



BUSINESS AND INTELLECTUAL  
PROPERTY AUTHORITY  
*Protecting Entrepreneurship and Innovation*

# ANNUAL REPORT

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## 2017 – 2018



ANNUAL &  
BUSINESS REPORT  
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# ANNUAL REPORT

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# LIST OF ACRONYMS AND ABBREVIATIONS

ARIPO	African Regional Intellectual Property Organisation
BCP	Business Continuity Plan
BIPA	Business and Intellectual Property Authority
CBD	Central Business District
CC	Close Corporation
CCTED	Cabinet Committee on Trade, Economics and Development
CEO	Chief Executive Officer
CIO	Core Infrastructure Optimisation
DR	Disaster Recovery
EEC	Employment Equity Commission
ERP	Enterprise Resource Planning
FRAC	Finance, Risk and Audit Committee
FY	Financial Year
GLEC	Governance, Legal and Ethics Committee
HPP	Harambee Prosperity Plan
HRRC	Human Resources and Remuneration Committee
ICSF	Integrated Client Service Facility
ICRS	Integrated Company Registration System
IP	Intellectual Property
IPAS	Industrial Property Administration System
IPR	Intellectual Property Rights
ICT	Information and Communication Technology
IT	Information Technology
IUM	International University of Management
MICT	Ministry of Information and Communication Technology
MITSMED	Ministry of Industrialisation, Trade and SME Development
NDP	National Development Plan
N\$	Namibia Dollar
PCT	Patent Cooperation Treaty
R&D	Research and Development
ROI	Return on Investment
SOE	State-Owned Enterprise
SPPC	Strategic Plan and Projects Committee
TISC	Technical Innovation Support Centres
WIPO	World Intellectual Property Organisation



# FOREWORD

**BY THE CHAIRPERSON**



## FOREWORD BY THE CHAIRPERSON

The Board of Directors of the Business and Intellectual Property Authority (BIPA) hereby submits the BIPA Annual Report for the year ending 31 March 2018. The Report covers all of BIPA's activities, and presents the Authority's audited financial statements, including a Statement of Income and Expenditure, and the Balance Sheet for the period 1 April 2017 to 31 March 2018.

BIPA officially became operational as a State-Owned Enterprise (SOE) with the promulgation of the BIPA Act (Act No. 8 of 2016) on 16 January 2017. Prior to this, BIPA had been registered as an Association Not for Gain, under Section 21 of the Companies Act, 2004 (Act No.28 of 2004). It was deregistered on 25 August 2017.

Amongst its governance responsibilities, the Board of Directors was tasked with ensuring the smooth and efficient transition of BIPA from an Association Not for Gain to a SOE, as well as with overseeing the assumption of all related functions from the Ministry of Industrialisation, Trade and SME Development (MITSMED) and Ministry of Information and Communication Technology (MICT). Importantly, this had to be done while continuing to deliver quality services to all those who seek to register a business or protect an intellectual property right (IPR) in Namibia.

During the 2017/2018 Financial Year, BIPA's human capital capacity grew by 32%, ending the year with a staff complement

of 93 talented people. The Authority recognises that investing in developing its human resources contributes to the successful execution of its mandate.

A number of important projects were completed during the period under review. These included the finalisation of the Regulations of Industrial Property Act (Act No. 1 of 2012), the development of the National Intellectual Property (IP) Policy and its submission to Cabinet, and the Board's approval of a new organisational structure, in line with the 5-year Strategic Plan (2017–2022).

Smart partnerships have been a key focus area for the Board. In light of this, BIPA concluded a milestone service level agreement on the implementation of Technical Innovation Support Centres (TISCs), under the Memorandum of Understanding (MoU) between BIPA and the World Intellectual Property Organisation (WIPO). The TISCs are designed to benefit those in need of specific patent database information, and will be available in selected academic and research institutions. The implementation of the first phase of this MoU is expected to start during the 2018/2019 Financial Year.

Every new organization experiences some growing pains, and BIPA is no exception. The Board is aware of the challenges the institution faces, notably with regard to financial constraints, the lack of systems automation and integration, and need to establish a relevant and updated legal framework.

However, looking ahead, the Board is confident and optimistic that the foundation that is currently being laid will lead to the successful regulation of business and protection of intellectual property rights in Namibia. Despite the challenges that may prevail, it is important that BIPA establishes itself as a credible regulator and service provider.

Against this background, this report is submitted to the Minister of Industrialisation, Trade and SME Development for the benefit of the shareholder and BIPA's other stakeholders. We are confident that the authority will continue to grow from strength to strength in coming years, and will become a center of excellence in the near future.

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Riundja Ali Kaakunga (Othy)  
Chairperson of the Board



# ORGANISATIONAL **OVERVIEW**

# 1. ORGANISATIONAL OVERVIEW

## 1.1. BIPA's Mandate

BIPA's mandate is to regulate and administer the registration of business and industrial property under the applicable legislation, with the objective to facilitate economic growth and development, contribute to raised income, promote investment and create employment through enhancing the efficient protection of business and intellectual property in Namibia.

Concomitantly, BIPA is mandated to promote the conduct and use of business and intellectual property in Namibia, and to facilitate, streamline, simplify and harmonise business and industrial property procedures, registrations, filings and searches in order to expedite economic growth and development and to enhance the efficient exchange and distribution of information. The Authority is further equipped with the mandate and resources to advise Government on matters related to Intellectual Property (IP) rights; and is entrusted with the promotion of IP as a strategic tool for development.

The protection of intellectual property rights encourages innovative economies, enriches individuals and companies, preserves health and saves lives. Intellectual property is a noble human invention – a legal vehicle for knowledge transfer and development. IP rewards creativity and incentivises innovations in various forms, including technologies, know-how, creative expressions, designs and brands; and plays an essential role in innovation by capturing its economic value – thereby encouraging investment in Research and Development (R&D) and innovation.

Apart from its mandate to promote and protect IP rights in Namibia, BIPA, through its Department for Business Registrations, is tasked with the registration of other forms of companies including Associations not for Gain registered under Section 21 of the Companies Act, close corporations (CCs) and defensive names. This function is not only a vital enabler of a stable and thriving economy, but also contributes towards Government's greater developmental goals of poverty alleviation, the reduction of unemployment and the reduction of inequality among Namibians.

## The objectives of BIPA, as outlined in section 2 of the BIPA Act (Act No. 8 of 2016) are as follows:

- To foster economic growth and development in order to raise income and promote investment and employment and the efficient protection and administration of business and intellectual property in Namibia;
- To consolidate, in the manner herein provided, the various offices and officials involved in the registration and administration of business and intellectual property;
- To facilitate and promote the efficient and effective registration of business and intellectual property and to keep and administer the registers with regard thereto;
- To promote the conduct and use of business and intellectual property in Namibia;
- To facilitate, streamline, simplify, harmonise and expedite business and intellectual property procedures, registrations, filings and searches; and,
- To enhance the efficient exchange and distribution of information.



## 1.2. VISION

Transformed business landscape and inspired innovation.

## 1.3. MISSION

To register, grant and protect business and intellectual property rights.

## 1.4. VALUES

Through its corporate values, BIPA is driven to create common and shared principles. In so doing, the Authority seeks to encourage active participation of each staff member in not only understanding these values, but also living them through their behaviour and decision making. BIPA's values are:

- **Accountability.** We accept the responsibilities entrusted to us and shall be answerable for all our decisions and actions.
- **Customer Orientation.** We commit to provide customer-centric, superior service at all times.
- **Teamwork.** We believe there is strength in unity and therefore we shall support each other to achieve our collective objectives.
- **Integrity.** We shall uphold the highest standards of ethical behaviour in the execution of our mandate.
- **Innovation.** We shall continuously seek innovative avenues to improve our service to our stakeholders.

## 1.5. THEMES

The following themes – which form distinct focal clusters against which objectives can be defined – are of vital strategic importance, and will remain so over the next several years:

- **Financial Sustainability.** The assessment that BIPA will have sufficient funds to meet all its resource and financial obligations in order to adequately fulfil its mandate, as outlined within the Act;
- **Stakeholder Relations.** Creating positive relationships with BIPA stakeholders through appropriate management of their expectations and agreed objectives;
- **Operational Excellence.** Striving for improved and consistent service delivery with minimum variation and waste.
- **Human Capital.** Developing the collective skills, knowledge, and other intangible assets of individuals that can be used to create economic value for the institution in order to meet its strategic objectives.





# LEGISLATIVE

## **AND OTHER MANDATES**

## 2. LEGISLATIVE AND OTHER MANDATES

It is within BIPA's mandate to administer part or all of the following legislation relating to business registration and intellectual property rights, as well as to enforce rules and regulations made in terms of these laws. The Authority's mandate encompasses companies, close corporations, co-operatives, trademarks, patents, designs, and aspects of copyright legislation. The relevant pieces of legislation include:

	BIPA'S MANDATE
<b>Business and Intellectual Property Authority Act 2016, Act No. 8 of 2016</b>	Facilitate and promote the efficient and effective registration of businesses and industrial property in Namibia.
<b>Companies Act 2004, Act No. 28 of 2004</b>	Register companies, maintain data, regulate governance of and disclosure by companies, resolve disputes, educate and inform about all laws, non-binding opinions and circulars, policy and legislative advice.
<b>Close Corporation Act, Act No. 69 of 1984</b>	Register close corporations, maintain data, and regulate governance of and disclosure by close corporations.
<b>Trade Marks Act, 1973 (Act No. 48 of 1973)-</b>	Register trademarks, maintain data, and resolve disputes.
<b>Patents, Designs, Trade Marks, and Copyright Proclamation, 1923 (Act No. 17 of 1923) and; Patents and Designs Act, 1916 (Act No. 9 of 1916)</b>	Register patents and maintain data, resolve disputes, publish patent journal, administer Court of Commissioner of patents.
<b>Copyright and Neighbouring Rights Protection Act, 1994 (Act No. 6 of 1994)</b>	Register copyrights, maintain data, resolve disputes, and provide non-binding advice to the public.

**Table 1: BIPA's mandates, in line with legislation relating to business registration and intellectual property regulations.**



BOARD  
**OF DIRECTORS**

### 3. BOARD OF DIRECTORS

#### 3.1. Powers

The role, function and powers of the Board, its members and Committees, and its relations with regards to other structures of BIPA are determined by the enabling Act and related legislation, the Governance Framework, corporate governance best practices, and the decisions and policies of the Board. The Board is responsible for the strategic direction and control of BIPA, and has the exclusive power to make any decision in respect of the institution. Importantly, it is tasked with exercising its powers responsibly: in the best interests of BIPA with due regard to the interest of its stakeholders; and in compliance with Namibian legislation, principles of sound corporate governance and Board policies.

#### 3.2. Roles and Responsibilities

It is the Board's responsibility to guide BIPA in pursuit of its mandate, within the powers conferred upon it by the enabling Act, the Board Charter and other Board decisions and policies.

The Board, on behalf of its stakeholders, is responsible for the overall direction of BIPA's business strategy and undertakings. The Board delegates authority for the day-to-day management of the BIPA business to the CEO, who is accountable to the Board. The CEO is assisted by executive management staff.

##### **The following powers are reserved for the Board:**

- Appointment of the CEO;
- Approving the BIPA Annual Budget, Annual Business Plan and Strategy;
- Approving the Annual Procurement Plan;
- With the consent of the Auditor General, appointing an auditor (to conduct annual audits);
- Establishing sub-committees of the Board; and
- Making rules relating to:
  - the convening and holding of, and procedure at meetings of the Boards or a committee of the Board;
  - the management of the affairs of BIPA and execution of its function;
  - any matter which, in terms of the BIPA Act, is required or permitted to be prescribed by rules;
  - generally, any matter which the Board considers necessary or expedient to give effect to the objects of BIPA or the Board;

- Approving policies, including remuneration and investment;
- Approving BIPA's organisational structure, including creating new positions and their grading; and
- Approving the Annual Report including Annual Financial Statements.

The Board delegates various other matters to the Board Committees, as specified in the terms of reference of each Committee.

The Board Chairperson is responsible for setting the ethical tone of the Board and the Authority, and provides overall leadership, overseeing the development of the Board plan and presiding over Board meetings.

#### 3.3. Board Performance Assessment

For the financial year under review, the BIPA Board concluded a Governance Agreement and Performance Agreements with the Minister of Industrialisation, Trade and SME Development, Hon. Immanuel Ngatjizeko. These agreements were set out in terms of the State-owned Enterprises Governance Act, 2006 (Act No. 2 of 2006), as amended by the Public Enterprises Governance Act Amendment Act, 2015 (Act No. 8 of 2015) and the Business and Intellectual Property Act, 2016 (Act No. 8 of 2016). The Board's performance is assessed in line with the Key Performance Indicators (KPIs) determined by the Government.

#### 3.4. Board Training and Development

The Authority ensures that Board members are presented with opportunities to gain new skills and/or enhance their knowledge through continuous training, education and development on matters relevant to the organisation. In this regard, a needs assessment and gaps identification was conducted in order to ensure that the right training was provided in equipping the board to more effectively carry out its responsibilities.

##### **As the Board was in its maiden year of appointment, the members attended the following training sessions:**

- Board Induction on BIPA and the role of the Board;
- Strategic session.

### 3.5. Attendance of Board and Board Committee meetings

In terms of section 12(1) of the BIPA Act, the Board must hold at least four meetings a year. The period under review saw the establishment of BIPA as a Public Enterprise, as well as the Governance function being implemented by a newly appointed Board of Directors. As such, the number of Board meetings held was in alignment with the needs during this period of setting up the organisation as a SOE. The CEO, Executive Management, Company Secretary and, on invitation, other employees within BIPA vested with expertise on matters forming part of the Board meeting agenda, attended the Board meetings.

Four Ordinary and three special Board Meetings were held during the financial year under review (Table 2). The special Board meetings were constituted to discuss and take decisions on matters relating to the unauthorised procurement, in BIPA's name, of a building in Wanaheda, Katutura.

