NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED

(Registration number 99/369)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Reinsurance
Directors	P A Martin - Managing Director I Gei-Khoibeb - Chairperson L D Kapere - Vice-Chairperson M Ashikoto N J Tshitayi T K Iindji T J A Saunderson
Registered office	ERF 8571, Corner of Lazarett Street and Feld Street Windhoek Namibia
Business address	ERF 8571, Corner of Lazarett Street and Feld Street Windhoek Namibia
Postal address	P O Box 716 Windhoek Namibia
Bankers	First National Bank of Namibia Limited
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia) PwC, a partnership duly organised according to the laws of the Republic of Namibia (hereafter referred to as "PwC", "we", "us", our")
Secretary	CR Van Wyk & Company
Company registration number	99/369

Contents

The reports and statements set out below comprise the annual financial statements presented to the member:

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

Namibia National Reinsurance Corporation Limited

Annual Financial Statements for the year ended 31 March 2015

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of Namibia to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the corporation as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

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

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

The directors have reviewed the corporation's cash flow forecast for the year to 31 March 2016 and, in light of this review and the current financial position, they are satisfied that the corporation has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the corporation's annual financial statements. The annual financial statements have been examined by the corporation's external auditors and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 6 to 53, which have been prepared on the going concern basis, were approved by the board on 16 September 2015 and were signed on their behalf by:

Director

Director

Windhoek

16 September 2015

(Date)

pwc

PRACTITIONER'S COMPILATION REPORT TO THE DIRECTORS OF NAMIBIA NATIONAL REINSURANCE CORPORATION LIMITED

We have compiled the annual financial statements of Namibia National Reinsurance Corporation Limited, set out on pages 6 to 51, based on information you have provided. These financial statements comprise the statement of financial position of Namibia National Reinsurance Corporation Limited as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information, and the directors' report.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of Namibia. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with IFRS and the requirements of the Companies Act of Namibia.

Our compilation report is intended solely for your use in your capacity as directors of Namibia National Reinsurance Corporation Limited, and should not be distributed to other parties.

PricewaterhouseCoopers

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Samuel N Ndahangwapo
Partner
Windhoek
22 September 2015

PricewaterhouseCoopers Tax & Advisory Services (Pty) Ltd
344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia
Reg. no. 2002/711, T: +264 (61) 284 1000, F: +264 (61) 284 1001, www.pwc.com/na

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Namibia National Reinsurance Corporation Limited for the year ended 31 March 2015.

1. Incorporation

The corporation was incorporated on 31 August 1999 and obtained its certificate to commence business on the same day.

2. Nature of business

Namibia National Reinsurance Corporation Limited was incorporated in Namibia with interests in the Insurance industry. The corporation operates in Namibia.

The corporation is the only reinsurer in Namibia, and provides reinsurance to all Namibian insurance companies. In terms of the Namibia National Reinsurance Corporation Act, insurance companies are obliged to present 20% of all their underwritten insurance to the corporation. The corporation provides both long term (to come into effect 01 January 2016) and short term re-insurance. The following types of short term reinsurance are provided: fire, aviation, guarantee, miscellaneous, personal lines, special riot risk, medical, motor, marine, and property plus treaties.

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

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia. The accounting policies have been applied consistently compared to the prior year.

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

4. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

5. Directorate

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

Directors		*Resignations/Appointments*
P A Martin	Managing director	Appointed 01 October 2014
I Gei-Khoibeb	Chairperson	Appointed 29 November 2013
L D Kapere	Vice chairperson	Appointed 29 November 2013
M Ashikoto		Appointed 29 November 2013
N J Tshitayi		Appointed 29 November 2013
T K Iindji		Appointed 29 November 2013
A C Nakale-Kawana		Resigned 31 May 2014
T J A Saunderson		Appointed 29 November 2013

6. Ultimate holding parent

The corporation is wholly-owned by the Government of the Republic of Namibia (Ministry of Finance).

7. Events after the reporting period

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

Directors' Report

8. Auditors

PricewaterhouseCoopers continued in office as auditors for the corporation for 2015.

9. Secretary

The company secretary is CR Van Wyk & Company.

