ANNUAL FINANCIAL STATEMENTS 31 MARCH 2013

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DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors of the Corporation are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The Corporation's independent external auditors have audited the annual financial statements and their report appears on page 2.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the Corporation will not remain a going concern for the foreseeable future.

DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 4 to 53 were approved by the Board of Directors and are signed on their behalf by:

Director	Director
Date	Date

Ernst & Young Namibia
Cnr Otto Nitzsche and Maritz Streets
Box 1857
Windhoek, Namibia

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Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED

We have audited the accompanying annual financial statements of the Corporation, which comprise the statement of financial position as at 31 March 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 4 to 53.

Directors' Responsibility for the Financial Statements

The Corporation's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Namibia, 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of the Corporation as at 31 March 2013, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Namibia.

Emphasis of matter
Without qualifying our opinion, we draw attention to the restatement of the statement of financial position as at 31 March 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended. This restatement, set out in note 27, arose from the reprocessing of the transactions for the period ended 31 March 2012, which was performed due to the significant departure from IFRS requirements which occurred in the prior year.

Ernst & Young

Ernst & Young
Partner – Patterson Tjipueja
Registered Accountants and Auditors
Chartered Accountant (NAM)

Windhoek

5 February 2014

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013

The directors have pleasure in presenting their report on the activities of the Corporation for the year ended 31 March 2013.

NATURE OF BUSINESS

The Corporation is the only reinsurer in Namibia, and provides reinsurance to all Namibian insurance companies as they are obliged to present 20% of all their underwritten insurance to the Corporation. The Corporation provides only short term re-insurance. The following types of short term reinsurance are provided: fire, personal, engineering, motors, marine, bond treaties, property plus treaties and health.

RESULTS FOR THE YEAR

The results for the year are fully set out in the attached annual financial statements.

DIVIDEND

Dividends of N$ 1 358 597 (2012: N$ Nil) was declared during the current year.

SHARE CAPITAL

The authorised and issued share capital of the Corporation remained unchanged during the current year.

DIRECTORS AND SECRETARY

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

		Appointment	Resignation
MS Dax	(Chairperson)	31/08/1999	30/11/2013
A C Nakale-Kawana	(Managing Director)	01/04/2004	-
N Kasuto		07/08/2001	30/11/2013
R R Kamehozu	(Vice Chairperson)	31/08/1999	04/11/2012
I Gei-Khoibeb	(Chairperson as from 1 Dec 2013)	07/08/2001	-
D Keendjele		07/08/2001	30/11/2013
G F Hinda		04/11/2009	30/11/2013
A N Abner		04/11/2009	30/11/2013
T Indji		01/12/2013	-
T Saunderson		01/12/2013	-
L Kapere		01/12/2013	-
M Ashikoto		01/12/2013	-
NJ Tshitayi		01/12/2013	-

BUSINESS ADDRESS:	Postal Address
NAMIBRE Building	P.O. Box 716
Corner of Lazarette and Feld Street	Windhoek
Windhoek	Namibia
Namibia	

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013 (continued)

HOLDING CORPORATION

The Corporation is a wholly-owned subsidiary of the Government of the Republic of Namibia.

SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report, which significantly affects the financial position of the Corporation or the results of its operations.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 N$	2012 Restated N$
Gross premiums written	6(a)	148 059 327	131 656 469
Premiums ceded to reinsurers	6(b)	(33 152 863)	(29 046 651)
NET PREMIUMS EARNED	6	114 906 464	102 609 818
Fees and commission received	8.1	9 021 771	8 137 962
Finance income	4	9 102 069	7 764 243
Other income	5	375 045	775 230
Loss on sale of non-current assets		-	(10 000)
OTHER REVENUE		18 498 885	16 667 435
TOTAL REVENUE		133 405 349	119 277 253
Gross benefits and claims incurred	7(a)	(84 562 865)	(69 999 755)
Claims ceded to reinsurers	7(b)	18 707 539	13 480 610
Gross change in insurance liabilities	7(c)	119 495	4 821 886
Change in insurance liabilities ceded to reinsurers	7(d)	(2 264 673)	(747 568)
NET BENEFITS AND CLAIMS	7	(68 000 504)	(52 444 827)
Fees and commission paid	8.2	(41 041 703)	(37 480 351)
Management expenses	3	(14 563 178)	(9 896 969)
OTHER EXPENSES		(55 604 881)	(47 377 320)
TOTAL BENEFITS, CLAIMS AND OTHER EXPENSES		(123 605 385)	(99 822 147)
PROFIT BEFORE TAXATION		9 799 964	19 455 106
Taxation	1.18, 26.1	(4 225 091)	-
PROFIT FOR THE YEAR		5 574 873	19 455 106
Other comprehensive income net of taxation		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5 574 873	19 455 106
Attributable to:			
Equity holders of the parent		5 574 873	19 455 106
Non-controlling interests		-	-

NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED
(Registration No. 99/369)

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2013

	Notes	2013	2012 Restated
		N$	N$
ASSETS			
NON-CURRENT ASSETS		122 589 112	49 437 398
Property, plant and equipment	9	21 443 207	19 026 779
Investments	12	101 145 905	30 410 619
CURRENT ASSETS		59 557 045	120 856 231
Deferred expenses	25.1	3 520 681	3 466 102
Reinsurance assets	10	9 935 061	12 038 264
Insurance receivables	11	8 424 648	14 143 537
Investments	12	27 128 843	71 047 617
Staff loans and prepayments		237 267	621 743
Cash and cash equivalents	13	10 310 545	19 538 968
TOTAL ASSETS		182 146 157	170 293 629
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES		123 562 570	119 346 294
Share capital	14	20 000 000	20 000 000
General reserve	15	40 765 610	38 315 619
Staff welfare reserve	16	1 050 425	994 676
Retained income		61 746 535	60 035 999
NON - CURRENT LIABILITIES		168 666	-
Deferred Taxation	26.2	168 666	-
CURRENT LIABILITIES		58 414 921	50 947 335
Insurance liability	18	41 004 808	41 401 510
Reinsurance payable	19	5 133 462	6 714 465
Other payables	20	8 190 142	2 732 730
Taxation	26.3	4 056 425	-
Bank overdraft	13	30 084	98 630
TOTAL EQUITY AND LIABILITIES		182 146 157	170 293 629

NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED
(Registration No. 99/369)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013

	Share capital N$	General reserve N$	Staff welfare N$	Retained income N$	Total N$
Balance at 31 March 2011	20 000 000	33 451 842	800 125	45 639 221	99 891 188
Restated total comprehensive income for the year	-	-	-	19 455 106	19 455 106
Total comprehensive income for the year	-	-	-	19 810 253	19 810 253
Restatement due to prior period error (note 27)	-	-	-	(355 147)	(355 147)
Restated transfer from retained earnings	-	4 863 777	194 551	(5 058 328)	-
Transfer from retained earnings	-	4 952 563	182 718	(5 135 281)	-
Restatement due to prior period error (note 27)	-	(88 786)	11 833	76 953	-
Dividends declared	-	-	-	-	-
Balance at 31 March 2012	20 000 000	38 315 619	994 676	60 035 999	119 346 294
Total comprehensive income for the year	-	-	-	5 574 873	5 574 873
Transfer from retained earnings	-	2 449 991	55 749	(2 505 740)	-
Dividends declared	-	-	-	(1 358 597)	(1 358 597)
Balance at 31 March 2013	20 000 000	40 765 610	1 050 425	61 746 535	123 562 570
Note	14	15	16	17	

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 N$	2012 Restated N$
Cash flows from operating activities		19 803 696	18 829 570
Cash generated by operations	A	12 639 726	11 065 327
Taxation paid	26.3	-	-
Interest received		8 510 658	7 764 243
Dividends received	4	11 909	-
Dividends paid	B	(1 358 597)	-
Cash flows from investing activities		(28 963 573)	(29 259 826)
Purchases of property, plant and equipment	9	(2 726 563)	(2 975 123)
Proceeds from sale of property ,plant and equipment		-	1 535
Proceeds on sale of investments		56 976 142	32 322 690
Purchase of investments		(83 213 152)	(58 608 928)
Net decrease in cash and cash equivalents		(9 159 877)	(10 430 256)
Cash and cash equivalents at the beginning of year	13	19 440 338	29 870 594
Cash and cash equivalents at the end of year	13	10 280 461	19 440 338

NOTES TO THE STATEMENT OF CASH FLOWS

A. Reconciliation of profit before taxation to cash generated by operations

	2013	2012
Profit before taxation	9 799 964	19 455 106
Adjusted for:		
Depreciation	310 135	115 465
Loss on disposal of assets	-	10 000
Bad debts	2 840 425	7 063 091
Provision for leave pay	256 494	37 504
Provision for bonus	8 851	34 511
Unrealised foreign currency gain	(435 468)	(982 807)
Change in insurance liabilities	1 704 482	(1 821 045)
Changes in fair value of investments at fair value through profit or loss	(579 502)	-
Dividend received	(11 909)	-
Finance income	(8 510 658)	(7 764 243)
	5 382 814	16 147 582
Changes in working capital:	7 256 912	(5 082 255)
Deferred expenses	(54 579)	(3 466 103)
Staff loans and prepayments	384 476	(376 276)
Reinsurance assets	(448 218)	(1 887 646)
Insurance receivables	3 313 931	(9 528 259)
Insurance liability	450 237	4 237 774
Reinsurance payable	(1 581 003)	4 446 409
Other payables	5 192 067	1 491 846
Cash generated by operations	12 639 726	11 065 327

B. Dividends paid

	2013	2012
Balance at beginning of year	-	-
Dividends declared	1 358 597	-
Balance at end of year	-	-
Dividends paid	1 358 597	-

1. ACCOUNTING POLICIES

Basis for preparation

The Corporation's audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Financial Reporting Interpretations Committee. ("IFRIC").