	Position	Board (4 meetings) (3 special Board meetings)	Finance, Risk and Audit Committee (5 meetings)	Human Resource and Remuneration Committee (4 meetings)	Governance, Legal and Ethics Committee (3 meetings)	Strategy, Projects and Procurement Committee (3 meetings)
<b>Mr Riundja A. Kaakunga (Othy)</b>	<b>Chairperson</b>	<b>7/7</b>	<b>N/A</b>	<b>N/A</b>	<b>3/3</b>	3/3
<b>Dr Martha Uumati</b>	<b>Vice Chairperson</b>	<b>7/7</b>	<b>4/5</b>	<b>N/A</b>	<b>N/A</b>	2/3
<b>Ms Seno Namwandi</b>	<b>Member</b>	<b>7/7</b>	<b>N/A</b>	<b>N/A</b>	<b>3/3</b>	3/3
<b>Mr Ignatius K. Thudinyane</b>	<b>Member</b>	<b>6/7</b>	<b>5/5</b>	<b>N/A</b>	<b>N/A</b>	N/A
<b>Mr Fritz C. Jacobs</b>	<b>Member</b>	<b>6/7</b>	<b>5/5</b>	<b>3/4</b>	<b>N/A</b>	3/3
<b>Ms Lovisa Indongo-Namandje</b>	<b>Member</b>	<b>4/7</b>	<b>N/A</b>	<b>3/4</b>	<b>1/3</b>	N/A
<b>Ms Chaze Nalisa</b>	<b>Member</b>	<b>5/7</b>	<b>N/A</b>	<b>4/4</b>	<b>N/A</b>	N/A

**Table 2: Board and Board Committee Membership and Meeting Attendance, 2017/2018**



### 3.6. BIPA Board Committees

The Board may from time to time, in terms of the governance framework and its delegated authorities, determine which matters are reserved for final decision-making by the Board or Board Committees.

All other matters not specifically reserved for decision-making by the Board, and as stipulated in the Delegation of Authority, are delegated to the CEO, who is obligated to report all material matters to the Board.

The sub-committees of the Board are:

- Finance, Risk and Audit Committee (FRAC);
- Human Resource and Remuneration Committee (HRRC);
- Governance, Legal and Ethics Committee (GLEC); and
- Strategy, Projects and Procurement Committee (SPPC).

#### 3.6.1. Finance, Risk and Audit Committee (FRAC)

The purpose of the Finance, Risk and Audit Committee (FRAC) is to oversee the Board's responsibilities as they relate to financial planning, audit processes, financial reporting, the system of corporate controls and risk management and, when required, to make recommendations to the full Board for approval. In the process of overseeing BIPA's audit procedures, FRAC is provided with the resources necessary to carry out its responsibilities, including the authorisation to engage independent counsel and other advisors.

#### 3.6.2. Human Resource and Remuneration Committee (HRRC)

The HRRC is responsible for developing formal and transparent policies and procedures on BIPA remuneration, and for setting the remuneration packages of BIPA Management. The Committee operates on the principle that the financial reward offered by BIPA should be sufficient to attract and retain people of the caliber required by the Authority, as failure to do so would negatively impact the efficiency of the institution.

#### 3.6.3. Governance Legal and Ethics Committee (GLEC)

The primary role of GLEC is to deliberate, consult, comment and assist the BIPA Board in the performance of its legislated and legal-related functions, and to provide guidance and interpretation for the Board members regarding existing and pending legislation and other legal matters.

#### 3.6.4. Strategic Plan and Project Committee

The Strategic Plan and Project Committee was established to safeguard and oversee the Board's implementation of the Strategic Plan. The SPPC also reviews and provides oversight on procurement/contracting/subcontracting procedures, certificates of exemption, and other means of procurement implemented by management, subject to the approved Annual Procurement Plan and Annual Budget.







## 4. MANAGEMENT **AND SUPPORT STRUCTURE**

## 4. MANAGEMENT AND SUPPORT STRUCTURE



### 4.1. Office of the CEO

The CEO, or the person acting in this position, is responsible for directing and leading the management of the authority. The CEO is responsible for implementing the Strategy set by the Board and, amongst others, ensures that:

- proper accounting records are kept and audited;
- financial statements and a report on the activities of the organisation are submitted to the Minister of Industrialisation, Trade and SME Development and the Minister of Public Enterprises;
- risks within the organisation are well managed;
- relevant legislation is complied with;
- relevant technology and processes are in place;
- the authority's staff are appropriately skilled;
- stakeholder relationships are effectively managed;
- relevant and up-to-date policies are in place, and;
- the organisation employs best practices in its governance.

In essence, the CEO's responsibilities are to ensure that the Authority carries out its functions, to execute the agreed-upon strategic initiatives and to implement Board-approved policies and resolutions. The CEO also serves as the Registrar of Business and Industrial Property and is entrusted with leading a sound entity that enhances the efficiency and effectiveness of business registration and IPR protection in Namibia. Together with the executive management team, the CEO guides the implementation of BIPA's strategic vision, objectives and activities.

### 4.2. Risk Management

#### 4.2.1. Philosophy

BIPA has developed a Risk Management Framework that guides the approach and processes of managing risks within its operations. An effective risk management approach focuses on having an ethical and supportive organisational culture, structures and systems that enable the proper management of corporate risks, and the ability to explore opportunities that enable the authority to mitigate or minimise risk impacts.

#### 4.2.2. Governance and Risk Management

The BIPA Board is responsible for governance and risk management. The Finance, Risk and Audit Committee is tasked with assisting the Board to carry out its risk management responsibilities. The responsibility for implementing risk management processes is devolved to the line management in each BIPA department/business unit. In addition, BIPA's internal audit function provides independent assurance on the risk management process. Corporate risks are identified, monitored and reviewed regularly in line with the Authority's Risk Management Implementation Plan. The risks identified by the BIPA management are highlighted in the graph below.



***Graph 1: Corporate Risk Types identified in BIPA's current Corporate Risk Register***

During the period under review, it was evident that good progress was made in the implementation of risk management processes. Important elements – such as the risk maturity assessment and the establishment of BIPA's risk appetite and tolerance levels – were concluded.

### 4.2.3. Internal Audit Function

Internal Audit independently audits and evaluates the effectiveness of the authority's risk management, internal controls and governance processes. It provides objective assurance to the Finance and Audit Committee and the Board that adequate management processes are in place to identify and monitor risks, and that effective internal controls are in place to mitigate those risks. Internal Audit also provides consulting services to add value and improve the authority's operations. During the year under review, in line with the approved annual plan, audits were performed in the following areas:

- Business Registration Application Process;
- Records Management;
- Asset and Stock Control Routine;
- Human Capital and Performance Management;
- Cost control and procurement.

### 4.2.4. Risk Appetite

The BIPA Board has approved the Authority's risk appetite (defined as the level of risk an organisation is willing to tolerate in implementing its activities and projects) as part of its overall Risk Management. This risk appetite is being managed as part of the Enterprise Risk Management system.

## 4.3. Legal Advice and Company Secretarial Service

The Legal Advice and Company Secretarial Service performs two key responsibilities for the Board and Executive Management: (1) rendering legal advisory services and (2) performing secretarial and governance services, including the keeping of Board meeting minutes. The Service reports to the Board and Board Committees, specifically the Governance, Ethics and Legal Committee and the Human Resources and Remuneration Committee; and undertook the following governance-related tasks during the period under review:

- Providing secretarial support to the Board and its Committees;
- Developing Board Charters and Board Committees Terms of Reference;
- Developing Board Performance and Governance Agreements, as well as Key Performance Indicators (KPIs) to measure Board performance;
- Assessing Board training needs and facilitating training.

The Risk Management function has been established and capacitated; and tasks related to compliance and risk management are planned for the following Financial Year.

In executing the Legal Services responsibility, the office performs the following functions:

- Drafting legislation and subordinate legislation;
- Enabling the organisation to better regulate BIPA-related services in terms of the BIPA Act and the applicable legislations administered by the organisation;
- Ensuring that BIPA defends or opposes litigious actions against it before any other authority;
- Providing legal advice and support with regard to the organisation's operations;
- Providing advice to the Board, the Office of the CEO and BIPA's business units/departments/divisions on all laws applicable to the Authority's registration and administration of Intellectual Property and Businesses, as well as on any other relevant laws.



#### 4.4. Executive Management

BIPA's Executive Management was comprised of the following people during the 2017/2018 Financial Year:

Position	Office Holder
Chief Executive Officer (CEO)	Mr Tileinge Andimba
Executive: Human Capital Management	Ms Selma Ambunda
Executive: Finance and Administration	Mr Immanuel Awene
Executive: Information and Communication Technology	Mr Veiko Muronga
Executive: Intellectual Property	Ms Ainna Kaundu
Executive: Business Registration Services	Ms Laura K. Tjombonde
Chief Legal and Company Secretary	Ms Vivienne Katjuongua





## 5. OPERATIONAL **AND STRATEGIC OVERVIEW**

## 5. OPERATIONAL AND STRATEGIC OVERVIEW

The 2017/2018 Financial Year delivered both successes and challenges. Most significantly, during its inception, the Board and Management were able to lay the foundation for BIPA to operate as an independent institution – delivering on its mandate and contributing towards Namibia's development goals as per Vision 2030, the Fifth National Development Plan (NDP5) and the Harambee Prosperity Plan (HPP). The challenges, driven by both external and internal factors, were numerous too; but the focus remained on cementing the authority's achievements and implementing strategies to improve and take the organisation to the next level.

Following are some noteworthy highlights:

BIPA now has offices operating from the Windhoek Central Business District (CBD), Wanaheda and Swakopmund. While the Board and Management of BIPA continue to work on the implementation of its decentralisation strategy, BIPA services in regions outside Khomas are facilitated through the MITSMED Regional offices.

Furthermore, the authority has discontinued its use of revenue stamps and now allows payments in cash, electronic funds transfer and bank deposits; thereby simplifying both the application process for clients, and the processing of these applications by staff.

BIPA's organisational structure was refined to secure the human capital required to manage the institution sustainably and profitably. BIPA expanded its human resource base by more than 30%, but is still short of reaching the optimum work force needed to optimise operations.

With any new endeavour, come challenges.

As a newly independent organisation, BIPA is still in the process of setting up operational and information technology (IT) systems, institutional policies and physical infrastructure to effectively carry out its public service. Progress is hampered by a lack of funds and means to ensure sustainable revenue generation. Management is well aware of these organisational shortcomings and their effect on the business community in Namibia; and is working hard to improve service delivery.

The rapid rate at which technology is developing places increasing pressure on BIPA to adapt to the changing times. Humans have become accustomed to instant communication, having a countless number of communication channels at their disposal through social

media, doing business at their desks and receiving service on demand. To this effect, BIPA realises the need for swift automation of systems, fully utilising online platforms, and developing integrated business networks. Although currently a challenge, the authority aims to turn the status quo around and to adopt the relevant technologies needed to serve clients better.

Further challenges relate to:

- the relevant legal frameworks that affect the operations of BIPA being outdated or not yet in place;
- the current, challenging economic environment; and
- backlogs in registering trademarks within a reasonable period.

The management of BIPA also realised that there is a definite need for educating aspirant and current business owners on issues such as:

- Setting up a business;
- Registering and deregistering businesses;
- The responsibility of submitting annual returns;
- The importance of protecting inventions and works through Intellectual Property Rights and Copyright.

BIPA intends to address these challenges through a number of interventions.

The Board and Management of BIPA operate within the Authority's approved strategic plan for 2017 to 2022. The five-year plan aims to improve BIPA's operations, address any challenges that it faces, and ensure that the institution becomes one of the most effective SOEs in Namibia.

Looking forward, BIPA, through its Executive Management, will continue to commit and prudently manage resources in order to:

- Build a strong foundation and establish BIPA as a credible and efficient regulator;
- Significantly improve service delivery through enhanced communication, improved turn-around times, automating systems and employing online platforms to assist clients with business-related functions; and
- Ensure sustainable income generation, to the extent that the organisation will be able to operate without relying on government subsidies.

The sections below provide a detailed focus on BIPA's operations.



## 5.1. Intellectual Property

The primary functions of the Intellectual Property Department are to register, grant and protect intellectual property rights; promote IP value in Namibia; and contribute to national, regional and international IP legal frameworks. These functions are executed within the scope of the relevant acts, namely the Business and Intellectual Property Authority Act 2016 (Act no. 8 of 2016); the Trade Marks Act, 1973 (Act no. 48 of 1973); the Patents, Designs, Trade Marks, and Copyright Proclamation, 1923 (Act no. 17 of 1923); Patents and Designs Act, 1916 (Act no. 9 of 1916); and the Copyright and Neighbouring Rights Protection Act, 1994 (Act no. 6 of 1994).

During the period under review, BIPA focused on the development of the Intellectual Property policy and legal frameworks required to promote and stimulate creativity, innovation and inventiveness. To this end, BIPA finalised the draft Intellectual Property (IP) Policy and presented it to the Cabinet Committee on Trade, Economics and Development (CCTED), who recommended the draft policy to Cabinet for adoption.

Furthermore, BIPA finalised the draft Industrial Property Regulations, for the implementation of the Industrial Property Act, 2012 (Act No. 1 of 2012). These Regulations are to be promulgated in the coming fiscal year.

### 5.1.1. Divisional Overview

Three divisions within the Intellectual Property Department ensure the execution of the relevant Acts: (1) Trademarks, (2) Copyrights and (3) Patents & Utility Models.

#### Trademarks and Industrial Designs

The Trademarks Division is responsible for the administration and registration of Trademarks and Industrial Designs. Applications for trademarks are received and administered in terms of the Industrial Property Act (Act No.1 of 2012), the Banjul Protocol of ARIPO and the Madrid Agreement and Protocol of WIPO.

Industrial Designs are received and administered in terms of the national law (the Industrial Property Act No.1 of 2012), the Harare Protocol of ARIPO and the Hague Agreement of WIPO.

The focus of the division remains on accelerating the processing of national applications. Some highlights for the period under review are:

- A recorded improvement in the business operations;
- Reduced turnaround times for filing notices;
- An increase in the number of applications examined and registered.

#### Copyright

The Copyright Division is mandated to administer the registration and processing of copyright works in accordance with the Copyright & Neighbouring Rights Protection Act, Act No. 6 of 1994. The division actively engages in the promotion of copyright awareness through information sharing campaigns, in order to create understanding and promote innovation and creativity in Namibia. It is also tasked with

receiving and vetting copyright applications, verification and approval.

Strategic partnerships are at the core of the division's execution of awareness campaigns. These campaigns aim to reach and educate relevant stakeholders on topics such as the historical background of IP, the Namibian Copyright Act, the impact of new technology on IP rights, the economic importance of copyright protection, categories of copyright, and the requirements and procedures for registering such works. During the period under review, the division exploited a number of platforms to share information, notably presenting at primary and tertiary education institutions, festivals promoting entrepreneurship and innovation, trade fairs, workshops and other public engagements.

