552,293 (2021: N\$ 6,381,410) and penalties N\$ 23,971,997 (2021: N\$ 17,004,435) as contingent liabilities as NSI is currently in negotiations with NAMRA for the waiver of the penalties and interest. The NSI negotiated for a payment plan with NAMRA on 12 July 2022 to settle the outstanding PAYE debt by making an initial capital debt payment of N\$ 7,000,000 on or before 31 July 2022 and then payment of the remaining PAYE debt balance with instalments over 36 months commencing 31 August 2022, and the waiver of the interest and penalties after the full settlement of the PAYE debt. However, NSI failed to make the initial payment of N\$7,000,000 before the 31st of July 2022 and up to the date of approval of the annual financial statements. Consequently, the Ministry of Industrialization and Trade, the line ministry of NSI, has called up for a consultative meeting scheduled on the 15th of September 2022 between the NSI, its line ministry and the Ministry of Finance to discuss the future funding of NSI by Government of Namibia and the resolution on the settlement of the accumulated PAYE debt.

11. Retirement benefits

Defined benefit plan

The NSI provides post-employment benefits by way of a medical scheme to all employees who joined the NSI prior to 31 July 2019. For the 2022 financial year the total contributions by the NSI were N\$ 138,000 (2021: N\$ 137,000).

The NSI pays 65% of total contribution towards the medical scheme when certain qualifying employees become redundant, disabled or when an employee retires at the age of 60. The liability created in terms of IAS 19 amounts to N\$ 17.9 million. The effective date of valuation of the liability is 31 March 2022 and the next date of valuation is 31 March 2023.

The valuation comply with the provision of the Generally Recognised Accounting Practice (GRAP25), the International Financial Reporting Standards (IAS 19) and the Advisory Practice Noe (APN301) issued by the Actuarial Society of South Africa.

The post-retirement benefit was calculated based on the estimates as per the actuarial valuation.

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(11,494,000)	(8,748,000)
Current service cost	(1,680,000)	(1,250,000)
Interest cost	(2,107,000)	(1,633,000)
Subsidies paid	138,000	137,000
Remeasurements on net defined benefit liability	(2,637,000)	-
	(17,780,000)	(11,494,000)

Movements for the year

Opening balance	11,494,000	8,748,000
Net expense recognised in profit or loss	2,637,000	-
Net expense recognised in profit or loss	3,649,000	2,746,000
	17,780,000	11,494,000

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Figures in Namibia Dollar	Note(s)	2022	2021	
11. Retirement benefits (continued)				
Net expense recognised in profit or loss				
Current service cost		1,680,000	1,250,000	
Interest cost		2,107,000	1,633,000	
Subsidies paid		(138,000)	(137,000)	
		3,649,000	2,746,000	
Key assumptions used				
Assumptions used on last valuation on	31 March 2022			
Discount rates used		11.85 %	14.21 %	
CPI (Consumer Price Index)		7.33 %	9.31 %	
Medical aid contribution inflation		9.13 %	11.11 %	
Net effective discount rate		2.50 %	2.79 %	
Other assumptions				
Expected average retirement age (years)		60	60	
Normal retirement age (years)		60	60	
12. Provisions				
Reconciliation of provisions - 2022				
	Opening balance	Utilised during the year	Total	
13th Cheque	451,202	(44,032)	407,170	
Leave	5,100,464	(318,820)	4,781,644	
	5,551,666	(362,852)	5,188,814	
Reconciliation of provisions - 2021				
	Opening balance	Additions	Utilised during the year	Total
13th Cheque	495,664	-	(44,462)	451,202
Leave	3,661,752	1,438,712	-	5,100,464
	4,157,416	1,438,712	(44,462)	5,551,666

13th Cheque Provision

Provision for 13th cheque was calculated at 33.33% of the total 13th cheque paid out in December 2021 for staff members who structured their packages to include a 13th cheque. The bonus liability is anticipated to be paid within the next twelve months. There are no uncertainties envisaged.

Leave Provision

Leave is only paid out when an employee resigns. Leave pay is based on the leave days accumulated to a maximum of twenty five working days (25) for management and twenty working days (20) for staff. An employee's leave days is only limited to 25 or 20 working days, irrespective of the accumulated leave days are more.