Postal address	P O Box 97401 Maerua Mall Windhoek
Business address	29 Feld Street Windhoek Namibia

Namibia National Reinsurance Corporation Limited

Annual Financial Statements for the year ended 31 March 2015

Statement of Financial Position as at 31 March 2015

	Note(s)	2015 N$	Restated 2014 N$	2013 N$
Assets				
Non-Current Assets				
Property, plant and equipment	6	24,548,028	20,569,377	19,756,352
Intangible assets	7	148,600	2,336,673	1,686,857
Investments at amortised cost	8	-	51,996,212	65,975,160
		24,696,628	**74,902,262**	**87,418,369**
Current Assets				
Reinsurance assets	12	8,613,709	7,546,830	9,936,062
Insurance and other receivables	13	13,083,432	12,914,661	8,424,642
Investments at amortised cost	8	12,034,413	63,203,335	46,640,265
Deferred acquisition costs	11	3,406,364	3,315,141	3,520,681
Staff loans and other prepayments	19	385,676	327,589	237,267
Cash and cash equivalents	14	148,193,268	39,495,676	25,969,869
		185,716,862	**126,803,232**	**94,727,786**
Total Assets		**210,413,490**	**201,705,494**	**182,146,155**
Equity and Liabilities				
Equity				
Share capital	15	20,000,000	20,000,000	20,000,000
General reserve	16	50,912,692	47,213,495	40,765,610
Staff welfare reserve	16	1,086,446	1,050,425	1,050,425
Revaluation reserve	16	3,587,172	-	-
Retained income		75,759,604	71,478,597	61,746,546
		151,345,914	**139,742,517**	**123,562,581**
Liabilities				
Non-Current Liabilities				
Finance lease liabilities	17	16,675	54,031	-
Deferred tax	10	3,121,875	3,374,108	168,666
		3,138,550	**3,428,139**	**168,666**
Current Liabilities				
Current tax payable	20	4,766,334	5,541,335	4,056,425
Reinsurance and other payables	21	4,865,820	9,186,614	13,323,594
Insurance liabilities	18	46,259,511	43,772,903	41,004,805
Finance lease liabilities	17	37,361	33,986	-
Bank overdraft	14	-	-	30,084
		55,929,026	**58,534,838**	**58,414,908**
Total Liabilities		**59,067,576**	**61,962,977**	**58,583,574**
Total Equity and Liabilities		**210,413,490**	**201,705,494**	**182,146,155**

Namibia National Reinsurance Corporation Limited

Annual Financial Statements for the year ended 31 March 2015

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2015 N$	Restated 2014 N$
Gross premium written	23	171,144,623	156,271,344
Premiums ceded to reinsurers	23	(29,683,831)	(32,164,259)
Net premiums earned		**141,460,792**	**124,107,085**
Fees and commission received	24	8,194,209	9,810,334
Investment income	26	9,785,547	9,713,290
Sundry income	25	147,570	10,997,487
Other income		**18,127,326**	**30,521,111**
Net income		**159,588,118**	**154,628,196**
Gross benefits and claims incurred	27	(86,942,104)	(80,760,843)
Claims ceded to reinsurers	27	12,124,635	14,205,374
Gross change in insurance liabilities	27	(3,463,409)	(1,196,042)
Change in insurance liabilities ceded to reinsurers	27	2,000,285	(1,617,801)
Net benefits and claims		**(76,280,593)**	**(69,369,312)**
Fees and commission paid	37	(46,318,692)	(47,784,632)
Other operating expenses		(22,184,866)	(11,677,387)
Expenses		**(68,503,558)**	**(59,462,019)**
Total benefits, claims and other expenses		**(144,784,151)**	**(128,831,331)**
Results of operating activities		**14,803,967**	**25,796,865**
Finance costs	28	(7,179)	(5,323)
Profit before taxation		**14,796,788**	**25,791,542**
Taxation	29	(4,720,505)	(9,611,606)
Profit for the year		**10,076,283**	**16,179,936**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains and losses on property revaluation		3,587,172	-
Other comprehensive income for the year net of taxation	30	**3,587,172**	**-**
Total comprehensive income for the year		**13,663,455**	**16,179,936**