#### Patents

The Patents Unit is mandated to deal with all national applications, as well as to administer the Harare, Patent

Cooperation Treaty (PCT) and Hague applications. The Harare Protocol allows single application of Contracting States for the granting of patents and the registration of utility models and industrial designs protection. The Patent Cooperation Treaty (PCT) assists applicants in seeking patent protection internationally for their inventions, helps patent offices with their patent granting decisions, and facilitates public access to a wealth of technical information relating to those inventions.

Patent registrations in Namibia are protected under the Patents Act (Act No. 9 of 1916) and Proclamation 17 of 1923.

### 5.1.2. Applications and Processing

#### Trade marks

The number of trademark applications received and registrations granted within the period under review are outlined in the tables below:

Total No. of Trademark Applications Received (including renewals, new applications, assignments and amendments)	Trademarks Registered
7306	2388

**Table 3: National Trademarks**

Regional/International Designations	Number of Designations / Applications
Madrid	1132
Banjul	46

**Table 4: Madrid and Banjul Designations**

#### Industrial Designs

The Industrial Designs Unit received a small number of applications compared to that of trademarks and patents. The number of international applications exceeded the number of national applications, mainly due to low levels of awareness in Namibia on the benefits of IP protection.

National Filing	Applications	Registrations
Designs	20	20

**Table 5: Industrial Designs**

Regional/International Designations	Number of Designations/ Applications
Harare protocol	9
Hague & Harare Designs	205

**Table 6: Hague Designations**

### Copyright

During the period under review, a total of 164 works were registered, 153 of which were approved and 11 rejected. The majority of these works fell in the literary works category, including all works expressed in writing. These included books, computer programmes, university curricula and business methods. Other works registered included scripts (dramatic works), audio visual works and musical works.

The 11 applications that were rejected were due to non-compliance with copyright requirement, as all the works were already in the public domain. The term public domain refers to creative materials that are not protected by intellectual property laws such as copyright, as the public owns these works. As such, these works cannot be owned by any one individual author or artist.

Total Number of Applications for Copyrighted Works	Applications verified	Applications accepted	Applications Rejected
164	164	153	11

**Table 7: Copyright applications**

The number of applications reduced from 204 in FY2016/2017 to 164 in FY2017/2018. This highlights the need for focused efforts to create awareness about BIPA's role in protecting and promoting IP rights in Namibia.

### Patents

The Patents Unit received 29 applications\*, of which 20 were registered and nine are still pending.

	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Received	0	1	2	2	0	3	3	4	5	2	3	4	29
Registered	0	2	0	0	0	2	1	3	2	2	3	3	20

\*Applications submitted in Namibia, excluding submissions filed through ARIPO.

**Table 8: Patent applications**

The achievements of the Intellectual Property Department during the year under review can be attributed to excellent team work, enhanced business processes, the realignment of tasks and improved accountability and reporting structures.

### 5.1.3. Challenges

The Intellectual Property Department experienced a number of challenges during the fiscal year, which affected the successful execution of its mandate relating to the management of copyrights, trademarks and patents.

A significant challenge relates to the legal constrictions posed by the outdated version of the Copyright and Neighbouring Rights Protection Act of 1994, which is currently under review.

Additionally, automation of IP processes is at a very low level. As such, BIPA still employs manual procedures to process applications and amendments. In the foreseeable future, when the current IT and institutional systems are updated, integrated and automated, not only will turn-around times be drastically reduced, but the ease of submitting applications from regional locations will also be significantly improved.

During the period under review, the department continued to be challenged with backlogs in the processing of trademark applications. In order for the division to deliver on its mandate, there is a need for benchmarking with other IP offices in the region to identify methods that have been successfully implemented to reduce and/or eradicate the backlogs associated with processing trademarks by IP offices, and to learn from them.

### 5.1.4. Future Endeavours

We recognise that BIPA is an organisation in its infancy, and that challenges and growing pains are inevitable. In line with the institution's strategic plan (2017-2022), during the next financial year, BIPA will prioritise the development of the Intellectual Property policy and legislative framework. To this end, the Intellectual Property Department will facilitate the approval and adoption of the IP Policy by Cabinet and Parliament, respectively.

In addition to this, the department will facilitate the promulgation of the Industrial Property Regulations for the implementation of the Industrial Property Act (Act No. 1 of 2012), which will allow the registration of utility models. The department will also undertake stakeholder consultations on the current Copyright and Neighbouring Rights Act. This will inform the development of a draft Copyright Bill, which is intended to address the realities of the fast-changing copyright landscape.

Furthermore, the department will focus on improving processes and systems intended to enhance the organisation's value proposition and render quality services to our customers and stakeholders. To this end, BIPA will embark upon business processes re-engineering for all intellectual property rights processes, undertake a data validation project for trademarks, and carry out a capturing project for patents and industrial designs.

Additionally, BIPA looks forward to the hosting the 42nd Session of the Administrative Council of the African Regional Intellectual Property Organisation (ARIPO) in Namibia in the fourth quarter of 2018. The opportunity to host this session is a great honour for our country, as it will allow us to enhance, highlight and discuss IP-related issues affecting Namibia and the region. As a developing country, Namibia can benefit from the international relations, knowledge and expertise that will come with this important event.

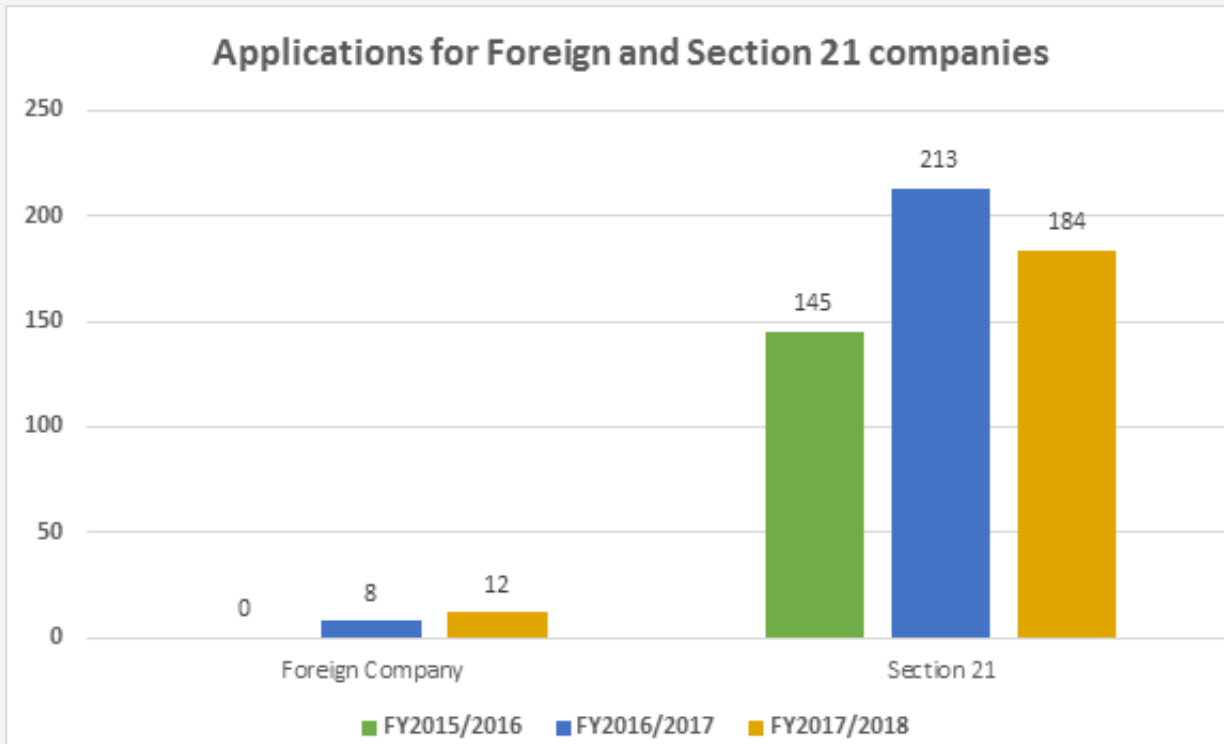
## 5.2. Business Registration

Section 5(b) of the Business and Intellectual Property Authority Act of 2016 mandates BIPA to regulate and administer the registration of businesses. This is conducted in line with the applicable legislation: the Companies Act (Act No. 28 of 2004), the Close Corporations Act (Act No. 26 Of 1988), as amended, and Section 4 of the Financial Intelligence Act (Act 13 of 2012).

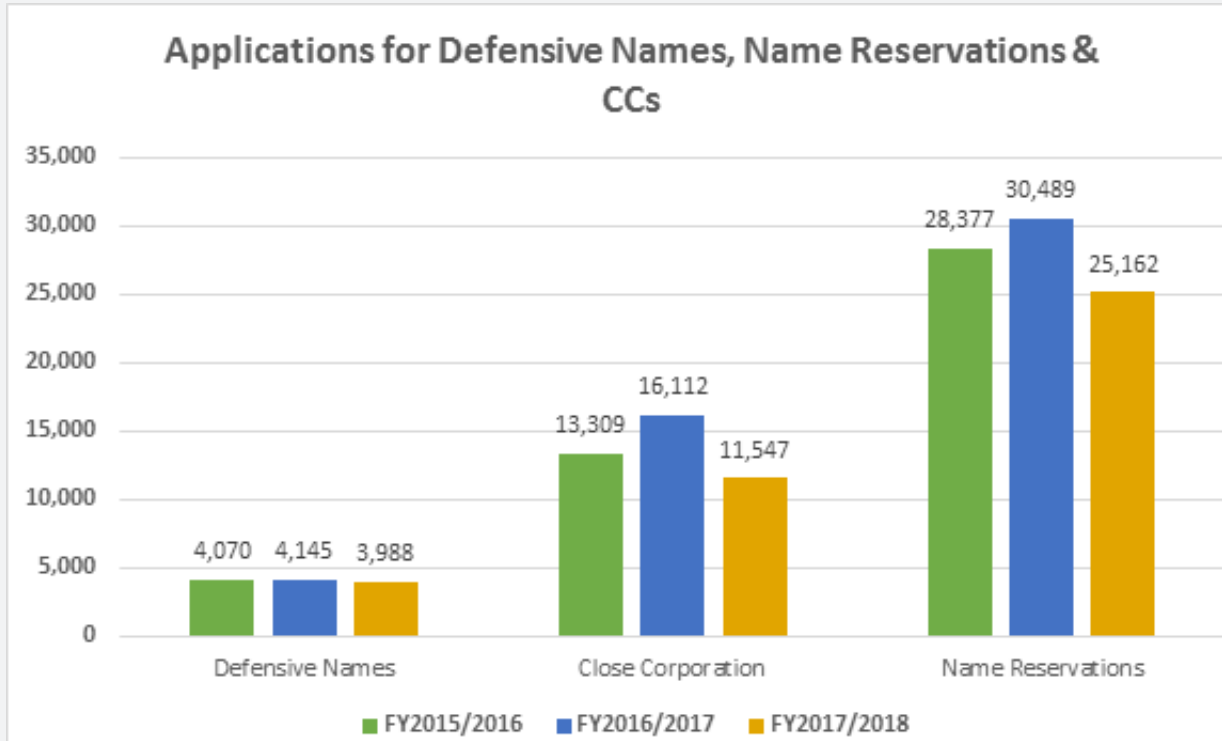
### 5.2.1. Applications and Processing

The Department for Business Registration processes applications for the registration of companies – including Associations not for Gain and Close Corporations – and defensive names. It also processes applications for amendments, deregistration and restoration of entities as prescribed.

Compared to previous years, there was an evident decrease in the number of applications for business registration. The exception was applications for foreign companies, which increased by 33%.



**Graph 2: Applications for Foreign and Section 21 companies**



**Graph 3: Applications for Defensive Names, Name Reservations and CCs**

One of the strategic initiatives in the BIPA Corporate Strategy is to reduce the turn-around times of new applications, with the view to improve customer satisfaction. The Business Registration department is thus intensely engaged in process re-engineering to achieve this goal.

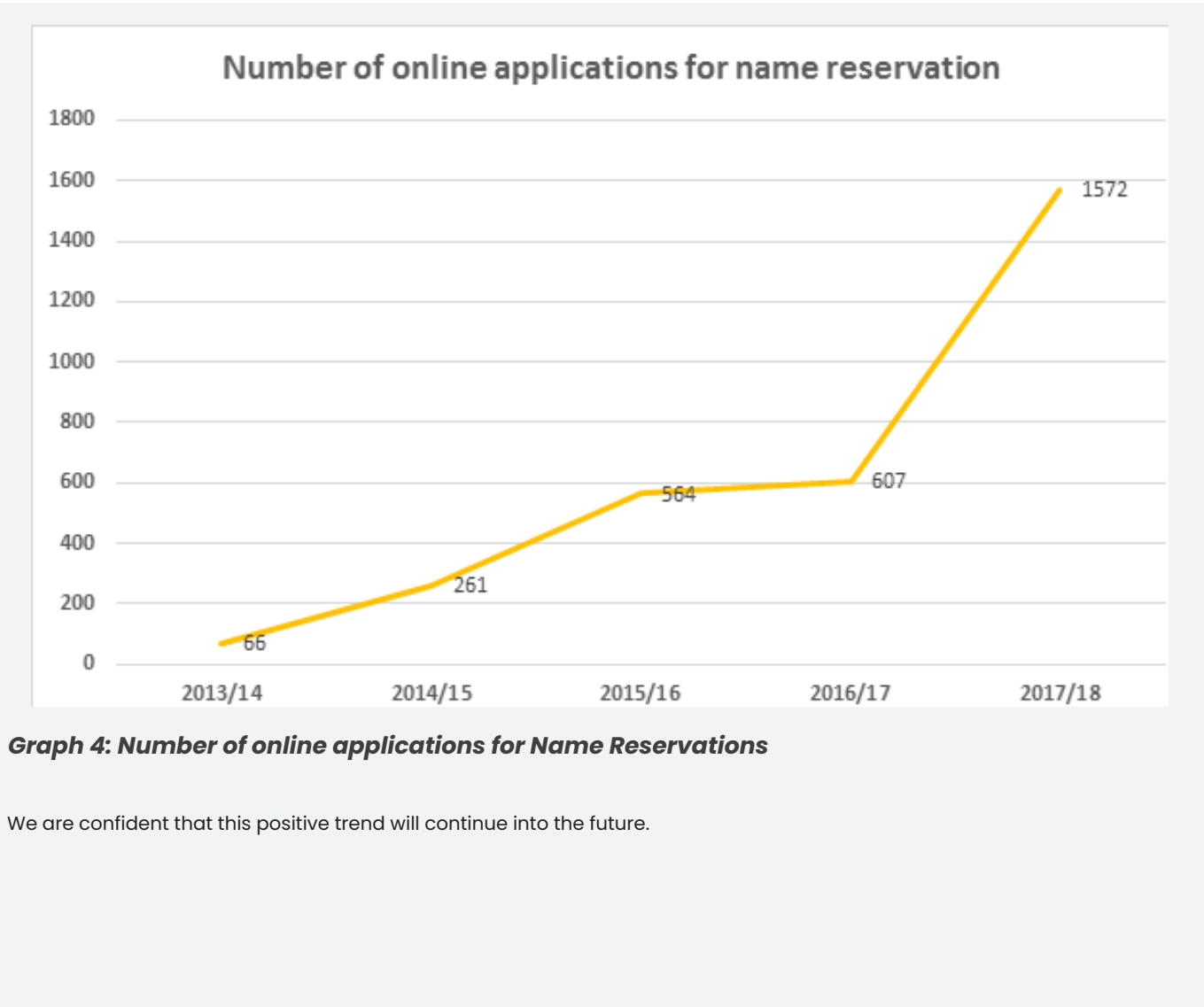
The application turn-around times for the financial year under review regressed, compared to the previous financial year. On average, during FY 2017/2018, it took ten days to approve an application for a Name Reservation, compared to three days during the previous financial year. Company registration took 14 days, compared to seven days in 2016/17; and the registration of CCs took twenty-three days, compared to five days last year.