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13. Revenue			
Revenue from contracts with customers			
Levies		9,492,998	9,387,785
Metrology services		16,839,521	4,728,161
Testing		9,742,502	9,753,231
Sale of standards		165,682	448,799
Certification services		679,770	1,227,249
Inspection		8,590,186	6,621,740
HACCP audits		1,087,539	1,106,548
		46,598,198	33,273,513
14. Other operating income			
Transfers from deferred income		4,334,816	3,790,865
Training fees		219,900	363,300
Fuel recovery - Metrology		536,896	306,768
Insurance proceeds		16,835	151,935
Sundry income		20,634	93,651
Government grants*		18,000,000	33,273,097
		23,129,081	37,979,616

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

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that imposed specified future performance conditions are recognised in income only when the performance conditions are met.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants are initially recognized as deferred income and are recognized to income at the same time that depreciation is recognized.

Grants are measured at the fair value of the asset received or receivable.

Grants related to income are presented as a credit in the income statement.

15. Other operating gains (losses)

Gains (losses) on disposals, scrappings and settlements

Property, plant and equipment

3

17,192

(1,878)

Foreign exchange gains (losses)

Net foreign exchange gains

59,463

139,109

Total other operating gains (losses)

76,655

137,231

16. Operating profit (loss)

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

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Figures in Namibia Dollar	Note(s)	2022	2021
16. Operating profit (loss) (continued)			
Auditor's remuneration - external			
Audit fees		324,776	117,541
Remuneration, other than to employees			
Consulting and professional services		363,179	681,635
Employee costs			
Salaries, wages, bonuses and other benefits		51,374,581	56,633,226
Retirement benefit plans: defined contribution expense		1,680,000	1,250,000
Total employee costs		53,054,581	57,883,226
Leases			
Leases of low value assets		1,854,216	2,758,148
Total lease expenses		1,854,216	2,758,148
Depreciation and amortisation			
Depreciation of property, plant and equipment		4,622,639	3,521,661
Depreciation of right-of-use assets		-	288,486
Total depreciation and amortisation		4,622,639	3,810,147

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Employee costs	53,054,581	57,883,226
Lease expenses	1,854,216	2,758,148
Depreciation, amortisation and impairment	4,622,639	3,810,147
Other expenses	20,504,960	20,548,395
	80,036,396	84,999,916
17. Investment income		
Interest income		
Investments in financial assets:		
Bank	116,812	111,117
Overdue accounts	436,317	169,814
Total interest income	553,129	280,931
18. Finance costs		
Borrowings	1,606,629	-
Lease liabilities	192,962	499,612
Other interest paid	2,107,000	1,633,000
Total finance costs	3,906,591	2,132,612

19. Taxation

The NSI is exempt from Income tax in terms of section 16 (1) (e) of the Income Tax Act of Namibia, as amended.

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Figures in Namibia Dollar	Note(s)	2022	2021
20. Cash generated from operations			
Loss before taxation		(13,585,924)	(15,461,237)
Adjustments for:			
Depreciation and amortisation		4,622,639	3,810,147
(Gains) losses on disposals, scrappings and settlements of assets and liabilities		(17,192)	1,878
Interest income		(553,129)	(280,931)
Finance costs		3,906,591	2,132,612
Deferred income release to income statement		-	(3,790,865)
Movements in retirement benefit assets and liabilities		6,286,000	2,746,000
Movements in provisions		(362,852)	1,394,250
Other non-cash items		(2,852,914)	(8,610,999)
Changes in working capital:			
Inventories		(427,262)	198,688
Trade and other receivables		(4,619,704)	411,877
Trade and other payables		15,396,340	11,995,254
Deferred income		4,109,529	11,935,675
		11,902,122	6,482,349
21. Related parties			
Relationships			
Shareholder	The Government of the Republic of Namibia		
Members of key management	Ms. Concepcion Wasserfall Prof. Martha Annery Kandawa-Schulz Mr. John Ali Ipinge Ms. Rosalinda Katjivena Mr. Milton Shaanika-Louw Dr. Penny Hiwilepo-van Hal Ms. Ainna Vilengi Kaundu Mr. Axel Tibinyane		
Related party transactions			
Grants			
The Government of the Republic of Namibia (Operational grants)		18,000,000	33,273,097
Government grant realised from deferred income		4,334,155	3,790,865
The Government of the Republic of Namibia (Capital grants)		7,847,000	7,847,000
Compensation to members and other key management			
Short-term employee benefits		6,231,535	7,584,954
22. Financial instruments and risk management			
Categories of financial instruments			
Categories of financial assets			
2022			
	Note(s)	Amortised cost	Total
Trade and other receivables	6	12,591,542	12,591,542
Cash and cash equivalents	7	245,260	245,260
		12,836,802	12,836,802