The Corporation prepares its audited financial statements on a going concern basis using the historical cost basis, except for certain financial assets and liabilities where it adopts the fair value basis of accounting.

The Corporation's principal accounting policies are set out below. These policies, as set out below, have been consistently applied to all periods presented in these financial statements.

1.1 Recognition of assets

The Corporation recognises assets when it obtains control of a resource as a result of past events, from which future economic benefits are expected to flow to the enterprise and for which the cost can be measured reliably.

The Corporation discloses a contingent asset where, as a result of past events, it is virtually certain that economic benefits will flow to it, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the Corporation's control.

1.2 Recognition of liabilities

The Corporation recognises liabilities when a present obligation exists, arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the enterprise and for which the cost can be measured reliably.

The Corporation discloses a contingent liability where, as a result of past events, it is possible that an outflow of economic benefits will occur, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the Corporation's control.

1.3 Insurance liabilities

Insurance liabilities comprise a provision for unearned premium; provision for claims incurred but not yet reported and provision for outstanding claims which are accounted for as follows:

Provision for unearned premiums
The provision for unearned premiums represents premiums received during the year, but relates to periods of risk extending beyond the end of the financial year, and are calculated by estimating the proportion of annual premiums that relate to future periods. Refer to Note 2.2, Key sources of estimation uncertainty, for more detail of the estimates involved in calculation of this provision.

Provision for claims Incurred but not yet reported (IBNR)
Provision is made for the estimated cost of claims incurred but not yet reported at the reporting date. The provision for claims incurred but not yet reported is calculated on the best available information of historical trends and management's estimates of future claims costs. Refer to Note 2.2, Key sources of estimation uncertainty, for more detail of the estimates involved in calculation of this provision.

Provisions for outstanding claims
Provisions are recognised when the Corporation has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be reliably estimated. The provision for outstanding claims (claims incurred but not settled at reporting date) is based on the estimated cost of actual outstanding claims received, relating to the current year, provided by insurers. The claims have therefore been reported to the insurers, but have not yet been finalised, and therefore the actual cost of the claim is not yet certain. The insurers measure outstanding claims at the best estimate of the cost required to settle the obligation at the reporting date. This estimation of the cost takes into account average claims, average claims handling cost, a reduction for the expected value of salvage and other recoveries, and other indicators such as inflation.

1. ACCOUNTING POLICIES (continued)

1.4 General reserve

The general reserve as required by the Namibia National Reinsurance Corporation Act, 1998, is provided for in full out of the reserves available for distribution. The annual transfer to reserves is to be 50% of annual net profits until such time as the general reserve equals or exceeds authorised share capital, when 25% of annual net profits are to be transferred.

1.5 Property, plant and equipment

The Corporation carries property, plant and equipment at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably.

Depreciation is charged so as to write off the cost *of* assets over their estimated useful lives to their net residual values. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Current annual straight line rates of depreciation applied are:

- Computer equipment 33.3%
- Furniture and equipment 20.0%
- Vehicles 33.3%
- Buildings 2.0%

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date that the asset is derecognised.

Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. However, under usage methods of depreciation the depreciation charge can be zero while there is no production.

Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses are recognised in profit and loss as an expense.

An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

1.6 Impairment of non-financial assets

At each reporting date, the Corporation reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount , higher of the asset's fair value less costs to sell and its value in use ,of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately in profit or loss.

1. ACCOUNTING POLICIES (continued)

1.7 Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available for sale assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Corporation determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified at fair value through profit or loss where the Corporation's investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on trade date, i.e., the date that the Corporation commits to purchase or sell the asset.

The Corporation's financial assets include cash and cash equivalents, trade receivables and investments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in profit or loss.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied. Financial assets are designated at fair value through profit or loss where the Corporation's investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis. The Corporation manages and evaluates performance of the financial assets and/or financial liabilities on fair value basis in accordance with the Corporation's documented risk management strategy (note 23). The Corporation has designated investments held in unit trusts as financial assets at fair value through profit or loss.

The Corporation evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When, in rare circumstances, the Corporation is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Corporation may elect to reclassify them. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

1. ACCOUNTING POLICIES (continued)

1.7 Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 23.8.

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at fair value. After initial measurement, loans and receivables are measured at amortised cost, using the effective interest rate method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in profit or loss. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Cash and cash equivalents and trade and other receivables are classified as loans and other receivables.

Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Corporation has the positive intention and ability to hold until maturity. After initial measurement, held-to-maturity financial assets are measured at amortised cost, using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process. The Corporation has designated some of its investments as held-to-maturity.

1. ACCOUNTING POLICIES (continued)

1.7 Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement (continued)

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired

- The Corporation retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Corporation has transferred substantially all the risks and rewards of the asset;
(b) or the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Corporation has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Corporation's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Corporation could be required to repay.

In that case, the Corporation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Corporation has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Corporation could be required to repay.

(ii) Impairment of financial assets

The Corporation assesses at each reporting date whether a financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

1. ACCOUNTING POLICIES (continued)

1.7 Financial instruments (continued)

(i) Financial assets (continued)

(ii) Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Corporation first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Corporation. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the finance cost in the statement of comprehensive income.

1. ACCOUNTING POLICIES (continued)

1.7 Financial instruments (continued)

(ii) Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Corporation's internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors. Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Corporation. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(iii) Financial liabilities – initial recognition and subsequent measurement

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives as appropriate. The Corporation determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Corporation's financial liabilities include other payables and a bank overdraft facility.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Other payables
Other payables are initially recognised at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier and are subsequently carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance cost in the statement of comprehensive income.

Bank overdraft
The bank overdraft is recorded at the proceeds received, net of direct issue costs. After initial recognition, it is subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

1. ACCOUNTING POLICIES (continued)

1.7 Financial instruments (continued)

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expense will not be offset in the consolidated income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Corporation.

1.8 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and investments in money market or call instruments. Cash and cash equivalents are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

1.9 Revenue recognition

Premium income

Gross premiums written
Gross premiums written comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums on the basis set out in note 1.3 and note 2.2 below.

Premiums ceded to reinsurers
Premiums ceded to reinsurers comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies.

Fees and commission income
Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

Finance income
Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Corporation's right to receive payment is established, which is generally when shareholders approve the dividend.

1. ACCOUNTING POLICIES (continued)

1.9 Revenue recognition (continued)

Other income
Other income comprises of rental income and sundry income. Other income is recognised to the extent that it is probable that economic benefits will flow to the Corporation and the revenue can be reliably measured, regardless of when the payment is received.

1.10 Benefits, claims and expenses recognition

Gross benefits and claims
Gross benefits and claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Reinsurance claims
Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Fees and commission expense
Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as expenses as incurred. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

1.11 Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Corporation as a lessor

Leases in which the Corporation does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

1. ACCOUNTING POLICIES (continued)

1.12 Reinsurance contracts
The Corporation cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. This includes the reinsurer's share of unearned premiums, provision for outstanding claims and provision for claims incurred but not reported. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, reinsurance assets are measured at amortised cost, using the effective interest rate method.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Corporation may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Corporation will receive from the reinsurer. The impairment loss is recorded in the statement of comprehensive income.

Gains or losses on buying reinsurance are recognised in the statement of comprehensive income immediately at the date of purchase and are not amortised.

Ceded reinsurance arrangements do not relieve the Corporation from its obligations to policyholders. The Corporation also assumes reinsurance risk in the normal course of business for non-life insurance contracts where applicable.

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective interest rate method when accrued.

1. ACCOUNTING POLICIES (continued)

1.13 Insurance contracts

Insurance contracts are those contracts where the Corporation (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Insurance receivables

Insurance receivables are initially recognised at fair value of the consideration receivable. Receivables are subsequently measured at amortised cost using the effective interest rate method. These include amounts due to and from agents, brokers and insurance contract holders. The carrying value of receivables is reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable, with the impairment loss recognised in the statement of comprehensive income.