This regression may be attributable to the relocation of BIPA's offices at the end of 2017, and the acclimatisation of operational functions within the new working environment. In addition, applications from the regions were routed to and

processed at the Head Office, which negatively impacted turnaround times.

That said, the department remains humbled by and appreciative of the support offered by MITSMED officials, who render services at regional level. Their functions are limited to advisory services and serving as submission and collection sites for registration documents. With the envisaged decentralisation of services, BIPA will undoubtedly improve business registration turnaround times in the near future.

Despite the setbacks noted above, the department is proud to note a 63% increase in online applications compared to the previous financial year. The institution rolled out the function for online name reservations via its website in 2013, and the demand for this service has grown in every year since its launch. The table below illustrates how the service has gained momentum:



### 5.2.2. Challenges

The lack of appropriate, integrated and modern business registration systems has negatively impacted turn-around times. However, the department is attending to the need to find cost-effective, client-centred solutions.

### 5.2.3. Future Endeavours

As a major role player in commerce, trade and industrialisation in Namibia, BIPA is part of the team involved in the development and implementation of the Integrated Client Service Facility (ICSF) project for the country, steered by the Ministry of Industrialisation, Trade and SME Development. This project aims to streamline and improve the process of starting a business in Namibia. As a country, Namibia's ranking on the World Bank's 'Ease of Doing Business' index has consistently been declining. The current focus of the project is on four key institutions that provide Business Registration services, namely BIPA, the Social Security Commission, the Department of Inland Revenue and the Ministry of Home Affairs and Immigration.

To date, as part of the project, the Ministry has launched the NamBizOne Portal. The Portal guides domestic and foreign investors on the administrative and legal requirements to invest in, start and run a business in Namibia; and provides detailed information on the process of incorporating a business in the country. MITSMED envisions rolling out the ICSF in 2019.

## 5.3. Human Capital Management

As a crucial player in the economic development of Namibia, BIPA depends on a highly skilled and innovative workforce to achieve its stated objectives as outlined in the Strategic plan, fulfil its mission statement and live up to its corporate values. We realise the importance of investing heavily in our human capital and are proud of the fact that we have a diverse, dedicated and committed team, ready to go the extra mile in rendering BIPA's services. There are a number of critical issues related to this, including training, development, implementation of the scorecards and employee retention. The skills and experiences embodied in the total staff complement of the company make BIPA what it is and largely determine the institution's performance levels.

### 5.3.1. Workforce Profile and Employment Equity

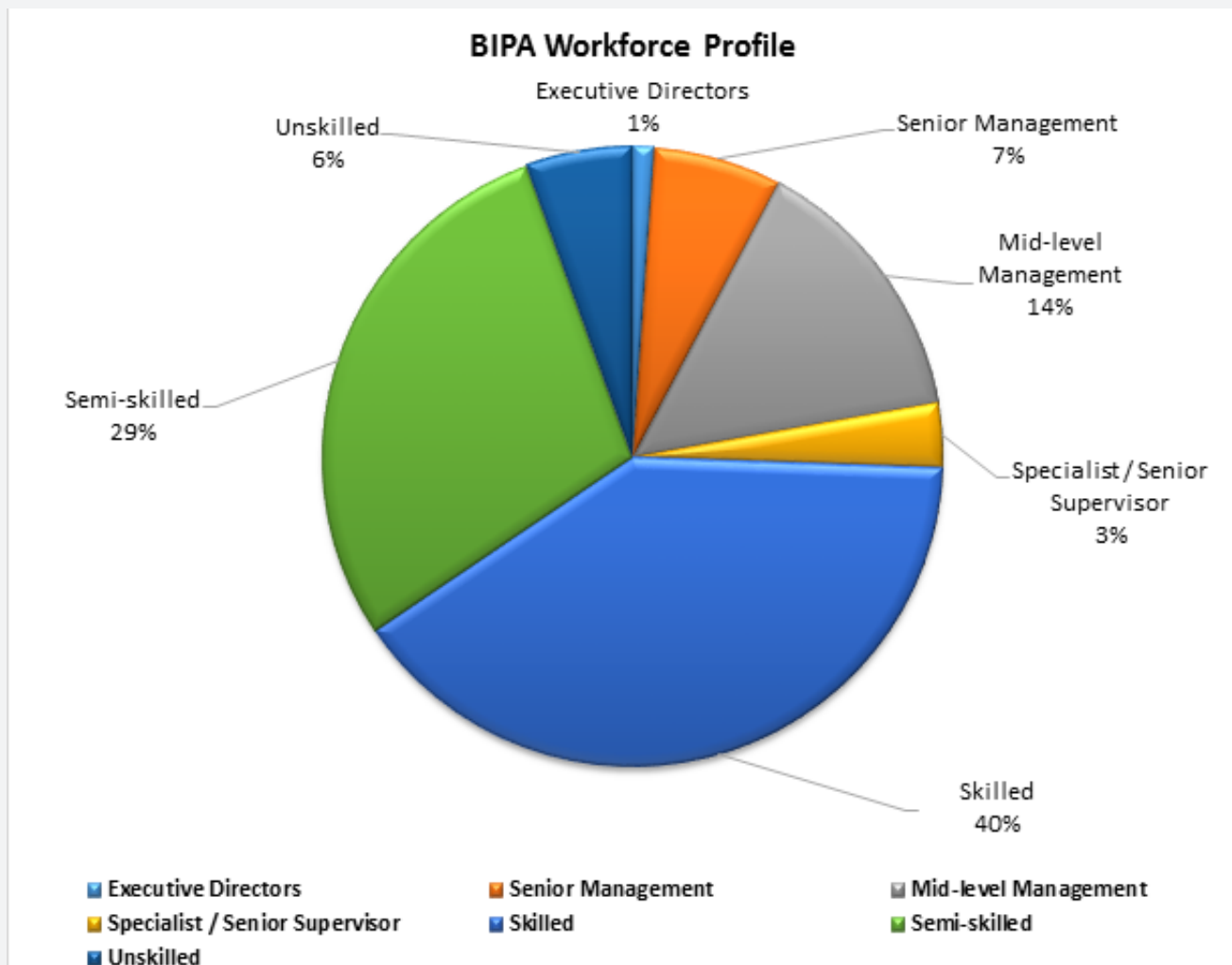
BIPA is an equal opportunity employer and remains committed to the Employment Equity Code of Good Practice. The organisation continues to comply with Namibia's Employment Equity and Affirmative Action Act.

To enhance the Authority's growth, BIPA made tangible progress towards achieving its human capital objectives. It also received the AA Certification by the Employment Equity Commission (EEC) for having complied with Namibia's Employment Equity and Affirmative Action Act.

During the year under review, BIPA's workforce comprised a total of ninety-two (92) permanent employees and one (1) temporary employee.

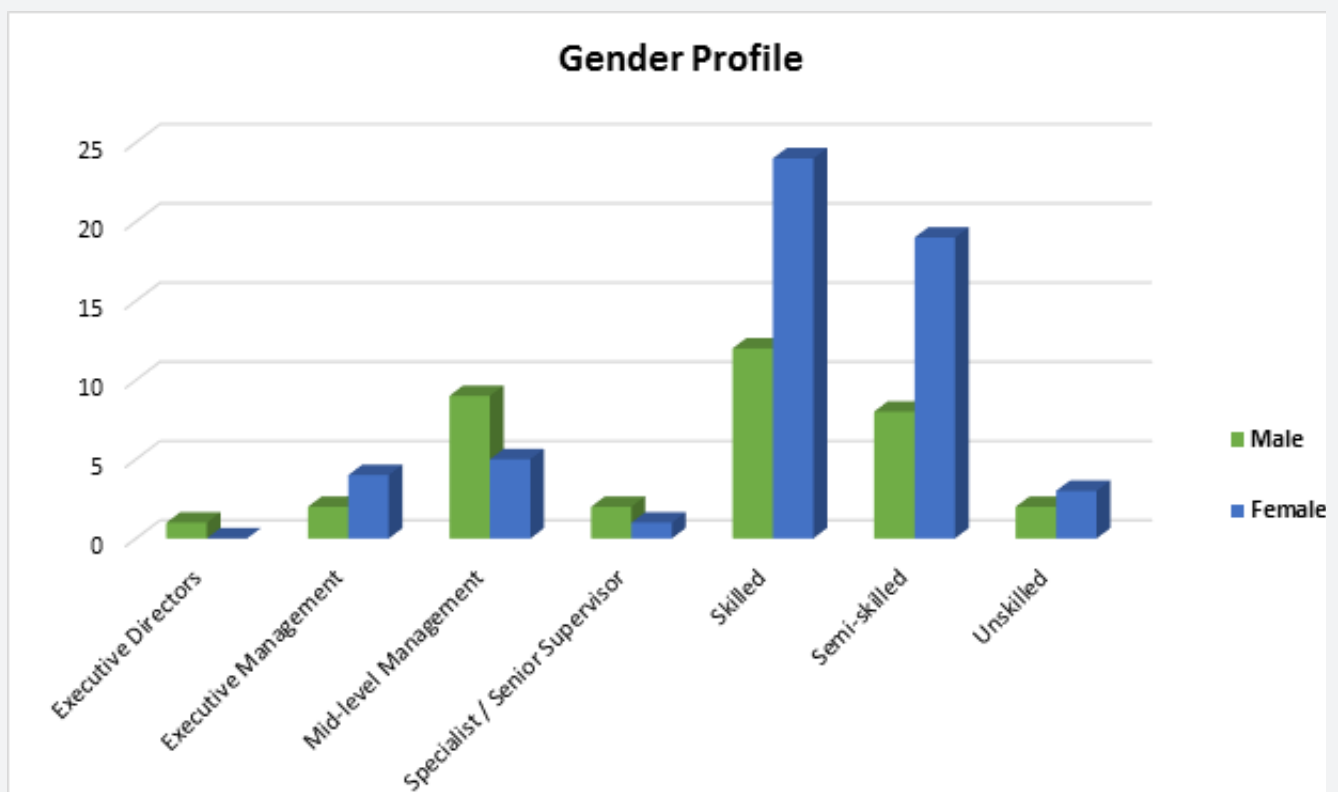
	Racially Disadvantaged		Racially Advantaged		Persons with Disabilities		Non-Namibians		Total	
Job Category	M	F	M	F	M	F	M	F	M	F
Executive Directors	1	0	0	0	0	0	0	0	1	0
Executive Management	2	4	0	0	0	0	0	0	2	4
Middle Management	9	5	0	0	0	0	0	0	9	5
Specialised/Senior Supervisory	2	1	0	0	0	0	0	0	2	1
Skilled	12	24	0	0	0	0	0	0	12	24
Semi-Skilled	8	19	0	1	0	0	0	0	8	19
Unskilled	2	3	0	0	0	0	0	0	2	3
<b>Total Permanent</b>	<b>36</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36</b>	<b>56</b>
<b>Temporary</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Total</b>	<b>37</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37</b>	<b>56</b>

**Table 9: BIPA Workforce Profile**



**Graph 5: Workforce profile**

In terms of gender representation, the Authority's workforce is made up of 60% female and 40% male employees.