The carrying amounts approximate the fair values.

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Figures in Namibia Dollar	Note(s)	2022	2021	
22. Financial instruments and risk management (continued)				
2021				
	Note(s)	Amortised cost	Total	
Trade and other receivables	6	7,546,087	7,546,087	
Cash and cash equivalents	7	537,323	537,323	
		8,083,410	8,083,410	
The carrying amounts approximate the fair values.				
Categories of financial liabilities				
2022				
	Note(s)	Amortised cost	Leases	Total
Trade and other payables	10	37,233,702	-	37,233,702
Borrowings	8	19,346,674	-	19,346,674
Bank overdraft	7	-	-	-
		56,580,376	791,378	57,371,754
The carrying amounts approximate the fair values.				
2021				
	Note(s)	Amortised cost	Leases	Total
Trade and other payables	10	26,596,040	-	26,596,040
Borrowings	8	20,587,369	-	20,587,369
		47,183,409	1,067,337	48,250,746

The carrying amounts approximate the fair values.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Namibia Dollar	Note(s)	2022	2021
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22. Financial instruments and risk management (continued)

Capital risk management

The NSI's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the NSI's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The NSI manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, it may adjust the amount of dividends paid to the members, return capital to the members, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

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

Borrowings	8	19,346,674	20,587,369
Lease liabilities		791,378	1,067,337
Trade and other payables	10	41,992,380	26,596,040
Total borrowings		62,130,432	48,250,746
Cash and cash equivalents	7	(245,260)	(537,323)
Net borrowings		61,885,172	47,713,423
Equity		(70,238,383)	(54,153,457)
Gearing ratio		(88)%	(88)%

Financial risk management

Overview

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

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Credit risk

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

The NSI is exposed to credit risk on trade and other receivables and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The NSI only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

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

NAMIBIAN STANDARDS INSTITUTION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Namibia Dollar	Note(s)	2022	2021
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22. Financial instruments and risk management (continued)

For trade receivables which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

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

		2022			2021		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	6	15,189,929	(1,969,107)	13,220,822	9,833,460	(1,232,342)	8,601,118
Cash and cash equivalents	7	245,260	-	245,260	537,323	-	537,323
		15,435,189	(1,969,107)	13,466,082	10,370,783	(1,232,342)	9,138,441

Liquidity risk

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

The NSI manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Namibia Dollar		Note(s)	2022	2021				
22. Financial instruments and risk management (continued)								
2022								
			Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities								
Borrowings	8	-	5,043,270	6,811,449	17,785,450	29,640,169	18,113,420	
Lease liabilities		-	474,351	-	-	474,351	440,232	
Current liabilities								
Trade and other payables	10	35,736,246	-	-	-	35,736,246	37,233,702	
Borrowings	8	2,873,248	-	-	-	2,873,248	1,233,254	
Lease liabilities		412,478	-	-	-	412,478	351,146	
		39,021,972	5,517,621	6,811,449	17,785,450	69,136,492	57,371,754	
Current assets								
Trade and other receivables	6	12,591,542	-	-	-	12,591,542	12,591,542	
Cash and cash equivalents	7	245,260	-	-	-	245,260	245,260	
		12,836,802	-	-	-	12,836,802	12,836,802	
		(26,185,170)	(5,517,621)	(6,811,449)	(17,785,450)	(56,299,690)	(44,534,952)	
2021								
			Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities								
Borrowings	8	-	5,646,035	6,811,449	20,055,932	32,513,416	19,413,567	
Lease liabilities		-	886,829	-	-	886,829	791,379	
Current liabilities								
Trade and other payables	10	26,596,040	-	-	-	26,596,040	26,596,040	
Borrowings	8	2,873,248	-	-	-	2,873,248	1,173,802	
Lease liabilities		258,677	-	-	-	258,677	275,958	
		29,727,965	6,532,864	6,811,449	20,055,932	63,128,210	48,250,746	
Current assets								
Trade and other receivables	6	7,546,087	-	-	-	7,546,087	7,546,087	
Cash and cash equivalents	7	537,323	-	-	-	537,323	537,323	
		8,083,410	-	-	-	8,083,410	8,083,410	
		(21,644,555)	(6,532,864)	(6,811,449)	(20,055,932)	(55,044,800)	(40,167,336)	