Derecognition of insurance receivables

Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 1.7 (ii), have been met.

Acquisition expenses of reinsurance activities (Deferred acquisition costs or “DAC”)

In reinsurance, those costs directly associated with the acquisition of new contracts, mainly comprising commissions, are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred. The deferred acquisition costs are therefore recorded as assets on the statement of financial position, to the extent that contracts are profitable. They are amortised on the basis of the residual term of the contracts in Non-Life.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss. DAC are also considered in the liability adequacy test for each reporting period.

DAC are derecognised when the related contracts are either settled or disposed of.

1. ACCOUNTING POLICIES (continued)

1.13 Insurance contracts (continued)

Liability adequacy test

At each reporting date, the Corporation reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in profit or loss by setting up a provision for premium deficiency.

The liability adequacy test is performed on the level of the actuarial segment and then aggregated at the entity level. The liability adequacy test is performed at the level of portfolios that are managed together and are subject to broadly similar risks.

1.14 Reinsurance payable

Reinsurance payable is recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. These include amounts due to agents, brokers and insurance contract holders.

Derecognition reinsurance payable
Reinsurance payables are derecognised when the obligation under the liability is discharged, cancelled or expired.

1.15 Solvency margin

Solvency margin represents the free reserve ratio which is calculated as shareholders funds expressed as a percentage of net premium written. The minimum solvency margin required by regulation is 15%.

1.16 Dividends

Dividends on ordinary shares are recognised against equity in the period in which they are approved by the Corporation's shareholder. Dividends declared after the reporting date are not recognised but disclosed as a post statement of financial position event.

1.17 Employee benefits

Short term employee benefits

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

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

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

1. ACCOUNTING POLICIES (continued)

1.17 Employee benefits (continued)

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Corporation's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.18 Taxation

In terms of Section 45 of the Namibia National Reinsurance Corporation Act of 1998, the Corporation is not liable to pay income taxation under Namibian legislation until such time that the general reserve fund is equal to or exceeds twice the amount of the authorized share capital. As the general reserve (after a transfer of profit before tax) has exceeded twice the amount of the authorized share capital for the year ended 31 March 2013, the Corporation is liable for income taxation in the current year.

1.19 Foreign currencies

The Corporation's financial statements are presented in Namibian Dollar.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Corporation at its functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

1.20 New and revised standards that became effective during the year

The Corporation has adopted the following new and revised IFRSs and IFRIC interpretations during the current year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Corporation. They did however, give rise to additional disclosure, where applicable.

Number	Title	Effective date
IFRS 7	Transfers of financial assets – amendment to IFRS 7	1 July 2011

The amendment requires additional quantitative and qualitative disclosure relating to transfers of financial assets under certain scenarios

1. ACCOUNTING POLICIES (continued)

1.20 New and revised standards that became effective during the year (continued)

Number	Title	Effective date
IAS 12	Income taxes – recovery of underlying assets	1 January 2012

The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model the objective of which is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

1.21 New and revised standards issued that are not yet effective

At the date of authorisation of the Corporation's annual financial statements for the year ended 31 March 2013, the following standards and interpretations were in issue but not yet effective. The Corporation intends to adopt these standards when they become effective.

Number	Title	Effective date
IFRS 1	First-time Adoption of International Financial Reporting Standards	1 January 2013

The amendments dealing with loans received from governments at a below market rate of interest, give first-time adopters of IFRSs relief from full retrospective application of IFRSs when accounting for these loans on translation. This is the same relief as was given to existing preparers of IFRS financial statements. This amendment is not expected to have an impact on the Corporation, as the Corporation has already adopted IFRS.

IFRS 10	Consolidated financial statements	1 January 2013

IFRS 10 creates a new, broader definition of control than under current IAS 27 and has resulted in SIC 12 being withdrawn. IFRS 10 does not change the consolidation process; rather it changes whether an entity is consolidated by revising the definition of control.

The revised definition of control will require consideration of aspects such as de-facto control, substantive vs. protective rights, agency relationships, silo accounting and structured entities when evaluating whether or not an entity is controlled by the investor. This new IFRS is not expected to have a significant impact on the Corporation's financial position or performance as the Corporation has not entered into any relationships which will fall into the new definition of control.

IFRS 11	Joint arrangements	1 January 2013

IFRS 11 replaces IAS 31 and SIC 13 and refers to IFRS 10's revised definition of 'control' when referring to 'joint control'. Under IFRS 11 a joint arrangement (previously a 'joint venture' under IAS 31) is accounted for as either a:

- joint operation – by showing the investor's interest/ relative interest in the assets, liabilities, revenues and expenses of the joint arrangement; or
- joint venture – by applying the equity accounting method. Proportionate consolidation is no longer permitted.

Under IFRS 11 the structure of the joint arrangement is not the only factor considered when classifying the joint arrangement as either a joint operation or joint venture. This new IFRS is not expected to have a significant impact on the Corporation's financial position or performance, as the Corporation does not have any joint arrangements.

1. ACCOUNTING POLICIES (continued)

1.21 New and revised standards issued that are not yet effective (continued)

Number	Title	Effective date
IFRS 11	Joint arrangements	1 January 2013

IFRS 11 replaces IAS 31 and SIC 13 and refers to IFRS 10's revised definition of 'control' when referring to 'joint control'.

Under IFRS 11 a joint arrangement (previously a 'joint venture' under IAS 31) is accounted for as either a:

- joint operation – by showing the investor's interest/ relative interest in the assets, liabilities, revenues and expenses of the joint arrangement; or
- joint venture – by applying the equity accounting method. Proportionate consolidation is no longer permitted.

Under IFRS 11 the structure of the joint arrangement is not the only factor considered when classifying the joint arrangement as either a joint operation or joint venture. This new IFRS is not expected to have a significant impact on the Corporation's financial position or performance, as the Corporation does not have any joint arrangements.

IFRS 12	Disclosure of interests in other entities	1 January 2013

The new standard applies to entities that have an interest in subsidiaries, joint arrangements, associates and/ or structured entities. Many of the disclosures are those previously included in IAS 27, IAS 28 and IAS 31. Many new disclosures have however also been added. This new standard is not expected to have a significant impact on the financial position or performance of the Corporation, but may lead to additional disclosure as required.

IFRS 10,11 and 12	Consolidated financial statements, Joint arrangements and Disclosure of interest in other entities: transition guidance.	1 January 2013

The amendments change the transition guidance to provide further relief from full retrospective application. The amendments are not expected to have a significant impact on the Corporation as the new IFRSs are not expected to have a significant impact on the Corporation.

IFRS 13	Fair value measurement	1 January 2013

IFRS 13 describes *how* to measure fair value where fair value is required or permitted to be used as a measurement basis under IFRS (with certain standards being excluded from the scope of IFRS 13.Under IFRS 13 fair value is presumed to be an 'exit price'. New disclosures related to fair value measurements are also introduced. This IFRS will lead to additional disclosures and the impact of the IFRS on the Corporation's financial performance and position is currently under evaluation.

IAS 1	Presentation of items other comprehensive income (amendment IAS 1)	1 July 2012

The amendment to IAS 1 requires that items presented within OCI be grouped separately into those items that will be recycled into profit or loss at a future point in time, and those items that will never be recycled. This amendment is not expected to have a significant impact on the Corporation's financial performance and position, but may lead to additional disclosures as required.

1. ACCOUNTING POLICIES (continued)

1.21 New and revised standards issued that are not yet effective (continued)

Number	Title	Effective date
IAS 19	Employee benefits (revised)	1 January 2013

The ‘corridor approach’ currently allowed as an alternative basis in IAS 19 for the recognition of actuarial gains and losses on defined benefit plans has been removed. Actuarial gains and losses in respect of defined benefit plans are now recognised in OCI when they occur. For defined benefit plans, the amounts recorded in profit or loss are limited to current and past service costs, gains and losses on settlements and interest income/ expense. The Corporation does not have a defined benefit plan, therefore this amendment is not expected to have an effect on the Corporation.

The distinction between short-term and other long term benefits will be based on the expected timing of settlement rather than the employee’s entitlement to the benefits. In many instances this is expected to have a significant impact on the manner in which leave pay and similar liabilities are currently classified. This amendment is expected to impact on the Corporation’s classification of employee benefits between long-term and short-term employee benefits. This will in turn impact the way in which related liabilities are measured. This amendment may also lead to additional disclosure as required.

IAS 27	Separate financial statements (consequential revision due to the issue of IFRS 10)	1 January 2013

IAS 27, as revised, is limited to the accounting for investments in subsidiaries, joint ventures and associates in the separate financial statements of the investor. These amendments are only expected to lead to additional disclosure for the Corporation.

IAS 28	Investment in associates and joint ventures (consequential revision due to the issue of IFRS 10 and 11)	1 January 2013

The revised standard caters for joint ventures (now accounted for by applying the equity accounting method) in addition to prescribing the accounting for investments in associates. The Corporation does not have any investments in associates or joint ventures, therefore this revised standard is not expected to have an impact on the Corporation.