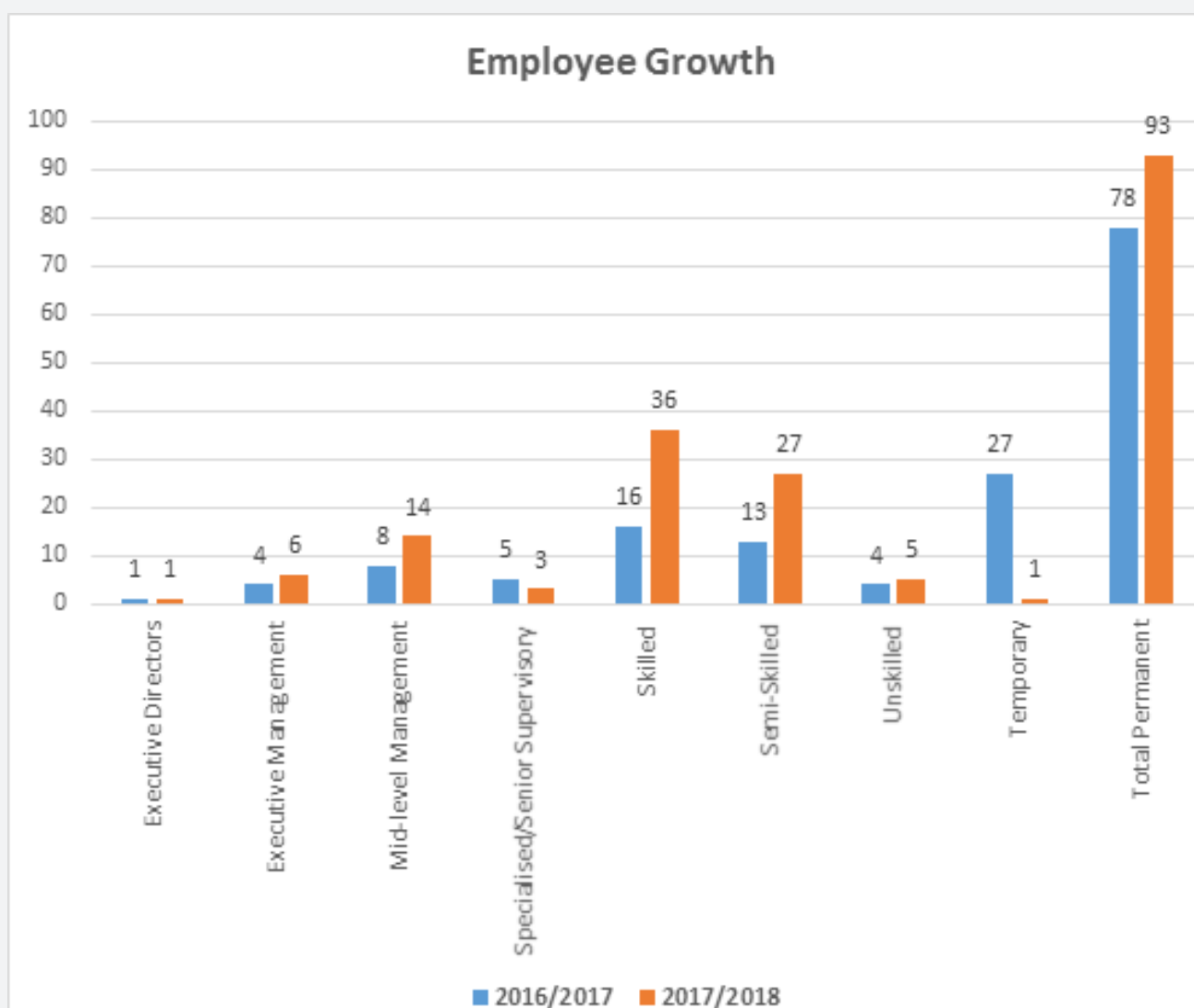


**Graph 6: Gender Profile**

### 5.3.2. Recruitment and Staff turnover

During the year under review, BIPA successfully filled twenty-eight (28) permanent positions and one (1) temporary position. This represents a 32% growth in the workforce from FY2016/2017. Three (3) employees left the Authority for various reasons, representing an attrition rate of 3.3%.

A total employment cost of N\$30,873,620.08 (compared to N\$ 11,087,646.00 in the previous fiscal year) was recorded. The increase is as a result of the transfer of employees from MITSMED to BIPA, with the entering into force of the BIPA Act and the establishment of BIPA as a Public Enterprise. Additionally, skilled and semi-skilled positions accounted for most of the growth in BIPA's workforce.



**Graph 7: Employee Growth**

### 5.3.3. Performance Management

BIPA evaluated the performance of individual employees and rewarded high-performers for their dedication and commitment to improving overall organisational effectiveness. Performance is evaluated at three (3) tiers to ensure effective alignment with strategic goals, namely the corporate, departmental and individual levels.

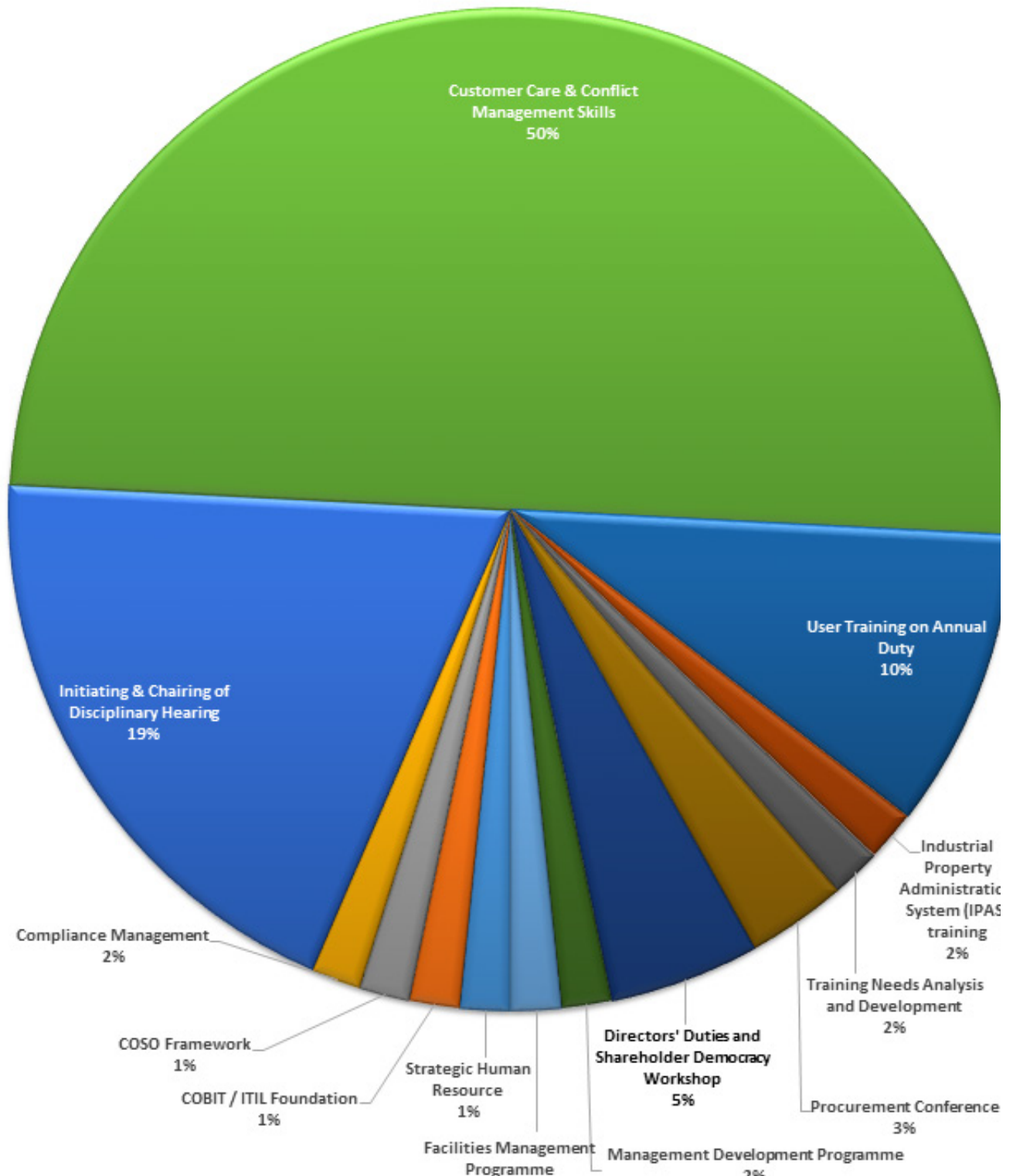
During the year under review, the Authority's overall performance score was 3.10 on a five-point scale. The institution incurred a total expenditure of N\$4.1 million on performance bonus payments to high-performing employees.

### 5.3.4. Capacity Development

The department places a strong emphasis on capacity building programmes for employees at all levels of the organisation. During the period under review, a total budget expenditure of N\$388 132.58 was utilised to implement the Human Resource Development Plan as follows:



## Training Statistics



**Graph 8: Training statistics**

### 5.3.5. Employee Health and Wellness

The Board of Directors approved the Employee Health and Wellness Strategy on 19 December 2017. In line with the strategy, employees celebrated the BIPA Annual Health & Wellness Day on 28 March 2018 at Kamenco Haus in Windhoek. The aim was to encourage employees to eat wholesomely and live healthy lifestyles.

### 5.4. Information and Communication Technology

The ICT department is tasked with managing and acquiring ICT infrastructure and assets, and implementing integrated systems to benefit both employees and clients.

### 5.4.1. ICT Maturity Assessment

During the year under review, the ICT Department carried out a maturity assessment to determine which strategies to prioritise and implement in order to progress to the next or desired level. The ICT Maturity Assessment was based on the Microsoft Core Infrastructure Optimisation (CIO) model to determine at which level the ICT department is currently operating.

The table below provides an indication of the state of BIPA's current IT systems, versus what the department wants to achieve. Although management has made some progress in the past financial year, much is still required to ensure that the institution meets its desired ICT capacities and graduates to the next level of the Microsoft CIO.



CAPABILITY	LEVELS	
	CURRENT	DESIRED
<b>Access Management</b>	No centralised access management	Centralised access management
<b>Desktop Management</b>	Manual desktop configurations	Centralised software deployment
<b>Server Management</b>	No server management in place	Server providing software updates
<b>Networking</b>	Limited Local Area Network	Service Level Monitoring
<b>Security</b>	Dedicated Firewall	Dedicated Firewall
<b>Antivirus</b>	Standard antivirus	Automated quarantine of infected PCs
<b>Data protection</b>	Ad-hoc backups	Scheduled and logged backups
<b>Data Recovery</b>	No system recovery testing	Set frequency of recovery testing
<b>IT Service Management</b>	No formalised processes	Defined incident and problem management
		Defined change and release management
<b>IT Governance</b>	No defined Governance processes	Governance of IT framework & policy in-place
		Defined RACI for each governance process
		Defined metrics for each governance process
<b>Security Process</b>	Limited security accountability	Defined Security compliance and automated audit tools
	No formalised incident response	Managed network and data security process
<b>Business Continuity Plan</b>	No Disaster Recovery plans	BCP in place with defined DR, DR teams, fail over plans and emergency mode operations plans.

**Table 10: ICT Maturity Assessment**

#### 5.4.2. Projects implemented during FY2016/2017

The appointment of 6 additional team members allowed the department to implement the following projects:

- Install a virtual private network which connects all BIPA offices to the internet and the IP telephony services;
- Migrate the IPAS (Intellectual Property Administration System) from MITSMED to the BIPA headquarters;
- Migrate the ICRS (Integrated Company Registration System) from MITSMED to the head office, and set up a Disaster Recovery Centre for the ICRS at the Katutura branch;
- Install a hosted firewall to provide cybersecurity to the network and to control outgoing traffic by BIPA users. This implementation has improved the internet speed which was initially flooded with traffic caused by social media and video streaming.

#### 5.4.3. Challenges and Risks

Given that the authority, as an independent agency, is still in its infancy, the department experienced a number of challenges. Notable challenges included:

- The department failing to attract qualified and experienced employees due to being unable to offer competitive salaries;
- Reducing the high cost of the existing service level agreement, as the current team does not have sufficient skills to carry out the ICRS operations and maintenance;
- Lack of funding, which is hampering the acquiring and implementing of vital internal IT systems.

Due to the above challenges, the institution is still subject to the following IT-related risks:

Security Risks	Business Continuity Risks
<ul style="list-style-type: none"> <li>• Lack of security on the BIPA Local Area Network can easily allow intruders to access the business-critical systems.</li> <li>• Lack of intrusion detection and prevention systems. The ICT network is therefore susceptible to attacks.</li> </ul>	<ul style="list-style-type: none"> <li>• Business critical systems (e.g. IPAS, Pastel) are stand-alone systems which can adversely affect business operations and continuity, should system failures or security breaches occur.</li> <li>• Lack of synchronisation between the ICRS data sites can temporarily disrupt business in case of a failure of the active site.</li> <li>• Lack of redundancy on the network infrastructure and therefore operations can be affected during network failures.</li> </ul>

**Table 11: IT-related risks**

Management regards these challenges as temporary interruptions which will be fixed in due course. Once addressed, BIPA will be on track to become a leading SOE in Namibia.

#### 5.4.4. Future endeavours

Recognising that a solid, secure and dependable IT infrastructure is crucial to ensuring that the institution delivers exceptional and timely services to its clients, the department plans to execute the following activities during the next fiscal year:

- Develop an ICT governance framework, that will provide guidelines and best practices of governing the ICT environment;
- Develop an ICT service continuity plan to specify guidelines and procedures to be followed during server failures;
- Develop a project management framework to define the project management process;
- Implement the Enterprise Resource Planning system to guide the functions of financial management, payroll and human resource management;
- Implement the Model IP Office ICT Infrastructure to install the hardware required for the new intellectual property system;
- Implement the client SMS notification system to enhance communication with clients on the status and progress of their applications;
- Implement a Windows server system needed for network proxy and centralised functionalities such as virus updates;
- Upgrade the ICRS DR Site which was migrated from MITSMED

to BIPA. The current site is outdated, causing incompatibility issues and increasing client dissatisfaction.

#### 5.5. Finance and Administration

During the period under review, BIPA's financial management, financial reporting, budgeting and reporting, controls, logistics and procurement continued to improve. Management kept its focus on ensuring that administrative excellence was achieved. This was made possible as the department boosted its human resources capabilities and ensured significant improvements in managing assets, mitigating risks and ensuring more efficient procurement processes.

When comparing the financial statements for the years ending 31 March 2017 and 31 March 2018, it is important to note that the financial statements for the year ending March 2017 reflect the operations of two and a half months only – BIPA came into force as a SOE on 16 January 2017.

For transparency and ease of comparing financial statements, BIPA applies International Financial Reporting Standards to its financial reporting.

##### 5.5.1. Financial performance

The 2017/2018 fiscal year was BIPA's first full year of operations as a SOE under the BIPA Act.

The institution remained solvent, with a closing Current Ratio of 2.4:1, while the return on investment (ROI) achieved stood at 6%. The operating Cash Flow to Capital Employed was 22%; and the Authority was able to fund its operations while having enough resources to invest.

### 5.5.2. Budget

The Authority managed its budget effectively and efficiently. The budget projection and actual performance for the financial year 2017/2018 are tabulated below.