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Namibia Dollar	Note(s)	2022	2021
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22. Financial instruments and risk management (continued)

Foreign currency risk

The NSI is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

Foreign currency sensitivity analysis

A 10% weakening of the Namibian Dollar exchange rate versus the world currencies at 31 March as broadly anticipated by the market would decrease the NSI's profit by N\$ 5,946 (March 2020: N\$ 13,912). The analysis assumes that all other variables remain consistent.

The NSI does not hedge foreign exchange fluctuations.

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

As the NSI has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The NSI's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the NSI to cash flow interest rate risk. Borrowings issued at fixed rates expose it to fair value interest rate risk. During 2022 and 2021, its borrowings at variable rate were denominated in the Namibia Dollar.

The NSI analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, it calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on post-tax profit of a 1% shift in interest rates on borrowings would be a maximum increase or decrease of N\$ 1,930 (2021: N\$ 4,996). The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management.

23. Going concern

We draw attention to the fact that at 31 March 2022, the NSI incurred a net loss for the year of N\$ 16,084,924 (2021: N\$ 15,461,237) and had accumulated losses of N\$ (70,238,381) (2021: N\$ (54,153,457)) and its total liabilities exceed its assets by N\$ (70,238,381) (2021: N\$ (54,153,457)) and its total current liabilities exceed its current assets by N\$ 56,125,674 (2021: N\$ 38,883,159). Furthermore, we draw attention to note 10 of the annual financial statements which states that NSI has accumulated PAYE debt of N\$ 21,792,794 (2021: N\$ 12,505,461) (excluding interest and penalties) since 2019 due to cashflow constraints.

NAMIBIAN STANDARDS INSTITUTION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

Figures in Namibia Dollar	Note(s)	2022	2021
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23. Going concern (continued)

In view of the above conditions, the board has performed a formal review of the NSI's results and its ability to continue trading as a going concern in the foreseeable future and have concluded that the going concern of NSI is highly dependent on the following factors:

1. Securing of future Government funding for the continuation of NSI's operations and settlement of NSI's obligations in the normal course of business.

The Standards Act, No. 18 of 2005 outlines the critical legislated functions of the NSI with respect to the development, promotion and maintenance of Namibian Standards and the rendering of conformity assessment services.

It is the view of the board that since these are legislated functions, there is no intention by Government to cease the operations of the NSI in the near future. The Government of the Republic of Namibia (GRN) is committed to supporting the functions of the NSI and in furtherance to this commitment the Ministry of Industrialization and Trade, the line ministry of NSI, has called up for a consultative meeting scheduled on the 15th of September 2022 between the NSI, its line ministry and the Ministry of Finance to discuss the future funding of NSI by Government of Namibia and the resolution on the settlement of the accumulated PAYE debt.

2. Successful implementation of the following action plans:

- Successfully implementing the SADC European Union (EU) funded Twinning Project titled "Support to the Namibian Standards Institution" which commenced on 01 February 2022 with the objective of boosting NSI's capacity to carry out its mandate, increasing Namibian participation in International Trade agreement, addressing technical trade barriers and enhancing economic growth;
- Successfully negotiating with the Ministry of Mines and Energy for the possibility of receiving a subsidy from the Namibia Petro-Fund; and
- Successfully negotiating a payment plan with NAMRA on the PAYE debt and the waiving of the interest and penalties as per the tax incentive program.