IAS 36	Disclosure requirements for the recoverable amount of impaired assets	1 January 2014

The IASB has issued amendments to IAS 36 - Impairment of Assets, to clarify the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

The amendments clarify the IASB’s original intention: that the scope of these disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. This amendment is not expected to have a significant impact on the financial position or performance of the Corporation, but may lead to additional disclosure as required.

IFRS 7	Disclosures – offsetting financial assets and financial liabilities (amendment to IFRS 7)	1 January 2013

Provides additional disclosures (similar to current US GAAP requirements). These amendments are only expected to lead to additional disclosure for the Corporation.

1. ACCOUNTING POLICIES (continued)

1.21 New and revised standards issued that are not yet effective (continued)

Number	Title	Effective date
IFRS 9	Financial instruments – classification and measurement	1 January 2015

This, the first phase of the IASB's project to replace IAS 39 in its entirety, addresses the classification and measurement of financial instruments.

Amendments published in October 2010 incorporate the existing derecognition principles of IAS 39 directly into IFRS 9.

Financial assets

All financial assets are initially measured at fair value.

Subsequent measurement of debt instruments is only at amortised cost if the instrument meets the requirements of the 'business model test' and the 'characteristics of financial asset test'.

All other debt instruments are subsequently measured at fair value.

All equity investments are subsequently measured at fair value either through other comprehensive income (OCI) or profit and loss.

Entity also has the option to designate at fair value through profit or loss in certain circumstances.

Embedded derivatives contained in non-derivative host contracts are not separately recognised. Unless the hybrid contract qualifies for amortised cost accounting, the entire instrument is subsequently recognised at fair value through profit and loss.

Financial liabilities

For liabilities designated at fair value through profit and loss, the change in the fair value of the liability attributable to changes in credit risk is presented in OCI. The remainder of the change in fair value is presented in profit and loss.All other classification and measurement requirements in IAS 39 have been carried forward into IFRS 9. This IFRS is not expected to have a significant impact on the Corporation's financial position or performance, but may only lead to additional disclosure as required.

IFRS 10	Consolidated financial statements	1 January 2014

The amendment provides provide an exception to the consolidation requirement for entities that meet the definition of an investment entity.The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. Refer to previous comments in respect of IFRS 10 for expected impact on the Corporation.

IAS 32	Offsetting financial assets and financial liabilities (amendments to IAS 32)	1 January 2014

The amendment clarifies the meaning of the entity currently having a legally enforceable right to set off financial assets and financial liabilities as well as the application of IAS 32 offsetting criteria to settlement systems (such as clearing houses). Not applicable to the Corporation – the Corporation does not offset any financial assets and liabilities.

1. ACCOUNTING POLICIES (continued)

1.21 NEW AND REVISED STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE (continued)

Number	Title	Effective date
IFRIC 21	Levies	1 January 2014

IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain.

The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. This IFRIC is not expected to have an impact on the Corporation as no levies are applicable to the Corporation.

Improvements to IFRS – Issued May 2012

IFRS 1	First time adoption of IFRS	1 January 2013

Application of IFRS 1 where an entity has previously applied IFRS. Not applicable to Corporation.

IAS 1	Presentation of financial statements	1 January 2013

Clarification of the requirements for comparative information. This amendment is not expected to have an significant impact on the Corporation. It may only lead to additional disclosure.

IAS 16	Property, Plant and Equipment	1 January 2013

Classification of servicing equipment. Amendment is not expected to have a significant impact on the Corporation’s financial position or performance, but may lead to additional disclosure as required.

IAS 32	Financial Instruments: Presentation	1 January 2013

Tax effect of distribution to holders of equity instruments aligned with IAS 12. The amendment is expected to impact on the financial position and/or performance of the Corporation when distributions are made, and may lead to additional disclosure as required.

IAS 34	Impairment of Assets	1 January 2013

Clarification of interim financial reporting and segment information for total assets and liabilities. This amendment is not applicable to the Corporation – the Corporation does not have operating segments.

The Corporation has not early adopted any of the above standards. The application of these standards in future financial reporting periods will not have a significant impact on the Corporation’s results, financial position and cash flows.

2. CRITICAL ACCOUNTING JUDGEMENTS (continued)

2.1 Critical judgement in applying the Corporation's accounting policies

In the process of applying the Corporation's accounting policies, management has made the following judgements, apart from those requiring estimations, which have the most significant effect on the amounts recognised in the financial statements:

Investments

The Corporation is judged to have the ability to meet future cash flows relating to insurance claims without terminating its held-to-maturity investments prior to their maturity dates.

2.2 Key sources of estimation uncertainty

Preparing financial statements in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from the estimates.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

Asset lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors in re-assessing asset lives, factors such as technological innovation, asset life cycles and maintenance programs are taken into account. Residual life assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Leave pay
The leave pay accrual reflects the liability relating to outstanding leave days at year end.

The expected timing of economic outflows of the leave pay accrual is uncertain as it is uncertain when leave days are taken by the employees of the Corporation.

Provision for claims incurred but not yet reported (IBNR)
This refers to claims incurred but not yet reported at year end. The provision is calculated at 7.5% of premiums earned. This estimate is based on historical trends, past experience and industry norms in Namibia.

Provision for unearned premiums and reinsurance premiums
Of the reported net premiums (premiums less commissions) by the insurers, it is currently estimated that 1/8th of the first quarter, 3/8th of the second quarter, 5/8th of the third quarter and 7/8th of the fourth quarter are unearned, in that the income, or reinsurance expense, does not meet the recognition criteria. This estimate is based on industry norms in Namibia under insurance companies.

Impairment of financial assets

The Corporation assesses at each reporting date whether a financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. MANAGEMENT EXPENSES

		2013	2012
			Restated
		N$	N$
Included in management expenses are the following expenses that have not been separately disclosed:			
Auditor's remuneration:			
- audit fees	- current year	1 068 629	382 000
Directors' fees	- for services as directors	204 810	119 000
	- for management services	1 050 767	981 845
Depreciation:			
- furniture and fittings		234 623	89 685
- computer equipment		72 422	25 780
- Vehicles		3 090	-
Namfisa levies		15 000	15 000
Other professional fees		1 464 763	287 847
Foreign currency (profit)/ loss		(753 419)	(2 284 749)
Salaries and wages		2 792 748	2 214 610
Pension contribution		538 526	278 008
Communications		118 799	248 043
Conferences		451 908	468 748
Bad debts		2 840 425	7 063 091
Deferred expenses		(54 579)	(3 466 102)
Reinsurance deferred expenses		35 741	941 714
Travel & Accommodation		277 816	89 983
Bursaries		57 840	89 719
Subscriptions		229 797	49 427
Security services		82 701	-
Electricity & Water		277 149	199 401
Entertainment Expenses		54 029	50 234
Donations		251 300	-
License fees		72 177	-
Insurance		38 759	60 522
Printing & Stationery		104 112	69 992
Repairs & Maintenance		81 771	79 648
Marketing		93 569	71 163
Cleaning		110 080	77 260
Computer Expenses		147 917	370
Sundry expenses		134 128	145 015
VAT - interest and penalties on late payment		2 261 292	1 549 714
Income tax - interest on late payment		204 488	-
		14 563 178	9 896 969

		2013 N$	2012 Restated N$

4. FINANCE INCOME

Interest received on held-to-maturity investments		7 912 598	5 897 978
Dividends received on investments at fair value through profit or loss		11 909	-
Change in fair value of investments at fair value through profit or loss		579 502	-
Interest received – on loans and receivables		598 060	1 866 265
		9 102 069	7 764 243

5. OTHER INCOME

Rental income		361 815	614 499
Sundry income		13 230	160 731
		375 045	775 230

The Corporation has entered into commercial property leases on its surplus office buildings. These leases have a life of one year. There are no restrictions placed upon the Corporation by entering into these leases.