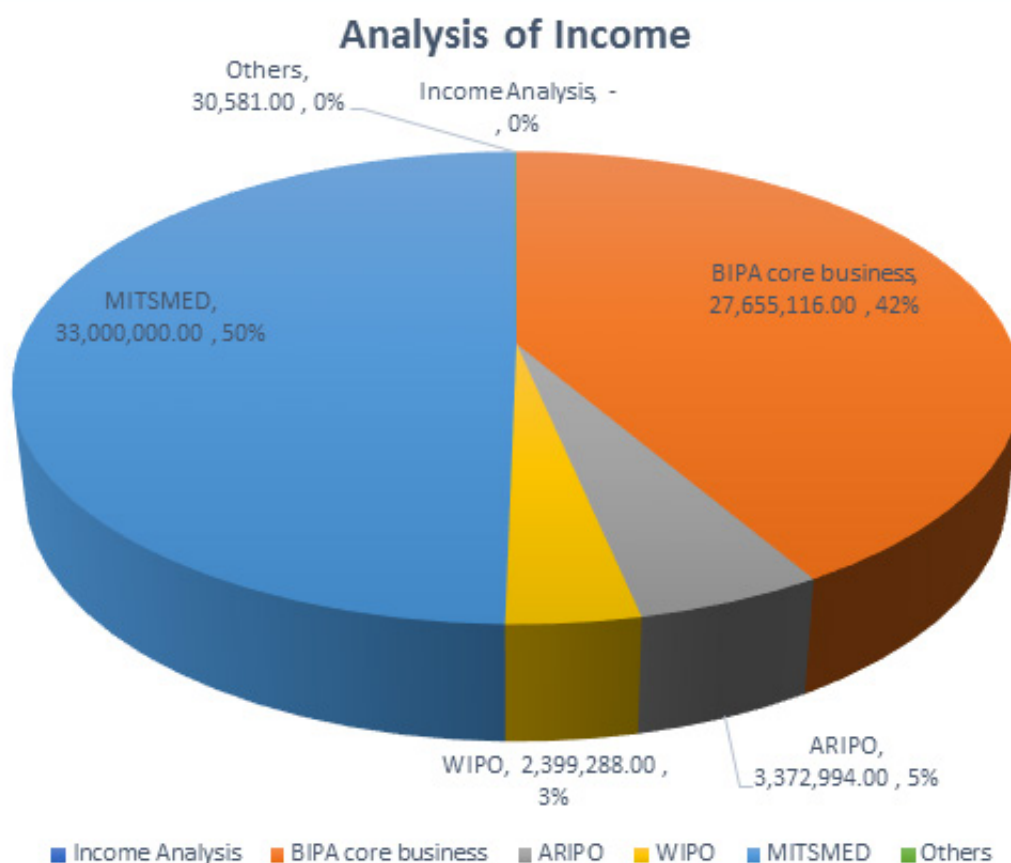
	2017/2018 – Budget	2017/2018 – Actual	Variance
Detail	N\$	N\$	%
Income	49,295,060	66,457,978	35%
Expenses	51,414,956	64,581,913	-26%
<b>Surplus/(Deficit)</b>	<b>(2,119,896)</b>	<b>2,060,929</b>	

BIPA made an income of 35% more than initially budgeted. The Authority also spent 26% more than budgeted due to increased activities. The budget projected a deficit, but the Authority over-performed and given the larger rise in income (compared to the rise in expenditure), achieved a surplus.

### 5.5.3. Revenue Analysis

BIPA's revenue for the year totalled N\$ 66,457,978. Of this amount, 49% was in the form of grants received from the line ministry, the Ministry of Industrialisation, Trade and SME Development (MITSMED). The remainder of the revenue was from BIPA's core business activities, and income derived through filings by the African Regional Intellectual Property Organisation (ARIPO), the World Intellectual Property Organisation (WIPO), and interest on investments.





**Graph 8: Analysis of income for the financial year 2017/2018**

#### 5.5.4. Government Funding

During the period under review, BIPA received a total amount of N\$33 million in funding from Government. It is, however, expected that state funding will reduce over coming years as BIPA starts to operate more independently and sustainably. To this effect, management has ensured that strategies are in place to secure and broaden its own revenue streams.

#### 5.5.5. Expenditure

Expenses for the year 2017/2018 reached N\$ 64,581,913. Salaries made up a major part of this expenditure, accounting for 60% of the total outflows. Other major expenses were Loss on Exchange Differences, SILNAM Support Services and rent.

#### 5.5.6. Financial position

The organisation's financial position improved from 31 March 2017. Total assets increased by 32%. Property, Plant and Equipment (PPE) grew by 25%, which is significant as these are the key long-term income generating assets for BIPA. The company has no long-term liabilities, and current liabilities are well covered by the current assets.

#### 5.5.7. Administration

BIPA's administration activities also increased during the year. Foremost, management ensured risk insulation by acquiring insurance. Vehicle management, procurement and maintenance activities also increased in line with the organisational growth. These operational support activities ensured that business proceeded smoothly.

#### 5.5.8. Future Endeavours

BIPA endeavours to continue to manage its financial resources in a prudent and sustainable manner, and in accordance with generally accepted accounting principles (GAAP). The organisation aims to not only be fully self-funded within the next four years, but also to increase its assets through the acquisition of fit-for-purpose ICT systems and the construction of its own office buildings.



## 6. AUDITED **FINANCIAL STATEMENTS**



**BUSINESS AND INTELLECTUAL  
PROPERTY AUTHORITY**

*Protecting Entrepreneurship and Innovation*

**BUSINESS AND INTELLECTUAL PROPERTY AUTHORITY**  
**Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**31 MARCH 2018**

**Business and Intellectual Property Authority**  
**Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)**

**Annual Financial Statements for the year ended 31 March 2018**

**General Information**

<b>Country of Incorporation</b>	Namibia
<b>Nature of business and principal activities</b>	To run a legal system for business and intellectual property registration, protection and promotion thereof
<b>Directors</b>	Riundja Ali Kaakunga (Chairperson) Dr. Martha Uumati (Deputy Chairperson) Fritz Charles Jacobs Lovisa Indongo-Namandje Ignatius Kelokilwe Thudinyane Chaze Nalisa Seno Namwandi
<b>Registered Office</b>	3 Ruhr Street Northern Industrial Area Windhoek Namibia
<b>Postal Address</b>	P.O Box 185 Windhoek Namibia
<b>Bankers</b>	Bank Windhoek Limited
<b>Auditors</b>	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)
<b>Secretary</b>	Ms. Vivienne Elke Katjiuongua
<b>Line Ministry</b>	Ministry of Industrialization, Trade and SME Development ("MITSMED")



**Business and Intellectual Property Authority**  
**Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)**

**Annual Financial Statements for the year ended 31 March 2018**

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Statement of Surplus or Deficit and Other Comprehensive Income	10
Statement of Changes in Equity	11
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The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Statement of Surplus or Deficit and Other Comprehensive Income	30 - 32



**Business and Intellectual Property Authority**  
Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)

Annual Financial Statements for the year ended 31 March 2018

**Director's Responsibilities and Approval**

The Directors are required by the BIPA Act, 2016, (Act No.8 of 2016), 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 company 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 the International Financial Reporting Standards ("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 the International Financial Reporting Standards ("IFRS") and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Authority and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that, in all reasonable circumstances is above reproach. The focus of risk management in the Authority is based on identifying, assessing, managing and monitoring all known forms of risk. While operating risk cannot be fully eliminated, the Authority endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the Authority's cash flow forecast for the year to 31 March 2019 and, in light of this review and the current financial position, they are satisfied that the Authority has or had access to adequate access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on **pages 7 to 29**, which have been prepared on the going concern basis, were approved by the Board of Directors and were signed on its behalf by:

  
**Riundja Ali Kaakunga (Board Chairperson)**

  
**Ignatius Kelo Kilewe Thudinyane (Chairperson:  
Finance, Risk and Audit Committee)**

Windhoek

Date: 2019/4/12

## *Independent auditor's report*

To the Members of Business and Intellectual Property Authority

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### *Our qualified opinion*

In our opinion, except for the possible effect of the matter described in the Basis for qualified opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Business and Intellectual Property Authority (the Authority) as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the BIPA Act 8 of 2016.

### **What we have audited**

Business and Intellectual Property Authority's financial statements set out on pages 7 to 29 comprise:

- the directors' report for the year ended 31 March 2018;
- the statement of financial position as at 31 March 2018;
- the statement of surplus or deficit and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### *Basis for qualified opinion*

The Authority's accounting records do not provide sufficient evidence supporting annual duties and registration revenue amounted to N\$ 27,655,116 for the year ended 31 March 2018. There were no satisfactory audit procedures we could have performed to obtain reasonable assurance that the annual duties and registration revenue were properly recorded. As a result, we were unable to determine whether any adjustments would be required in respect of unrecorded revenue and the related elements making up the statement of surplus or deficit and other comprehensive income, changes in equity and cash flows.

Property, Plant and Equipment is a material balance on the statement of financial position and is stated at N\$ 17,809,099 as at 31 March 2018. We were unable to satisfy ourselves with existence and completeness of Property, Plant and Equipment amount to N\$ 4,442,147. We were unable to perform alternative procedures regarding the completeness and existence of the Property, Plant and Equipment; and as a result, we were unable to determine whether any adjustments would be required in respect of the completeness and existence of these Property, Plant and Equipment.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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*PricewaterhouseCoopers, Registered Auditors, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia Practice Number 9406, T: +264 (61) 284 1000, F: +264 (61) 284 1001, [www.pwc.com/na](http://www.pwc.com/na)*

Country Senior Partner: R Nangula Uaandja

Partners: Carl P van der Merwe, Louis van der Riet, Anna EJ Rossouw, Chantell N Husselmann, Gerrit Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Trofimius Shapange, Nelson Lucas



## Independence

We are independent of the Authority in accordance with the *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B)* (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

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## Other information

The directors are responsible for the other information. The other information comprises the information included in the Business and Intellectual Property Authority Annual Financial Statements for the year ended 31 March 2018. Other information does not include the financial statements and our auditor's report thereon.

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

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

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

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## Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the BIPA Act 8 of 2016, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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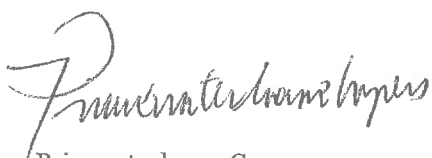
## Auditor's responsibilities for the audit of the financial statements

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

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

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

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



PricewaterhouseCoopers  
Registered Accountants and Auditors  
Chartered Accountants (Namibia)  
Per: Samuel Ndahangwapo  
Partner

Windhoek

Date: 23 APRIL 2019

**Business and Intellectual Property Authority**  
Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)

**Annual Financial Statements for the year ended 31 March 2018**

**Director's Report**

The directors have pleasure in submitting their report on the annual financial statements of Business and Intellectual Property Authority for the year ended 31 March 2018.

**1. NATURE OF BUSINESS**

Business and Intellectual Property Authority was incorporated in Namibia with interests in running the legal system for business and intellectual property registration, protection and promotion thereof. The Authority operates in Namibia.

**2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES**

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and the requirements of the BIPA Act, 2016 (Act No.8 of 2016). The accounting policies have been applied consistently compared to the prior year.

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

**3. DIRECTORS**

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

Directors	Nationality	Status
Riundja Ali Kaakunga	Namibian	Appointed 1 March 2017
Dr. Martha Uumati	Namibian	Appointed 1 March 2017
Fritz Charles Jacobs	Namibian	Appointed 1 March 2017
Lovisa Indongo-Namandje	Namibian	Appointed 1 March 2017
Ignatius Kelokilwe Thudinyane	Namibian	Appointed 1 March 2017
Chaze Nalisa	Namibian	Appointed 1 March 2017
Seno Namwandi	Namibian	Appointed 1 March 2017
Tileinge Sacharias Andima	Namibian	Ex-Officio

There have been no changes to the directorate for the period under review.

**4. BOARD AND SUB-COMMITTEE MEETINGS**

Board of Directors	Board Meeting	Finance, Risk and Audit Committee (FRAC)	Human Resources and Remuneration Committee (HRRC)	Governance, and Legal Issues Committee (GLIC)	Strategic Projects & Procurement Committee
Riundja Ali Kaakunga	9			3	3
Dr. Martha Uumati	9	4			2
Fritz Charles Jacobs	8	5	3		3
Lovisa Indongo-Namandje	4		3		
Ignatius Kelokilwe Thudinyane	8	5			
Chaze Nalisa	5		4		
Seno Namwandi	9			3	3

The board meetings does include the Board Induction meeting, as well as Strategic Session.



**Business and Intellectual Property Authority**  
**Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)**

**Annual Financial Statements for the year ended 31 March 2018**

**Director's Report (Continued)**

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**5. EVENTS AFTER THE REPORTING PERIOD**

The Directors are not aware of any material events or circumstances which occurred after the reporting period.

**6. GOING CONCERN**

The directors believe that the Authority has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the authority is in sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the authority. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Authority.

**7. AUDITORS**

PriceWaterHouseCoopers have been appointed as auditors of the Authority for the year ended 31 March 2018 in accordance with the BIPA Act, 2016 (Act No.8 of 2016)

**8. SECRETARY**

The secretary of the Authority is Ms. Vivienne Elke Katjuongua of:

**Postal address**            P.O Box 185  
                                     Windhoek  
                                     Namibia

**Business address**        3 Ruhr Street Northern Industrial Area  
                                     Windhoek  
                                     Namibia

**9. DIRECTORS' INTEREST AND CONTRACTS**

During the financial year, no contracts were entered into with the directors or officers of the Authority, the directors or officers do not hold any interest in the Authority.

**10. KATUTURA OFFICE BUILDING**

Katutura Office Building situated on Erf 2780, Shire Street Wanaheda has not been included in the financial statements due to the fact that the transfer was done to the BIPA established under section 21 of the Companies Act, on the same date deregistration occurred. The matter has been handed to the lawyers, where the line ministry is trying to recover the funds of N\$18,000,000 for the purchase of this Office Building, whereas BIPA board is trying to recover the N\$2,160,000 spent of transfer duties.