Statement of Changes in Equity

	Share capital N$	Revaluation reserve N$	Staff welfare reserve N$	General reserve N$	Total reserves N$	Retained income N$	Total equity N$
Balance at 01 April 2013	**20,000,000**	**-**	**1,050,425**	**40,765,610**	**41,816,035**	**61,746,546**	**123,562,581**
Profit for the year	-	-	-	-	-	16,179,936	16,179,936
Transfer from retained earnings	-	-	-	6,447,885	6,447,885	-	6,447,885
Total comprehensive income for the year	**-**	**-**	**-**	**6,447,885**	**6,447,885**	**16,179,936**	**22,627,821**
Transfer to general reserve	-	-	-	-	-	(6,447,885)	(6,447,885)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**(6,447,885)**	**(6,447,885)**
Balance at 01 April 2014	**20,000,000**	**-**	**1,050,425**	**47,213,495**	**48,263,920**	**71,478,597**	**139,742,517**
Profit for the year	-	-	-	-	-	10,076,283	10,076,283
Revaluation reserve	-	3,587,172	-	3,699,197	7,286,369	-	7,286,369
Total comprehensive income for the year	**-**	**3,587,172**	**-**	**3,699,197**	**7,286,369**	**10,076,283**	**17,362,652**
Utilised during the year	-	-	(260,058)	-	(260,058)	-	(260,058)
Transfer to general reserve	-	-	-	-	-	(3,699,197)	(3,699,197)
Transfer to staff welfare reserve	-	-	296,079	-	296,079	(296,079)	-
Dividends	-	-	-	-	-	(1,800,000)	(1,800,000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**36,021**	**-**	**36,021**	**(5,795,276)**	**(5,759,255)**
Balance at 31 March 2015	**20,000,000**	**3,587,172**	**1,086,446**	**50,912,692**	**55,586,310**	**75,759,604**	**151,345,914**
Note(s)	15	30	16	16		30	

Statement of Cash Flows

	Note(s)	2015 N$	Restated 2014 N$
Cash flows from operating activities			
Cash generated from operations	31	4,187,534	13,078,578
Interest income	26	9,738,593	9,689,508
Dividends received		46,954	23,782
Finance costs	28	(7,179)	(5,323)
Dividends		(1,800,000)	-
Tax paid	32	(5,747,739)	(4,921,254)
Net cash from operating activities		**6,418,163**	**17,865,291**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(714,693)	(1,087,491)
Sale of property, plant and equipment	6	11,568	25,609
Purchase of other intangible assets	7	(148,600)	(751,412)
Purchase of investments at amortised cost		-	(45,678,299)
Sale of investments at amortised cost		103,165,135	43,094,175
Net cash from investing activities		**102,313,410**	**(4,397,418)**
Cash flows from financing activities			
Finance lease payments (current)		3,375	33,986
Finance lease payments (non current)		(37,356)	54,032
Net cash from financing activities		**(33,981)**	**88,018**
Total cash, cash equivalents and bank overdrafts movement for the year		**108,697,592**	**13,555,891**
Cash, cash equivalents and bank overdrafts at the beginning of the year		39,495,676	25,939,785
Total cash, cash equivalents and bank overdrafts at end of the year	14	**148,193,268**	**39,495,676**

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of Namibia. The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in Namibian Dollars.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

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 2014, the Corporation is liable for income taxation in the current year.

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The corporation recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The corporation recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the corporation to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the corporation to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

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.

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

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 nonoccurrence of one or more uncertain future events which are not wholly within the corporation's control.

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.

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.

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.

1.2 Property, plant and equipment

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

Item	*Depreciation method*	*Average useful life*
Buildings	Straight line	50 years
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	4 years
Computer equipment	Straight line	3 years

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

Accounting Policies

1.2 Property, plant and equipment (continued)

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.3 Intangible assets

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

Intangible assets are initially recognised at cost.

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

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

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

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

Item	Useful life
Computer software	10 years

1.4 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial assets measured at amortised cost
- Financial liabilities measured at amortised cost

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

Initial recognition and measurement

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

Accounting Policies

1.4 Financial instruments (continued)

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

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

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

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at trade date.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Accounting Policies

1.4 Financial instruments (continued)

Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

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

Bank overdrafts and borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the company has the positive intention and ability to hold to maturity are classified as held to maturity.

Accounting Policies

1.5 Income tax

Current tax assets and liabilities

Current income tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

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

Income tax expenses

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

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Leases

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

1.6 Leases (continued)

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the .

The lease payments are apportioned between the finance charge and reduction of the outstanding liability.The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases - lessor

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

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the statement of comprehensive income.

1.7 Impairment of non-financial assets

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

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

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

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

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

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

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

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

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

Accounting Policies

1.7 Impairment of non-financial assets (continued)

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

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity were there is no obligation to transfer cash or other assets. Incremental cost directly attributable to to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax.

1.9 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The company has no further payment obligations once the contributions have been paid.

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

1.9 Employee benefits (continued)

Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

1.10 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the financial statements.