6. NET PREMIUMS

(a) GROSS PREMIUMS WRITTEN ON INSURANCE POLICIES

Short-term insurance	18(a)(1)	147 782 267	137 650 761
Change in provision for unearned Premiums		277 060	(5 994 292)
		148 059 327	131 656 469

			2013	2012 Restated
			N$	N$
6.	NET PREMIUMS (continued)			
(b)	PREMIUMS CEDED TO REINSURERS			
	Short-term insurance		(33 297 659)	(30 263 283)
	Change in provision for unearned premiums		144 796	1 216 632
			(33 152 863)	(29 046 651)
	Net change in provision for unearned premiums	18(1)	421 856	(4 777 660)
	Total net premiums earned		114 906 464	102 609 818
	Total earned premiums written		114 484 608	107 387 478
7.	NET BENEFITS AND CLAIMS			
(a)	GROSS BENEFITS AND CLAIMS INCURRED			
	Short-term insurance		(84 562 865)	(69 999 755)
(b)	CLAIMS CEDED TO REINSURERS			
	Short-term insurance: Reinsurance recoveries relating to claims incurred		18 707 539	13 480 610
(c)	GROSS CHANGE IN INSURANCE LIABILITIES			
	Change in provision for outstanding claims	18(2)	1 076 800	8 846 114
	Change in provision for claims incurred but not reported (IBNR)	18(3)	(957 305)	(4 024 228)
			119 495	4 821 886
(d)	CHANGE IN INSURANCE LIABILITIES CEDED TO REINSURERS			
	Change in provision for outstanding claims	18(2)	(2 551 421)	(1 570 891)
	Change in provision for claims incurred but not reported (IBNR)	18(3)	286 748	823 323
			(2 264 673)	(747 568)
	Total net benefits and claims		(68 000 504)	(52 444 827)

	2013 N$	2012 Restated N$

8. COMMISSION

8.1 FEES AND COMMISSION RECEIVED

	2013 N$	2012 Restated N$
Policyholder administration services and other contract fees	968 896	931 165
Reinsurance commission	8 052 875	7 206 797
	9 021 771	8 137 962

8.2 FEES AND COMMISSION PAID

	2013 N$	2012 Restated N$
Policyholder administration services and other contract fees	(3 977 675)	(2 339 471)
Commission	(37 064 028)	(35 140 880)
	(41 041 703)	(37 480 351)

9. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings N$	Furniture and fittings N$	Computer equipment N$	Vehicles N$	Total N$
Cost					
At 31 March 2012	18 434 440	508 217	325 493	-	19 268 150
Additions	775 532	-	1 721 173	229 858	2 726 563
Disposals	-	-	-	-	-
At 31 March 2013	19 209 972	508 217	2 046 666	229 858	21 994 714
Accumulated depreciation					
At 31 March 2012	-	122 507	118 864	-	241 371
Depreciation charge for the year	-	234 623	72 422	3 090	310 135
Disposals	-	-	-	-	-
At 31 March 2013	-	357 130	191 286	3 090	551 507
Net carrying amount at 31 March 2012	18 434 440	385 710	206 629	-	19 026 779
Net carrying amount at 31 March 2013	19 209 972	151 087	1 855 380	226 768	21 443 207

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land & Buildings N$	Furniture and fittings N$	Computer equipment N$	Vehicles N$	Total N$
Cost					
At 31 March 2011	15 783 742	493 318	201 556	-	16 478 616
Additions	2 650 698	120 877	203 548	-	2 975 123
Disposals	-	(105 978)	(79 611)	-	(185 589)
At 31 March 2012	18 434 440	508 217	325 493	-	19 268 150
Accumulated depreciation					
At 31 March 2011	-	133 805	166 156	-	299 961
Depreciation charge for the year	-	89 685	25 780	-	115 465
Disposals	-	(100 983)	(73 072)	-	(174 055)
At 31 March 2012	-	122 507	118 864	-	241 371
Net carrying amount at 31 March 2011	15 783 742	359 513	35 400	-	16 178 655
Net carrying amount at 31 March 2012	18 434 440	385 710	206 629	-	19 026 779

There are no restrictions on property, plant and equipment and these assets are not pledged for security. Buildings are currently not depreciated, as its residual value is greater than its carrying amount.

10. REINSURANCE ASSETS

Reinsurance of insurance contracts:			
- unearned premiums	18(1.1)	3 609 570	3 464 774
- outstanding claims	18(2)	3 177 762	5 712 509
- Provision for claims Incurred but not reported (IBNR)	18(3)	3 147 729	2 860 981
Total reinsurance assets		9 935 061	12 038 264

No impairment loss was recognised by the Corporation at year end (2012: N$ nil), as the Corporation is satisfied that receivables are fully recoverable. The carrying amounts disclosed above approximate fair value at the reporting date. No profits on inception of reinsurance contracts were earned during the year (2012: nil).

	2013	2012 Restated
	N$	N$

11. INSURANCE RECEIVABLES

Premium debtors of short-term insurance	10 972 438	14 143 537
Impairment of insurance receivables	(2 547 790)	-
	8 424 648	14 143 537

Insurance receivables are non-interest bearing and are generally on 30 – 90 day terms.

Impairment of insurance receivables		
Balance at beginning of year	-	-
Charge for the year	2 547 790	-
Balance at end of year	2 547 790	-

12. INVESTMENTS

Long-term held-to-maturity		
Government bonds	65 404 648	25 712 858
Telecom bonds	4 700 467	4 697 761
Post office fixed deposits	5 124 452	-
Bank and other fixed deposits	10 257 014	-
	85 486 581	30 410 619
Long-term investment at fair value through profit or loss		
Unit trusts	15 659 324	-
Total long term investment	101 145 905	30 410 619
Short-term held-to-maturity		
Government bonds	5 531 250	26 757 500
Telecom bonds	535 000	535 000
Post office fixed deposits	10 816 205	20 506 384
Bank and other fixed deposits	10 246 388	23 248 733
	27 128 843	71 047 617
Total investments at year end	128 274 748	101 458 236

The maturity date of the Government and Telecom bonds is 15 October 2017, 15 July 2018, 15 July 2014 and 17 April 2015. The interest rates for above long term bonds during the year ranged between 7.5% and 13%. The interest rates are fixed.

The Post office fixed deposits are for a fixed term and subject to a fixed interest rates of 4.40% and 5.75% (2012: 6.16% and 5.96%). These two investments' maturity dates are 28 October 2013 and 23 June 2014.

The Bank and other fixed deposits are for fixed terms and subject to fixed interest rates of 5.60% and 5.90% (2012: 6.05% and 7.15%). The maturity dates are 23 October 2013 and 23 October 2014.

The unit trusts investments were designated as investments at fair value through profit or loss and are held with 3 reputable investment managers. The one unit trust bears interest at 4.91% (2012: 0%). The other unit trusts are not interest bearing.

	2013 N$	2012 Restated N$

13. CASH AND CASH EQUIVALENTS

	2013 N$	2012 Restated N$
Disclosed as current assets:		
Bank balances and cash	1 201	-
Call and money market accounts	10 309 344	19 538 968
	10 310 545	19 538 968
Disclosed as current liabilities:		
Bank overdraft	(30 084)	(98 630)
Total cash and cash equivalents as per statement of cash flows	10 280 461	19 440 338

Cash at banks and the call accounts earns interest at floating rates based on daily bank deposit rates. Call and money market accounts deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Corporation. The money market account earned interest at 5.52% (2012: 5.76%).

14. SHARE CAPITAL

	2013 N$	2012 Restated N$
Authorised and Issued:		
20 O0O 000 (2012: 20 000 000)		
Ordinary shares of N$1 each	20 000 000	20 000 000

15. GENERAL RESERVE

	2013 N$	2012 Restated N$
Balance at beginning of the year	38 315 619	33 451 842
Transfer from retained income	2 449 991	4 863 777
Balance at the end of the year	40 765 610	38 315 619

In terms of Section 28 of the Namibia National Reinsurance Corporation Act, 1998, the Corporation is required to maintain a general, or contingency, reserve.

The Corporation is required to deposit into the fund 50% of annual net profits if the general reserve fund is less than the authorised share capital. If the general reserve fund exceeds authorised share capital, 25% of annual net profit is to be transferred.

16. STAFF WELFARE RESERVE

	2013 N$	2012 Restated N$
Balance at beginning of the year	994 676	800 125
Utilised for low interest loans	-	-
Incurred for low interest loans	-	-
Utilised for recreational facilities	-	-
Transfer from retained income	55 749	194 551
Balance at end of the year	1 050 425	994 676

		2013	2012 Restated
		N$	N$

16. STAFF WELFARE RESERVE (continued)

The staff welfare fund is required in terms of Section 29 of the Namibia National Reinsurance Corporation Act, 1998. Amount transferred to the fund may not exceed 5% of annual net profits of the Corporation.

The fund may be utilised for recreational facilities and low interest loans to the employees of the Corporation and for any other purpose aimed at enhancing the welfare of the employees of the Corporation.

17. DIVIDENDS DECLARED AND PAID

		2013 N$	2012 Restated N$
Ordinary dividend declared and paid		1 358 597	-

A dividend was declared during the current year of 6.793 (2012: 0) cents per share.