**Business and Intellectual Property Authority**  
Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)

**Annual Financial Statements for the year ended 31 March 2018**

**Statement of Financial Position**

	Note(s)	2018 N\$	Two and Half Months to 31 March 2017 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	18,066,933	17,801,619
<b>Current assets</b>			
Trade and other receivables	5	13,622,025	9,694,206
Cash and cash equivalents	6	13,900,539	5,672,967
		<b>27,522,564</b>	<b>15,367,173</b>
<b>Total assets</b>		<b>45,589,497</b>	<b>33,168,792</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Contribution	8	35,112,231	30,290,748
Accumulated Fund		34,491,766	34,491,766
		620,465	(4,201,018)
<b>Current liabilities</b>			
Trade and other payables	7	10,477,266	2,878,044
<b>Total Liabilities</b>		<b>10,477,266</b>	<b>2,878,044</b>
<b>Total equity and liabilities</b>		<b>45,589,497</b>	<b>33,168,792</b>



**Business and Intellectual Property Authority**  
Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)

**Annual Financial Statements for the year ended 31 March 2018**

**Statement of Surplus or Deficit and Other Comprehensive Income**

	Note(s)	2018 N\$	Two and Half Months to 31 March 2017 N\$
Revenue	9	66,457,979	6,259,356
Operating expenses		(64,345,028)	(10,551,877)
<b>Operating Surplus / (Deficit)</b>	10	<b>2,112,951</b>	<b>(4,292,521)</b>
Investment revenue	13	184,864	91,503
<b>Surplus / (Deficit) for the year</b>		<b>2,297,815</b>	<b>(4,201,018)</b>



**Business and Intellectual Property Authority**  
Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)

**Annual Financial Statements for the year ended 31 March 2018**

Statement of Changes in Equity			
	Contribution N\$	Accumulated Fund N\$	Total equity N\$
<b>Balance at 01 April 2017</b>	<b>34,491,766</b>	<b>(4,201,018)</b>	<b>30,290,748</b>
Surplus for the year	-	2,297,815	2,297,815
Opening Difference on Contribution - Understated	-	2,523,668	2,523,668
Balancing figure	-	-	-
<b>Balance at 31 March 2018</b>	<b>34,491,766</b>	<b>620,465</b>	<b>35,112,231</b>



**Business and Intellectual Property Authority**  
Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)

**Annual Financial Statements for the year ended 31 March 2018**

**Statement of Cash Flows**

			Two and Half Months to 31 March 2017
	Note(s)	2018 N\$	2017 N\$
<b>Cash flows from operating activities</b>			
Cash used in operations	15	11,693,126	(2,312,723)
Interest income	13	184,864	91,503
Net cash from operating activities		11,877,990	(2,221,220)
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(3,650,418)	-
		(3,650,418)	-
<b>Cash flows from financing activities</b>			
Net contribution from BIPA section 21		-	7,894,187
		-	7,894,187
<b>Total cash movement for the year</b>		<b>8,227,572</b>	<b>5,672,967</b>
Cash at the beginning of the year		5,672,967	-
<b>Total cash at end of the year</b>	<b>6</b>	<b>13,900,539</b>	<b>5,672,967</b>



**Business and Intellectual Property Authority**  
Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)

**Annual Financial Statements for the year ended 31 March 2018**

**Notes to the Annual Financial Statements**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**1.1 Presentation of Annual Financial Statements**

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and the International Financial Reporting Interpretation Committee ("IFRIC") Interpretations issued and effective at the time of preparing these financial statement and the BIPA Act, 2016 (Act No.8 of 2016). These annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below, and are presented in Namibia Dollars.

**1.2. Significant judgements and sources of estimation uncertainty**

The preparation of financial statements in conformity with IFRS requires management, from time to time to make judgements, estimates and assumption 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 and under 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.

**1.2.1. Critical judgements in applying accounting policies**

Management did not make any critical judgements in the application of accounting policies, apart from those involving estimation, which would significantly affect the financial statements.

**1.2.2. Key sources of estimation uncertainty**

**Trade receivables**

The Authority assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in the surplus or deficit, the Authority makes judgement as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

The impairment (or loss allowance) for trade receivables is calculated on a portfolio basis, except for individually significant trade receivables, which are assessed separately. The impairment test on the portfolio is based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting period that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.



**Business and Intellectual Property Authority**  
**Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)**

**Annual Financial Statements for the year ended 31 March 2018**

**Notes to the Annual Financial Statements**

**1.1 Presentation of Annual Financial Statements (continued)**

**1.2 Significant judgements and sources of estimation uncertainty (continued)**

**1.2.3. Impairment of non-financial assets**

The Authority reviews and tests the carrying value of assets when events or changes in circumstances suggests that the carrying amount may not be recoverable. When such indicators exists, 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.

**1.2.4. Residual values and useful lives of property, plant and equipment**

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

**1.2.5. Leases**

The Authority exercises judgement in classifying leases as operating and finance based on the information available at the inception of the lease.

**1.3. Property, plant and equipment**

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

Item	Depreciation Method	Average useful life
Buildings	Straight-line basis	50 years
Furniture and fixtures	Straight-line basis	5-10 years
Motor Vehicles	Straight-line basis	2-5 years
Office equipment	Straight-line basis	3 years
IT equipment	Straight-line basis	3 years
Leasehold improvements	Straight-line basis	8-10 years
Other Fixed Assets	Straight-line basis	2-10 years
Server	Straight-line basis	15 years

**Business and Intellectual Property Authority**  
Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)

**Annual Financial Statements for the year ended 31 March 2018**

**Notes to the Annual Financial Statements**

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**1.3. Property, plant and equipment (Continued)**

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

Land is not depreciated.

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any and the carrying amount of the item.

**1.4. Intangible assets**

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for the intangible assets, but they are tested for impairment annually, and whenever there is an indication that the asset may be impaired. For all other intangible assets, amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset may be tested for impairment and the remaining carrying amount is amortised over its useful life.

**Business and Intellectual Property Authority**  
**Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)**

**Annual Financial Statements for the year ended 31 March 2018**

**Notes to the Annual Financial Statements**

**1.4. Intangible assets (continued)**

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual value as follows:

Item	Amortisation Method	Useful life
Computer software	Straight-line	5 Years

**1.5. Financial instruments**

**1.5.1. Classification**

The Authority classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through surplus or deficit
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

**1.5.2. Initial recognition and measurement**

Financial instruments are recognised initially when the Authority becomes a party to the contractual provisions of the instruments.

The Authority classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instruments in accordance with the substance of the contractual arrangement

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value are recognised in profit or loss.

**1.5.3. Subsequent measurement**

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

**Business and Intellectual Property Authority**  
**Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)**

**Annual Financial Statements for the year ended 31 March 2018**

**Notes to the Annual Financial Statements**

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**1.5.4. Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership.

**1.5.5. Trade and other receivables**

Trade receivables are measured initially at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

**1.5.6. Trade and other payables**

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

**1.5.7. Cash and cash equivalents**

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

**1.5.8. Bank overdraft and borrowings**

Bank overdrafts and borrowings are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowing is recognised over the term of borrowings in accordance with the Authority's accounting policy for borrowing costs.

**1.6. Leases**

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

**1.6.1 Operating Leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. The liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

**1.7. Taxation**

The Authority is not liable for Income Tax and is not registered for Value Added Tax.



**Annual Financial Statements for the year ended 31 March 2018**

**Notes to the Annual Financial Statements**

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**1.8. Impairment of assets**

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

Irrespective of whether there is any indication of impairment, the Authority 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 the same time every period.

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. The reduction is an impairment loss.

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

An entity 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 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 surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

**1.9. Employee benefits**

**1.9.1. Short-term employee benefits**

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as leave pay 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 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.

**1.10. Provisions and contingencies**

Provisions are recognised when:

- The Authority 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.

**Business and Intellectual Property Authority**  
**Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)**

**Annual Financial Statements for the year ended 31 March 2018**

**Notes to the Annual Financial Statements**

**1.11. Government grants**

Government grants are recognised when there is reasonable assurance that:

- the Authority will comply with the conditions attached 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 entity with no future related costs is recognised as income of the period in which it becomes receivable.

Grants related to income are presented as a credit in the surplus and deficit statement (separately).

**1.12. Revenue**

Revenue is recognised to the extent that the Authority has rendered services provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the Authority. Revenue is measured at fair value of the consideration received or receivable, excluding the VAT and discounts.

Revenue comprises of annual duties, fees from registration, amendments of companies and close corporations and application fees for trademarks, patents and copyrights. Revenue is recognised when these duties and fees become due in terms of the BIPA Act, 2016 (Act No. 8 of 2016).

Interest is recognised, in profit or loss, using the effective interest rate method.

**1.13. 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.

- Weighted average of the borrowing costs applicable to the entity 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.

**Business and Intellectual Property Authority**  
Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)

**Annual Financial Statements for the Two and Half Months Period Ended 31 March 2017**

**Notes to the Annual Financial Statements**

**1.14. Foreign Currency Translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at transactional date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the Statement of Surplus or Deficit and Other Comprehensive Income.

**2. NEW STANDARDS AND INTERPRETATIONS**

**2.1. Standards and interpretations effective and adopted in the current year**

The annual financial statements were based on the following standards and interpretations and are effective for the current financial year and relevant to the Authority's operations:

Standard / Interpretations	Effective date: years beginning on or after	Expected Impact
Amendments to IAS 16 and IAS 38: Classification of Acceptable Methods of Depreciation and Amortisation	01-Jan-16	The impact of the standard is not material
and Discontinued Operations: Annual Improvements Project	01-Jan-16	The impact of the standard is not material
Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements Project	01-Jan-16	The impact of the standard is not material
Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	01-Jan-16	The impact of the standard is not material
Amendments to IAS 7: Disclosure Initiative	01-Jan-17	The impact of the standard is not material
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	01-Jan-17	The impact of the standard is not material

**2.2. Standards and interpretations not yet effective**

The Authority has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Authority's accounting periods beginning on or after 01 April 2017 or later periods.

Standard / Interpretations	Effective date: years beginning on or after	Expected Impact
IFRS 16: Leases	01-Jan-19	Not likely that there will be a material impact
IFRS 9: Financial Instruments	01-Jan-18	The impact of the standard is not material
IFRS 15: Revenue from Contracts and Customers	01-Jan-18	The impact of the standard is not material

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**Notes to the Annual Financial Statements**

### **3. RISK MANAGEMENT**

#### **3.1. Capital risk management**

Business and Intellectual Property referred to as "BIPA" is a public enterprise established under the BIPA Act, (Act No. 8 of 2016), mandated to regulate and administer the registration of business and industrial property and protection thereof. The Ministry of Industrialisation, Trade and SME Development in consultation with the Ministry of Finance and on such conditions the Ministry may determine, have transferred to BIPA with effect from 16 January 2017, such assets, liabilities and rights or obligations of the state which relate to or connected with the management of BIPA by the Ministry as may in the opinion of the Minister, be required by the Authority.

#### **3.2. Financial risk management**

The Authority's principal financial liabilities comprise of trade payables and routine maintenance performed by the Authority. The main purpose of these financial liabilities is to maintain adequate cash flows to enable the Authority's continuity. The Authority has various financial assets such as trade receivables, cash and short-term deposits which arise directly from its operations.

The main purpose of the large trade receivables is to enable the Authority to finance its operations. The main risks arising from the Authority's financial instruments are liquidity and credit risks. The Authority is not subject to interest rate risk as it does not hold any loans or fixed borrowings from financial institutions. The interest received from cash and cash equivalents from financial institutions are minimal and therefore interest rate risk has been identified as insignificant. The Authority is also subject to foreign exchange risk, as the entity has transactions that are denominated in foreign currency. Management reviews and agrees policies for managing each of these risks which are summarised below.

##### **3.2.1. Liquidity risk**

The Authority's risk to liquidity is as a result of the funds available to cover future commitments. The Authority manages the liquidity risks through an ongoing review of future commitments in the form of funding cashflow forecasts which are prepared and adequate funding facilities are monitored.

The table below summarises the maturity profile of the entity's financial liabilities at 31 March 2018 based on contractual undiscounted payments:

<b>At 31 March 2018</b>	<b>Less than 1 Year</b>	<b>More than 1 Year</b>
Trade and other payables	10,477,266	-

<b>At 31 March 2017</b>	<b>Less than 1 Year</b>	<b>More than 1 Year</b>
Trade and other payables	2,878,044	-

##### **3.2.2. Interest rate risk**

The Authority is not exposed to material interest rate risk.

The Authority is not exposed to material interest rate risk as it does not hold loans or fixed term borrowings from financial institutions. The interest received on cash and cash equivalents at financial institutions are minimal and therefore interest rate risk is identified as insignificant.

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**Notes to the Annual Financial Statements**

**3.2.3. Credit risk**

Credit risk consists mainly cash deposits, cash equivalents and trade receivables. The Authority only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. WIPO and ARIPO has not defaulted payments to its member states, whereas Bank Windhoek Limited has not defaulted in any way. Financial assets exposed to credit risk at year end were as follows:

Financial Instrument	2018	Two and Half Months to 31 March 2017
Trade and other receivables	13,622,025	9,694,206
Cash and cash equivalents	13,900,539	5,672,967

**3.2.4. Foreign exchange risk**

The Authority is exposed to foreign exchange risk, as the entity has financial assets denominated in foreign currency. These foreign transactions include accrued income from the international listing on trademarks, patents, industrial designs, utilities and copyrights. Financial assets exposed to foreign exchange risk at year end were as follows:

**At 31 March 2018**

Financial Instrument	Foreign Currency	Amount in Foreign Currency	Amount in Local Currency (N\$)
<b>Trade and other receivables:</b>			
• Accrued income - African Regional Intellectual Property Organisation	US Dollar	723,166	8,542,837
• Accrued income - World Intellectual Property Organisation	Swiss Franc	246,066	2,466,496

**At 31 March 2017**

Financial Instrument	Foreign Currency	Amount in Foreign Currency	Amount in Local Currency (N\$)
<b>Trade and other receivables:</b>			
• Accrued income - African Regional Intellectual Property Organisation	US Dollar	545,443	7,077,010
• Accrued income - World Intellectual Property Organisation	Swiss Franc	191,156	2,486,596

**3.2.5. Market risk**

The Authority has been established as a public enterprise under the BIPA Act, 2016 (Act No.8 of 2016), mandated to administer the registration of businesses, collect annual duties and protection of intellectual property thereof. The Authority is therefore the only entity mandated to so, thus does not give exposure to market risk.