The annual financial statements of the NSI have been prepared on the basis of accounting applicable to a going concern.

24. Contingent liabilities

The statement of account from the Namibia Revenue Authority (NAMRA) dated 31 March 2022, reflected outstanding balances as owing by the NSI for tax, interest and penalties. Management intend to make use of the tax incentive introduced by the NAMRA that is available from the 1st of June 2022 whereby penalties and 75% of the interest are waived after paying the full capital amount of the outstanding tax balance. Refer to Note 10 for interest and penalties balances as at year end.

NAMIBIAN STANDARDS INSTITUTION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Namibia Dollar	Note(s)	2022	2021
Revenue			
Levies		9,492,998	9,387,785
Metrology services		16,839,521	4,728,161
Testing		9,742,502	9,753,231
HACCP Audits		1,087,539	1,106,548
Sales of standards		165,682	448,799
Certification Services		679,770	1,227,249
Inspection		8,590,186	6,621,740
	13	46,598,198	33,273,513
Other operating income			
Transfers from deferred income		4,334,816	3,790,865
Training fees		219,900	363,300
Fuel recovery		536,896	306,768
Other recoveries		16,835	151,935
Sundry income		20,634	93,651
Government grants		18,000,000	33,273,097
	14	23,129,081	37,979,616
Other operating gains (losses)			
Gains (losses) on disposal of assets or settlement of liabilities		17,192	(1,878)
Foreign exchange gains		59,463	139,109
	15	76,655	137,231
Expenses (Refer to page 40)		(80,036,396)	(84,999,916)
Operating loss	16	(10,232,462)	(13,609,556)
Investment income	17	553,129	280,931
Finance costs	18	(3,906,591)	(2,132,612)
Loss for the year		(13,585,924)	(15,461,237)

NAMIBIAN STANDARDS INSTITUTION


ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022


DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME


Figures in Namibia Dollar	Note(s)	2022	2021
Other operating expenses			
Accreditation		(462,516)	(558,929)
Advertising		(485,464)	(268,011)
Auditor's remuneration - external audit	16	(324,776)	(117,541)
Bank charges		(119,169)	(177,819)
Certification direct expenses		(308,688)	(250,859)
Cleaning		(440,836)	(405,863)
Commission paid		(736,764)	(743,766)
Computer expenses		(1,243,080)	(1,177,943)
Consulting fees		(363,179)	(681,635)
Consumables		(1,948,532)	(2,020,953)
Depreciation		(4,622,639)	(3,810,147)
Employee costs		(53,054,581)	(57,883,226)
Fines and penalties		(211,181)	(298,256)
Heavy metal		(516,270)	(569,540)
Insurance		(751,041)	(721,968)
Leases of low value assets		(1,854,216)	(2,758,148)
Micro biology services		(2,994,821)	(1,997,889)
Motor vehicle expenses		(301,495)	(261,066)
Municipal expenses		(2,686,413)	(2,716,802)
Office refreshments		(28,906)	(62,792)
Parking fees		(65,594)	(369,373)
Postage		(293,419)	(278,278)
Printing and stationery		(650,887)	(670,755)
Promotions		-	(4,000)
Protective clothing		(9,452)	(81,748)
Recruitment and relocation expenses		(29,405)	(73,357)
Repairs and maintenance		(1,216,828)	(1,471,761)
Safety kits		(15,819)	(24,293)
Security		(405,242)	(318,001)
Sitting allowances and retainer fees		(725,100)	(629,236)
Standards for resale		(63,473)	(45,269)
Subscriptions		(1,119,710)	(1,083,831)
Sundry expenses		(454,016)	(536,392)
Telephone and fax		(1,012,966)	(1,230,727)
Training		(38,905)	(371,023)
Transport and freight		(95,850)	(54,990)
Travel - local		(385,163)	(258,864)
Workshops and meetings		-	(14,865)
		(80,036,396)	(84,999,916)




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