18. INSURANCE LIABILITY

		2013 N$	2012 Restated N$
Short-term insurance:			
Insurance liabilities	(a)	41 004 808	41 401 510

INSURANCE LIABILITIES

		2013 N$	2012 Restated N$
Provision for unearned premiums	(1)	13 390 821	13 667 881
Provision for outstanding claims	(2)	13 643 679	14 720 626
Provision for claims IBNR	(3)	13 970 308	13 013 003
		41 004 808	41 401 510

(1) GROSS PROVISION FOR UNEARNED PREMIUMS

		2013 N$	2012 Restated N$
Balance beginning of year		13 667 881	7 673 589
Premiums written during the year	6(a)	147 782 267	137 650 761
Premiums earned during the year		(148 059 327)	(131 656 469)
Balance end of year	(1.1)	13 390 821	13 667 881

(1.1) UNEARNED PREMIUM RESERVE

		2013 N$	2012 Restated N$
Balance at beginning of the year		10 203 107	5 425 447
Transfer (from)/to statement of comprehensive income	6(a) & (b)	(421 856)	4 777 660
Balance at end of the year		9 781 251	10 203 107
The balance comprises:			
Gross provision for unearned premiums	18(1)	13 390 821	13 667 881
Reinsurers' share of unearned premiums	10	(3 609 570)	(3 464 774)
		9 781 251	10 203 107

		2013 N$	2012 Restated N$

18. INSURANCE LIABILITY (continued)

(2) PROVISION FOR OUTSTANDING CLAIMS

		2013 N$	2012 Restated N$
Balance beginning of year		14 720 626	23 737 624
Transfer (from)/to statement of comprehensive income	7(c)	(1 076 800)	(8 846 114)
Foreign exchange adjustment		(147)	(170 884)
Balance end of year		13 643 679	14 720 626

PROVISION FOR OUTSTANDING CLAIMS CEDED TO REINSURERS

		2013 N$	2012 Restated N$
Balance beginning of year		(5 712 509)	(7 435 708)
Transfer (from)/to statement of comprehensive income	7(d)	2 551 421	1 570 891
Foreign exchange adjustment		(16 675)	152 308
Portion of gross outstanding claims reinsured during the year was (refer to note 10)		(3 177 763)	(5 712 509)
NET PROVISION FOR OUTSTANDING CLAIMS		10 465 916	9 008 117

(3) PROVISION FOR CLAIMS INCURRED BUT NOT REPORTED (IBNR)

Gross provision for claims incurred but not reported:

		2013 N$	2012 Restated N$
Balance beginning of year		13 013 003	8 988 775
Incurred	7(c)	957 305	4 024 228
Utilised		-	-
Balance end of year		13 970 308	13 013 003

Reinsurance provision for claims incurred but not reported:

		2013 N$	2012 Restated N$
Balance beginning of year		(2 860 981)	(2 037 658)
Utilised/(incurred)	7(d)	(286 748)	(823 323)
Balance end of year	10	(3 147 729)	(2 860 981)
NET PROVISION FOR CLAIMS INCURRED BUT NOT REPORTED		10 822 579	10 152 022

19. REINSURANCE PAYABLE

		2013 N$	2012 Restated N$
Reinsurance premium creditors		4 156 007	5 772 751
Reinsurance deferred expenses	25.2	977 455	941 714
		5 133 462	6 714 465

The carrying amounts disclosed above approximate fair value at the reporting date. All amounts are payable within one year, and will be settled within the normal course of business.

	2013 N$	2012 Restated N$
20. OTHER PAYABLES		
Accrual for audit fees	796 040	160 000
Other accruals	659 241	313 444
Interest and penalties on late payment (VAT and income tax)	3 998 422	1 549 714
VAT payable	2 736 439	709 572
	8 190 142	2 732 730

Other payables are non-interest bearing and are normally settled on 60 day terms.

21. NUMBER OF EMPLOYEES

	2013	2012
Number of employees as at year end	10	9

22. RELATED PARTY TRANSACTIONS

Parties related to the Corporation, includes:

Old Mutual
Social Security Commission
Government of the Republic of Namibia (GRN)
Key management personnel

22.1 Transactions with related parties

During the year, the Corporation in the ordinary course of business, entered into various transactions with the Government of the Republic of Namibia (GRN) and entities whereon the members of the Corporation's board also serve. These transactions occurred under terms no less favourable than those arranged with third parties.

	2013	2012
Director emoluments paid by the Corporation relating to short term employee benefits	1 255 577	1 100 845
Entities related by virtue of directorship:		
- Old Mutual – pension fund contributions	538 526	278 008
- Social Security Commission - contributions paid	13 033	4 347
Shareholder & director (GRN):		
Dividends paid	1 358 597	-
PAYE	792 641	712 392
Value added taxation - net payments	1 094 329	1 440 157

	2013 N$	2012 Restated N$

22.2 Compensation of key management personnel

Key management personnel of the Corporation includes all directors, executive and non–executive. The summary of compensation of key management personnel for the year is, as follows:

	2013 N$	2012 Restated N$
Salaries	554 993	515 324
Fees	204 810	119 000
Bonuses	46 250	43 098
Other short-term employment benefits	350 193	330 998
Post employment pension benefits	99 331	92 425
Total compensation of key management personnel	1 255 577	1 100 845

23. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1.7 to the financial statements.

The Corporation's objective in using financial instruments is to reduce the uncertainty over future cash flows arising from movements in currency and interest rates.

23.1 CLASSES OF FINANCIAL INSTRUMENTS

	2013 N$	2012 Restated N$
Financial assets		
Investments		
-Held to maturity	112 615 424	101 458 237
-At fair value through profit or loss	15 659 324	
Loans and receivables:		
- Staff loans and prepayments	237 267	621 743
- Cash and cash equivalents	10 280 461	19 440 338
	138 792 476	121 520 318
Financial liabilities		
At amortised cost:		
- Other payables	(8 190 142)	(2 732 730)

The fair value of above financial instruments does not differ significantly from their carrying value at year end.

23.2 CAPITAL RISK MANAGEMENT

The Corporation manages its capital to ensure that it will continue as a going concern. Regulatory requirements with which the Corporation must comply requires the Corporation to maintain a solvency margin of which the aggregate value of its assets exceeds its net liabilities by not less than N$ 4 000 or 15%, whichever is the greater amount. The Corporation's ensures that its solvency margin is 15% at all times.

Solvency margin

	2013	2012
Solvency margin as at the financial year end	116.31%	105.11%
Minimum solvency percentage	15.0%	15.0%

23. FINANCIAL INSTRUMENTS (continued)

23.3 MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. The latter 2 risks are not applicable to the Corporation as the financial instruments of the Corporation are not affected by the volatility of any commodities, nor does it have any listed or unlisted equity instruments which are susceptible to equity price risks.

The sensitivity analysis in the following sections relate to the position as at 31 March 2013 and 2012.

The following assumptions have been made in calculating the sensitivity analyses:

- The statement of financial position sensitivity relates to investments, cash and cash equivalents, reinsurance assets, insurance receivables, insurance liabilities and reinsurance payables.
- The sensitivity of the relevant statement of comprehensive income line item, is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2013 and 2012.

23.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest on investments accounts for a significant proportion of earnings of the Corporation and is necessary for liquidity management. The risk is managed by maintaining an appropriate mix between fixed and floating interest investments.

The Corporation's exposure to the risk of changes in market interest rates relates primarily to the Corporation's cash and cash equivalents with floating interest rates. Only cash and cash equivalents are subject to floating interest rates (refer to note 13). All other investments of the Corporation is subject to fixed interest rates (refer to note 12 for details of the respective interest rates).

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonable change in interest rates on the portion of financial assets affected. With all variables held constant the profit before tax is affected through the impact of variable rate instruments as follows:

	2013 N$	2012 N$
Increase in 50 basis points	54 172	162 002
Increase/(Decrease) in profit before tax	54 172	162 002
Decrease in 50 basis points	(54 172)	(162 002)
Increase/(Decrease) in profit before tax	(54 172)	(162 002)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

23. FINANCIAL INSTRUMENTS (continued)

23.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation's exposure to the risk of changes in foreign exchange rates arises primarily from the Corporation's insurance and reinsurance activities which are denominated in a currency other than its functional currency. The currencies giving rise to currency risk is which the Corporation primarily deals in, is the U.S Dollar (US$), Kenya Shillings, Zambian Kwacha and Malawian kwacha. No hedging has been utilised but this will be reconsidered in the future should the foreign business expand.