**Business and Intellectual Property Authority**  
Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)

**Annual Financial Statements for the year ended 31 March 2018**

**Notes to the Annual Financial Statements**

**3.2.5.1. Fair value hierarchy**

Recurring fair value measurements as at 31 March 2018	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
• Trade and other receivables	-	-	13,622,025	13,622,025
• Cash and cash equivalents	-	-	13,900,539	13,900,539
<b>Total financial assets</b>	-	-	<b>27,522,564</b>	<b>27,522,564</b>
<b>Financial liabilities</b>				
• Trade and other payables	-	-	10,477,266	10,477,266
<b>Total financial liabilities</b>	-	-	<b>10,477,266</b>	<b>10,477,266</b>

**Business and Intellectual Property Authority**  
Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

2018 N\$	Two and Half Months to 31 March 2017 N\$
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**4. PROPERTY, PLANT AND EQUIPMENT**

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	2,480,005	(239,846)	2,240,159	1,465,949	(18,718)	1,447,231
Motor vehicles	1,193,110	(410,853)	782,257	1,193,110	(51,458)	1,141,652
Office equipment	122,285	(32,461)	89,824	22,095	(2,272)	19,823
IT equipment	1,342,898	(458,150)	884,748	608,176	(50,118)	558,058
Leasehold improvements	-	-	-	2,301,881	(17,625)	2,284,256
Other Fixed Assets	1,310,231	(82,815)	1,227,416	387,648	(711)	386,937
Capital work in progress	12,842,529	-	12,842,529	11,963,662	-	11,963,662
	<b>19,291,058</b>	<b>(1,224,125)</b>	<b>18,066,933</b>	<b>17,942,521</b>	<b>(140,902)</b>	<b>17,801,619</b>

**Reconciliation of property, plant and equipment - 2018**

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1,447,231	1,014,056	-	(221,127)	2,240,159
Motor vehicles	1,141,652	-	-	(359,395)	782,257
Office equipment	19,823	100,190	-	(30,189)	89,824
IT equipment	558,058	734,722	-	(408,033)	884,748
Leasehold improvements	-	-	-	-	-
Other Fixed Assets	386,937	922,584	-	(82,104)	1,227,416
Capital work in progress	11,963,662	878,867	-	-	12,842,529
	<b>15,517,363</b>	<b>3,650,418</b>	<b>-</b>	<b>(1,100,848)</b>	<b>18,066,933</b>

**Reconciliation of property, plant and equipment - 2017**

	Opening balance	Additions	Transferred / Donated	Depreciation	Total
Furniture and fixtures	-	61,963	1,403,987	(18,718)	1,447,231
Motor vehicles	-	-	1,193,110	(51,458)	1,141,652
Office equipment	-	3,250	18,845	(2,272)	19,823
IT equipment	-	-	608,176	(50,118)	558,058
Leasehold improvements	-	-	2,301,881	(17,625)	2,284,256
Other Fixed Assets	-	24,715	362,933	(711)	386,937
Capital work in progress	-	-	11,963,662	-	11,963,662
	<b>-</b>	<b>89,928</b>	<b>17,852,593</b>	<b>(140,902)</b>	<b>17,801,619</b>

**Business and Intellectual Property Authority**  
Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)

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**Notes to the Annual Financial Statements**

	2018	Two and Half Months to 31 March 2017
	N\$	N\$
<b>5. TRADE AND OTHER RECEIVABLES</b>		
<b>Current assets</b>		
Deposits	250,600	130,600
Prepayments	143,660	-
Staff Advances	58,432	-
Accrued income - African Regional Intellectual Property Organisation	8,542,837	7,077,010
Accrued income - World Intellectual Property Organisation	2,466,496	2,486,596
Transfer duties on Land and Buildings - Ministry of Finance	2,160,000	-
	<b>13,622,025</b>	<b>9,694,206</b>

**(i) CLASSIFICATION OF TRADE RECEIVABLES**

Trade receivables are amounts due from customers for services performed during the course of the business. They are generally due within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing conditions, when they are recognised at fair value. The Authority holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Authority's impairment policies and the calculation of the loss allowance are provided in note 1.8

**(ii) FAIR VALUE OF TRADE RECEIVABLES**

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value

**(iii) IMPAIRMENT AND RISK EXPOSURE**

Information about impairment of trade receivables and the Authority's exposure to credit risk, foreign currency risk and interest rate risk can found in note 1.8, 3 and 6

**6. CASH AND CASH EQUIVALENTS**

<b>Current assets</b>		
Cash at bank and in hand	3,151,449	3,080,755
Deposits at call	10,114,968	69,953
Short-term Bank Windhoek Investment Fund	634,122	2,522,259
	<b>13,900,539</b>	<b>5,672,967</b>

The balances are secured with a bank guarantee of N\$10,000 in respect of Metcash Trading Namibia.

**(i) RECONCILIATION TO CASH FLOW STATEMENT**

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Balances as above	13,900,539	5,672,967
Balances statement of cash flows	<b>13,900,539</b>	<b>5,672,967</b>

**(ii) CREDIT QUALITY OF CASH AT BANK AND SHORT-TERM DEPOSITS EXCLUDING CASH IN HAND**

The credit quality of cash at bank and short-term deposits excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

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**Notes to the Annual Financial Statements**

	2018 N\$	Two and Half Months to 31 March 2017 N\$
<b>6. CASH AND CASH EQUIVALENTS (CONTINUED)</b>		
<b>CREDIT RATING:</b>		
Bank Windhoek Limited (A1+ Moody's credit rating)	13,899,131	5,667,522
Capricorn Asset Management (Pty) Limited (A1+ Moody's)	634,122	2,522,259
<b>7. TRADE AND OTHER PAYABLES</b>		
Trade creditors	2,146,033	979,157
Prepayments from customers	213,960	-
Provision for salary bonus	5,881,759	1,205,842
Provision for leave pay	2,235,514	693,045
	<b>10,477,266</b>	<b>2,878,044</b>
<b>8. CONTRIBUTION</b>	<b>34,491,766</b>	<b>34,491,766</b>
The Deferred Income pertains to Government grants received since inception for the construction of the BIPA Offices.		
<b>RECONCILIATION</b>		
Opening balance	34,491,766	-
Contributions during the year		
- Cash contributions	-	7,894,187
- Asset contributions	-	26,597,579
<b>Balance as at year end</b>	<b>34,491,766</b>	<b>34,491,766</b>
<b>9. REVENUE AND OTHER INCOME</b>		
<b>9.1 Revenue</b>		
Income from Registrations of Companies, Close Corporation and Defensive names	1,703,343	-
Income from Amendments of Companies and Close Corporation	50,109	-
Income from Annual Duties and Returns	25,506,424	-
Registration of Trademarks, Patents and Copyrights	395,240	-
<b>9.2 Other income</b>		
Fees African Regional Intellectual Property Organisation	3,372,994	568,050
Company Registration	-	11,500
Sundry Income	30,581	-
Fees - World Intellectual Property Organisation	2,399,288	746,473
Ministry of Industrialisation, Trade and SME Development (MITSMED) Grants	33,000,000	4,933,333
	<b>66,457,979</b>	<b>6,259,356</b>

**10. OPERATING SURPLUS / (DEFICIT)**

Operating Surplus / (Deficit) for the year is stated after accounting for the following:

Operating lease charges

Premises

• Contractual amounts - Head office	1,603,981	261,200
• Contractual amounts - Katutura Satellite Office	406,887	162,755

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**Annual Financial Statements for the year ended 31 March 2018**

**Notes to the Annual Financial Statements**

	<b>2018</b>	<b>Two and Half Months to 31 March 2017</b>
	<b>N\$</b>	<b>N\$</b>
<b>10. OPERATING SURPLUS / (DEFICIT) (CONTINUED)</b>		
Equipment		
• Contractual amounts	222,403	23,043
Loss on Disposal of Property, plant and equipment	-	-
Depreciation on property, plant and equipment	1,100,848	140,902
Employee costs	38,826,332	5,986,317
<b>11. EMPLOYEE COST</b>		
<b>Employee costs</b>		
Basic Salaries	26,921,694	4,649,255
PAYE	7,405,056	676,502
Medical Aid	885,754	143,027
Defined Pension Fund	3,411,392	488,811
SSC	202,437	28,722
Staff Garnishee	-	-
	<b>38,826,332</b>	<b>5,986,317</b>
<b>12. TAXATION</b>		
The Authority is exempt from income tax in terms of section 16(1) of the Income Tax Act of Namibia, as amended.		
<b>13. INVESTMENT REVENUE</b>		
Interest revenue		
Bank	73,000	27,122
Interest on short term Investments	111,864	64,381
	<b>184,864</b>	<b>91,503</b>
<b>14. AUDITOR'S REMUNERATION</b>		
Auditor's Fees	51,750	-
<b>15. CASH USED IN OPERATIONS</b>		
Surplus / (Deficit) for the year	2,297,815	(4,201,018)
<b>Adjustments for:</b>		
Depreciation	1,100,848	140,902
Loss on Sale of assets	-	-
(Gain) loss on foreign exchange	-	132,931
Interest received	(184,864)	(91,503)
Other non-cash items		
• Asset contributions	-	26,597,579
• Additions to Property, plant and equipment	-	(17,801,619)

**Business and Intellectual Property Authority**  
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**Annual Financial Statements for the year ended 31 March 2018**

**Notes to the Annual Financial Statements**

	2018 N\$	Two and Half Months to 31 March 2017 N\$
<b>15. CASH USED IN OPERATIONS (CONTINUED)</b>		
• Other non-cash items		(273,832)
<b>Changes in working capital:</b>		
Trade and other receivables	880,104	(9,694,206)
Trade and other payables	7,599,223	2,878,044
	<b>11,693,126</b>	<b>(2,312,723)</b>

**16. COMMITMENTS**

Operating leases - as lessee (expense)

**Minimum lease payments due**

• within one year	2,712,497	1,619,437
• in second to fifth year inclusive	3,311,347	3,045,586
• later than five years	-	-
	<b>6,023,844</b>	<b>4,665,023</b>

Operating lease payments represent rentals payable by the Authority for certain of its offices. Leases are negotiated for an average term of three years and rentals escalate by 10% at Head Office and 7% at BRB Building annually. No contingent rent is payable.

**17. RELATED PARTIES**

**17.1. RELATIONSHIP**

Related party relationship exists between the Authority and:

Entity / Organisation	Relationship
Key Management	
Ministry of Public Enterprises	State Enterprise Governance
Ministry of Industrialization, Trade and SME Development	Line Ministry / Government
Ministry of Finance	Treasury
African Regional Intellectual Property Organisation (ARIPO)	Member State
World Intellectual Property Organisation (WIPO)	Member State

**17.2. TRANSACTIONS**

Related party transactions:

**Key Management**

• Chief Executive Officer and Executives	3,804,581	661,537
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**Government Grants**

• Ministry of Industrialisation, Trade and SME Development	33,000,000	4,933,333
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**Business and Intellectual Property Authority**  
Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)

**Annual Financial Statements for the year ended 31 March 2018**

**Notes to the Annual Financial Statements**

	<b>2018</b>	<b>Two and Half Months to 31 March 2017</b>
	<b>N\$</b>	<b>N\$</b>
<b>17. RELATED PARTIES (CONTINUED)</b>		
<b>17.3. BALANCES</b>		
Related party balances:		
• African Regional Intellectual Property Organisation (ARIPO)	8,542,837	7,077,010
• World Intellectual Property Organisation (WIPO)	2,466,496	2,486,596
<b>18. BOARD MEMBERS EMOLUMENTS</b>		
Non-Executive Directors emoluments consists of:		
• Sitting and retainer allowances	595,225	16,878
• Travelling expenses (Daily Subsistence & Travel Allowance)	158,079	-
	<b>753,304</b>	<b>16,878</b>

**Business and Intellectual Property Authority**  
Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)

**Annual Financial Statements for the year ended 31 March 2018**

**Detailed Statement of Surplus or Deficit and Other Comprehensive Income**

	2018 N\$	Two and Half Months to 31 March 2017 N\$
<b>Revenue</b>		
Income from Registrations of Companies, Close Corporation and Defensive names	1,703,343	-
Income from Amendments of Companies and Close Corporation	50,109	-
Income from Annual Duties and Returns	25,506,424	-
Registration of Trademarks, Patents and Copyrights	395,240	-
	<b>27,655,116</b>	<b>-</b>
<b>Other income</b>		
Share of fees - Africa Regional Intellectual Property Organisation (ARIPO)	3,372,994	568,050
Fees - Company Registration	-	11,500
Sundry income	30,581	-
Share of fees - World Intellectual Property Organisation (WIPO)	2,399,288	746,473
Government Grants - Ministry of Industrialization, Trade and SME Development	33,000,000	4,933,333
Interest received	184,864	91,503
	<b>38,987,727</b>	<b>6,350,859</b>
<b>Expenses (Refer to page 31 &amp; 32)</b>	<b>(64,345,028)</b>	<b>(10,551,877)</b>
<b>Surplus / (Deficit) for the year</b>	<b>2,297,815</b>	<b>(4,201,018)</b>

The supplementary information presented does not form part of the annual financial statements and is unaudited

**Business and Intellectual Property Authority**  
Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)

**Annual Financial Statements for the year ended 31 March 2018**

**Detailed Statement of Surplus or Deficit and Other Comprehensive Income**

	Note(s)	2018 N\$	Two and Half Months to 31 March 2017 N\$
<b>Operating expenses</b>			
ARIPO Specific contribution		329,585	237,104
Administration fees		24,648	-
Advertising		590,483	130,716
Auditors remuneration	14	51,750	-
Bank charges		103,269	5,237
Cleaning		69,842	12,338
Computers expenses		565,827	83,920
Consulting fees		615,480	166,608
Consumables		107,264	31,338
Corporate Services		-	87,210
Courier & Postage		399,834	2,236
Promotions		80,650	23,029
Depreciation	4	1,100,848	140,902
Donations		11,500	50,000
Electricity & Water		746,404	72,142
Employee costs	11	38,826,332	5,986,317
Entertainment		23,980	1,390
Directors fees		595,225	16,878
Flowers & Gifts		25,537	1,769
Loose tools and equipment		12,726	4,356
Gratuity		-	0
Insurance		102,884	29,083
Staff Uniform		69,054	-
Lease of machinery		222,403	23,043
Legal expenses		53,134	-
Loss on exchange difference		3,978,748	132,931
Books, Journals and Manuals		153,951	74,399
Motor vehicle expenses		73,290	31,535
Bar-coding retrieval file		828,594	255,455
Membership fees		13,284	10,000
Standard Archive Containers		14,566	19,297
Printing & Stationery		1,454,367	225,562
Printing of registration documents		36,800	366,329
Rent Paid		3,153,697	450,537

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**Business and Intellectual Property Authority**  
Public Enterprise established under the BIPA Act, 2016 (Act No. 8 of 2016)

**Annual Financial Statements for the year ended 31 March 2018**

**Detailed Statement of Surplus or Deficit and Other Comprehensive Income**

	Note(s)	2018 N\$	Two and Half Months to 31 March 2017 N\$
Repair & Maintenance		463,608	59,193
Safety Equipment		3,817	-
Secretarial fees		-	1,420
Security		1,126,503	114,660
Silnam Support Services		3,943,350	1,059,150
NTA - VET Levy		298,276	39,344
Telephone & fax		1,242,044	419,219
Training/Capacity Building		390,758	45,750
Refreshments		140,326	-
Relocation Expenses		17,986	-
Travelling costs		2,078,791	100,935
Retreats, Conferences and Team Building		168,344	-
WIPO Contribution		35,269	40,545
WIPO Day		-	-
		<b>64,345,028</b>	<b>10,551,877</b>

The supplementary information presented does not form part of the annual financial statements and is unaudited



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