23.4 FOREIGN CURRENCY RISK MANAGEMENT

The table below summarises the Corporation's assets and liabilities by major currencies:

	Namibian Dollar	USD	Zambian kwacha	Malawian kwacha	Kenya shillings	Other	Total
31 March 2013							
Deferred expenses	2 920 338	441 685	59 927	96 601	2 130	-	3 520 681
Reinsurance assets	7 017 636	612 079	2 144 492	142 302	16 204	2 348	9 935 061
Insurance receivables	3 584 400	3 647 326	711 570	227 112	254 240	-	8 424 648
Total assets	13 522 374	4 701 090	2 915 989	466 015	272 574	2 348	21 880 390
Insurance liability	35 097 488	2 540 750	2 802 174	498 235	63 116	3 045	41 004 808
Reinsurance payable	828 129	4 243 566	33 351	28 279	137	-	5 133 462
Total liabilities	35 925 617	6 784 316	2 835 525	526 514	63 253	3 045	46 138 270
31 March 2012							
Deferred expenses	2 799 000	416 830	93 455	151 115	5 702	-	3 466 102
Reinsurance assets	7 470 332	3 917 921	292 898	345 195	11 918	-	12 038 264
Insurance receivables	9 790 625	2 972 564	1 068 484	140 854	171 010	-	14 143 537
Total assets	20 059 957	7 307 315	1 454 837	637 164	188 630	-	29 647 903
Insurance liability	33 516 596	6 352 545	495 282	980 867	56 220	-	41 401 510
Reinsurance payable	734 608	5 888 948	62 410	27 084	1 415	-	6 714 465
Total liabilities	34 251 204	12 241 493	557 692	1 007 951	57 635	-	48 115 975

The Corporation has no significant concentration of currency risk.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

23. FINANCIAL INSTRUMENTS (continued)

23.4 FOREIGN CURRENCY RISK MANAGEMENT (continued)

Foreign currency sensitivity

	Change in USD rate	Effect on profit before tax	Effect on equity
2012	10%	(492 240)	(492 240)
	-10%	492 240	492 240
2013	12%	(255 350)	(255 350)
	-12%	255 350	255 350

	Change in Zambian kwacha	Effect on profit before tax	Effect on equity
2012	7%	59 810	59 810
	-7%	(59 810)	(59 810)
2013	6%	(130 202)	(130 202)
	-6%	130 202	130 202

	Change in Malawian kwacha	Effect on profit before tax	Effect on equity
2012	1%	(4 578)	(4 578)
	-1%	4 578	4 578
2013	5%	(3 197)	(3 197)
	-5%	3 197	3 197

	Change in Kenya shillings	Effect on profit before tax	Effect on equity
2012	5%	6 607	6 607
	-5%	(6 607)	(6 607)
2013	11%	22 942	22 942
	-11%	(22 942)	(22 942)

23. FINANCIAL INSTRUMENTS (continued)

23.5 INTEREST RATE MANAGEMENT

The Corporation may only, with prior written approval of the Minister, obtain finance from any banking institution/building society/institution approved by the Minister. The Corporation has an investment committee that proposes investments to the Minister for approval. The Corporation currently mainly invests in short and long term fixed interest rate investments, except for the cash and cash equivalents which is subject to a floating interest rate. Upon maturity of the investments the Corporation determines the term of reinvestment based on operating cash flow requirements. Quotations are obtained from various financial institutions to ensure a maximum interest rate return on the investment.

23.6 CREDIT RISK MANAGEMENT

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Financial assets, which potentially subject the Corporation to concentration of credit risk consist principally of cash, premium debtors, reinsurance assets and held to maturity investments. The Corporation's cash equivalents, funds on call and held to maturity investments are placed with high credit quality financial institutions. There has been no instances of counterparty default, relating to the latter financial assets, in the past, and therefore the credit quality of financial assets neither past due nor impaired is considered good. Consequently, also no collateral is held for it. Premium debtors are presented net of the allowance for doubtful receivables, of N$ 2 547 790 (2012: N$ Nil). The credit quality of premium debtors (insurance receivables) is assessed based on a credit rating scorecard. The maximum exposure to credit risk best estimate equals the carrying values of financial assets. At 31 March 2013, the Corporation had 55 premium debtors (2012: 41 premium debtors). The top ten premium debtors account for approximately 83% (2012: 82%) of total insurance receivables. The performances of cedents are evaluated annually for exposure.

	2013 N$	2012 Restated N$
Neither past due nor impaired	151 221 640	139 166 023
Past due but not impaired:		
- between 30 and 60 days	-	-
- between 60 and 90 days	500 123	2 348 172
- more than 90 days	5 193 155	5 425 432
Net carrying amount	156 914 918	146 939 627

The amounts past due but not impaired relate only to insurance receivables. All other financial assets are neither past due nor impaired.

23. FINANCIAL INSTRUMENTS (continued)

23.7 LIQUIDITY RISK MANAGEMENT

The Corporation manages liquidity risk by monitoring forecast cash flows to ensure that adequate unutilised borrowing facilities are maintained. The expected maturity of the financial instruments held is detailed in the following table.

	Within 1 year N$	Two to five years N$	Total N$
2013			
Maturity analysis			
Financial assets			
Held to maturity investments	24 450 000	47 500 000	71 950 000
Deferred expenses	3 520 681	-	3 520 681
Reinsurance assets	9 935 061	-	9 935 061
Insurance receivables	8 424 648	-	8 424 648
Staff loans and prepayments	237 267	-	237 267
Cash and cash equivalents	10 310 545	-	10 310 545
Financial liabilities			
At amortised cost:			
Insurance liability	41 004 808	-	41 004 808
Reinsurance payable	5 133 462	-	5 133 462
Other payable	8 190 142	-	8 190 142
Taxation	4 056 426	-	4 056 426
Bank overdraft	30 084	-	30 084

	Within 1 year N$	Two to five years N$	Total N$
2012 (Restated)			
Maturity analysis			
Financial assets			
Held to maturity investments	22 000 000	32 500 000	54 500 000
Deferred expenses	3 466 102	-	3 466 102
Reinsurance assets	12 038 263	-	12 038 263
Insurance receivables	14 143 537	-	14 143 537
Staff loans and prepayments	621 743	-	621 743
Cash and cash equivalents	19 538 968	-	19 538 968
Financial liabilities			
At amortised cost:			
Insurance liability	41 401 510	-	41 401 510
Reinsurance payable	6 714 465	-	6 714 465
Other payable	2 732 730	-	2 732 730
Bank overdraft	98 630	-	98 630

23. FINANCIAL INSTRUMENTS (continued)

23.8 FAIR VALUE

Below follows required disclosure of fair value measurements, using a three level fair value hierarchy that reflects the significance of the inputs used in determining the measurements. It should be noted that this disclosure only covers instruments measured at fair value.

Included in level 1 category are financial assets and liabilities that are measured in whole or in part by reference to unadjusted, quoted prices in an active market for identical assets and liabilities. Quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions and on an arm's length basis.

Included in level 2 category are financial assets and liabilities measured using inputs other than quoted prices included within level 1 that are observable for the asset of liability, either directly (i.e. as prices or indirectly (i.e. derived from prices). For example, instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are categorised as level 2.

Financial assets and liabilities measured using inputs that are not based on observable market data are categorised as level 3.

31 March 2013	Note	Level 1	Level 2	Level 3	Total
		N$	N$	N$	N$
Investments:					
Investments at fair value through profit or loss	12	15 659 324	-	-	15 659 324
31 March 2012 (Restated)					
Investments:					
Investments at fair value through profit or loss	12	-	-	-	-

24. INSURANCE RISK

The principal risk the Corporation faces under the insurance contracts is that, the actual claims and benefit payments, or the timing thereof, may differ from expectations. This is influenced by the frequency of claims and the severity of claims, especially relating to foreign business. Therefore, the objective of the Corporation is to ensure that sufficient reserves are available to cover these liabilities.

The Corporation mitigates this risk by diversifying its reinsurance portfolio across portfolio of insurance contracts and geographic areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines as well as the use of reinsurance management systems.

As part of risk mitigation the Corporation purchases reinsurance and cedes it on proportional and non-proportional basis to reduce exposure. The spread is that proportional constitutes 73%, non-proportional 19% and facultative 8%.

The Corporation manages these positions within an Asset liability management (ALM) framework by placing its highly liquid investments into government bonds and by revisiting the corporations' investment guidelines going forward. On the other hand, the Corporation manages the reinsurance portfolio by maintaining good rated securities, and by buying adequate covers as well as through selective underwriting methods.

Non–life insurance contracts

The Corporation underwrites fire, marine, motor, miscellaneous, personal lines and medical. All these risks are covered over a period of twelve months. The motor and fire, which includes engineering class of business contributes the highest to loss ratio. These exposures are mitigated by risk selecting and underwriting strategies comprising diversification of risk across geographical areas. The Corporation has selected specific markets in Eastern, Central and Southern Africa for foreign business underwriting.

The Corporation avoids underwriting risks in catastrophic areas which are prone to Hurricane, earthquake and major floods. Further the Corporation introduced event limit clauses in the underwriting slips as from 2012.

The Corporation is currently exposed to key man risk by having a growing portfolio with limited key staff. This risk will be mitigated by increasing the staff compliment of the Corporation by 2013 and by providing relating technical training.

24. INSURANCE RISK (continued)

Non–life insurance contracts (continued)

The table below sets out the concentration of non-life insurance contract liabilities by type of contract:

	2013			2012 (Restated)		
	Gross Liability	Reinsurance of liability	Net liability	Gross Liability	Reinsurance of liability	Net liability
Fire	18 957 648	(6 211 962)	12 745 686	20 803 626	(8 404 366)	12 399 260
Health	1 076 143	(439 590)	636 553	796 819	(326 773)	470 046
Marine	638 756	(115 513)	523 243	775 400	(149 434)	625 966
MotorMisc	20 257 732	(3 126 138)	17 131 594	18 916 131	(3 096 971)	15 819 160
Nasria	74 529	(41 858)	32 671	109 534	(60 720)	48 814
Grand Total	41 004 808	(9 935 061)	31 069 747	41 401 510	(12 038 264)	29 363 246
	18	10		18	10	

The geographical concentration of the Corporation's non-life contract liabilities is noted below. The disclosure is based on the countries where the business is written. The analysis would not be materially different if based on the countries in which the counterparties are situated. (Refer to note 18 (2.1)).

	2013			2012 (Restated)		
	Gross Liability	Reinsurance of liability	Net liability	Gross Liability	Reinsurance of liability	Net liability
Namibian	32 788 865	(5 687 072)	27 101 793	32 427 255	(6 803 535)	25 623 720
Foreign	8 215 943	(4 247 989)	3 967 954	8 974 255	(5 234 729)	3 739 526
Grand Total	41 004 808	(9 935 061)	31 069 747	41 401 510	(12 038 264)	29 363 246
	18	10		18	10	

24. INSURANCE RISK (continued)

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive underwriting year at each reporting date, together with cumulative payments to date. The cumulative claims estimates and cumulative payments are translated to Namibian dollar at the rate of exchange that applied at the reporting date. The impact of exchange differences is shown at the bottom of the table.

Gross non-life insurance contracts outstanding claims provision:

Underwriting year	2012	2013	TOTAL
At end of underwriting year	41 090 316	38 996 192	80 086 508
One year later	563 480	-	563 480
Two years later	-	-	-
Three years later	-	-	-
Four years later	-	-	-
Current estimate of cumulative gross claims incurred	41 653 796	38 996 192	80 649 988
At end of underwriting year	(23 219 840)	(34 542 892)	(57 762 732)
One year later	(63 721 033)	-	(63 721 033)
Two years later	-	-	-
Three years later	-	-	-
Four years later	-	-	-
Cumulative payments to date	(86 940 873)	(34 542 892)	(121 483 765)
Gross non–life insurance contract outstanding claims provision at original exchange rates	(45 287 077)	4 453 300	(40 833 777)
Foreign exchange adjustment	(170 884)	(147)	(171 031)
Total gross non–life insurance outstanding claims provision per the statement of financial position	(45 457 961)	4 453 153	(41 004 808)
Current estimate of surplus/ (deficiency)	25 643		
% surplus/(deficiency) of initial gross reserve	0.1%		

24. INSURANCE RISK (continued)

Claims development table (continued)

Net non-life insurance contract outstanding claims provision

Underwriting year	2012	2013	TOTAL
At end of underwriting year	32 553 311	32 029 557	64 582 868
One year later	548 776	-	548 776
Two years later	-	-	-
Three years later	-	-	-
Four years later	-	-	-
Current estimate of cumulative net claims incurred	33 102 087	32 029 557	65 131 644
At end of underwriting year	(18 863 955)	(26 899 127)	(45 763 082)
One year later	(50 402 910)	-	(50 402 910)
Two years later	-	-	-
Three years later	-	-	-
Four years later	-	-	-
Cumulative payments to date	(69 266 865)	(26 899 127)	(96 165 992)
Net non–life insurance contract outstanding claims provision at original exchange rates	(36 164 778)	5 130 430	(31 034 348)
Foreign exchange adjustment	(16 822)	(18 576)	(35 398)
Total net non–life insurance outstanding claims provision per the statement of financial position	(36 181 600)	5 111 854	(31 069 746)
Current estimate of surplus/ (deficiency)	465 580		
% surplus/(deficiency) of initial gross reserve	1.4%		

25. DEFERRED EXPENSES

	Note	2013	2012 Restated
25.1 DEFERRED EXPENSES		N$	N$
At 1 April		3 466 102	-
Expenses deferred/(amortised)	3	54 579	3 466 102
At 31 March		3 520 681	3 466 102
25.2 REINSURANCE DEFERRED EXPENSES			
At 1 April		941 714	-
Expenses deferred/(amortised)	3	35 741	941 714
At 31 March	19	977 455	941 714

26. TAXATION

26.1 Income tax

The major components of income tax expense for the years ended 31 March 2013 and 2012 are:

	2013	2012
Namibia normal taxation		
- Current		
-current year	4 056 425	-
- Deferred		
- attributable to timing differences arising in the current year	168 666	-
-Adjustment for previous year		
-Current	-	-
-Deferred	-	-
Income tax expense reported in the statement of comprehensive income	4 225 091	-

Reconciliation of rate of taxation:	%	%
Namibian normal rate of taxation	34.0	-
Adjusted for:		
Exempt income	0.0	-
Non deductible expenses	9.2	-
Tax rate adjustment	-0.1	-
	43.1	-

The Corporation does not have any unused tax losses or unrecognised deferred tax liabilities.

26. TAXATION (continued)

26.2 Deferred taxation

	2013 N$	2012 Restated N$
Balance at beginning of year	-	-
Income statement debit	(168 666)	-
Balance at end of year	(168 666)	-
Comprising:		
Deferred tax asset:		
- Provisions	630 578	-
Deferred tax asset	630 578	-
Deferred tax liability:		
- Property, plant and equipment	(475 453)	-
- Prepayments	(7 733)	-
- Unrealised foreign gains	(143 704)	-
- Fair value adjustment on investment	(172 354)	
Deferred tax liability	(799 244)	-
Deferred tax balance at year end	(168 666)	-

26.3 Taxation paid

Balance at beginning of year	-	-
Charge for the year excluding deferred tax	4 056 425	-
Balance at end of year	(4 056 425)	-
Taxation paid	-	-

27. CORRECTION OF PRIOR PERIOD ERRORS

27.1 Restatement of prior year premiums, claims, brokerage, commission and foreign exchange gains and losses

During the prior year a disclaimed audit opinion was issued due to a significant departure from IFRS requirements with regards to gross premiums written, premiums ceded to reinsurers, commission received and paid, brokerage received and paid, claims ceded to reinsurers, claims paid, foreign exchange gains and losses included in management expenses, reinsurance assets, insurance receivables, insurance liabilities, reinsurance payables, and retained income.

During the current year, significant efforts were made in reprocessing the above mentioned items in accordance with IFRS for the 2012 financial year, in order to rectify this matter. A third statement of financial position has not been prepared, since balances prior to 31 March 2012 were not impacted.

27. CORRECTION OF PRIOR PERIOD ERRORS (continued)

27.1 Restatement of prior year premiums, claims, brokerage, commission and foreign exchange gains and losses (continued)

STATEMENT OF FINANCIAL POSITION	2012 N$
ASSETS	
CURRENT ASSETS	
Change in Deferred expenses	3 466 102
Change in Reinsurance assets	303 163
Change in Insurance Receivables	(913 941)
Change in VAT receivable	(316 090)
TOTAL CHANGE IN ASSETS	2 539 234
EQUITY AND LIABILITIES	
CAPITAL AND RESERVES	
Change in General reserve	(88 786)
Change in Staff welfare reserve	11 833
Change in Retained income	(278 194)
Change in opening retained earnings	-
Change in comprehensive income for the year	(355 147)
Change in transfer from retained earnings	76 953
Change in transfer to General reserve	(88 786)
Change in transfer to Staff Welfare reserve	11 833
CURRENT LIABILITIES	
Change in Insurance liability	2 085 712
Change in Reinsurance payable	(1 450 623)
Change in Other payables	2 259 292
TOTAL CHANGE IN EQUITY AND LIABILITIES	2 539 234

27. CORRECTION OF PRIOR PERIOD ERRORS (continued)

27.1 Restatement of prior year premiums, claims, brokerage, commission and foreign exchange gains and losses (continued)

The effects of the correction of the error on the results of 31 March for the years are as follows:

STATEMENT OF COMPREHENSIVE INCOME	2012 N$
Change in Gross Premiums Written	6 359 357
Change in Premiums ceded to reinsurers	(2 015 175)
NET PREMIUMS EARNED	4 344 182
Change in Commissions received	101 871
Change in Other income	160 731
OTHER REVENUE	262 602
TOTAL REVENUE	4 606 784
Gross benefits and claims incurred	3 555 133
Claims ceded to reinsurers	(2 630 285)
Gross change in insurance liabilities	3 658 064
Change in insurance liabilities ceded to reinsurers	(1 078 700)
NET BENEFITS AND CLAIMS	3 504 212
Change in Commission Paid	(4 221 609)
Change in Management Expenses	(4 244 534)
OTHER EXPENSES	(8 466 143)
TOTAL BENEFITS, CLAIMS AND OTHER EXPENSES	(4 961 931)
Taxation	-
PROFIT FOR THE YEAR	(355 147)