Accounting Policies

1.11 Revenue

Premium income

Gross premiums written

Gross premiums written comprise the total premiums receivable for the whole period of the 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.

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.

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.

Accounting Policies

1.12 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.

Deferred acquisition costs (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 off.

Accounting Policies

1.13 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.

1.14 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition In Namibian Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and

Accounting Policies

1.14 Translation of foreign currencies (continued)

- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.15 Reinsurance payable

Reinsurance payable is recognised when due and measured on initial recognition at the fair value of the consideration paid 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.

1.16 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%.

1.17 Dividend distribution

Dividend declared but not distributed to the Government of the Republic of Namibia is recognised as a liability in the annual financial statements in the period in which the dividends are approved by the directors of the corporation.

Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and Interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	*Effective date: Years beginning on or after*
• Amendments to IAS 32 – 'Financial Instruments: Presentation', on financial instruments asset and liability offsetting	01 January 2014
• Amendment to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting	01 January 2014
• IFRIC 21, 'Levies'	01 January 2014
• Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities	01 January 2014

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2015 or later periods:

Standard/ Interpretation:	*Effective date: Years beginning on or after*
• Amendments to IAS 1,'Presentation of financial statements' disclosure initiative	01 January 2016
• Amendment to IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortisation.	01 January 2016
• Amendments to IAS 27, 'Separate financial statements' on equity accounting	01 January 2016
• IFRS 15 – Revenue from contracts with customers.	01 January 2017
• IFRS 9 – Financial Instruments (2009 &2010) •Financial liabilities •Derecognition of financial instruments •Financial assets •General hedge accounting	01 January 2018
• Amendment to IFRS 9 -'Financial instruments', on general hedge accounting	01 January 2018
• Amendment to IFRS 13, 'Fair value measurement'	01 July 2014
• IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets'	01 July 2014
• IAS 24, 'Related party disclosures'	01 July 2014
• IFRS 7 – Financial Instruments; Disclosures	01 January 2016
• IFRS 7 – Financial Instruments; Disclosures	01 January 2016
• IAS 19 – Employee Benefits	01 January 2016

Notes to the Annual Financial Statements

3. Critical accounting judgements

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.

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 10% 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.

Notes to the Annual Financial Statements

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.

4. Risk management

Capital risk management

The corporation's objectives when managing capital are to safeguard the corporation's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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$ 4000 or 15%, which ever is the greater amount. The corporation's ensures that its solvency is at least 15% at all times.

	2015	2014
Solvency margin as at financial year end	74.42%	65.14%

Financial risk management

The corporation's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the corporation's financial performance. Risk management is carried out by a central treasury department (corporation treasury) under policies approved by the board. Corporation treasury identifies, evaluates the financial risks in the close co-operation with the corporation's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the company in and aggregated by company finance. Company finance monitors rolling forecasts of the company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the company's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

Notes to the Annual Financial Statements

4. Risk management (continued)

The table below analyses the company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Comparative information has been restated as permitted by the amendments to IFRS 7 for the liquidity risk disclosures.

At 31 March 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease liability	37,361	16,675	-	-
Insurance liabilities	46,259,511	-	-	-
Reinsurance and other payables	4,865,820	-	-	-

At 31 March 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease liability	33,986	54,031	-	-
Insurance liabilities	43,772,902	-	-	-
Reinsurance payable and other payables	9,186,614	-	-	-

At 31 March 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Insurance liabilities	41,004,805	-	-	-
Reinsurance payable and other payables	13,323,594	-	-	-
Bank overdraft	30,084	-	-	-

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

The corporation's exposure to the risk of changes in market interest rates primarily to the corporation's cash and cash equivalents with floating interest rates. Only cash and cash equivalents are subject to floating interest rates. All other investments of the corporation is subject to fixed interest rates.

Interest rate effect on profit

Notes to the Annual Financial Statements

4. Risk management (continued)

Effect on profit	*100bp increase in market (2015)*	*100bp decrease in market (2015)*	*100bp increase in market (2014)*	*100bp decrease in market (2014)*	*100bp increase in market (2013)*	*100bp decrease in market (2013)*
Cash and cash equivalents	938,445	(938,445)	17,478	(17,478)	8,653	(8,653)
Finance lease liability	(710)	710	(365)	365	-	-
Bank overdrafts	-	-	-	-	(614)	614
	937,735	**(937,735)**	**17,113**	**(17,113)**	**8,039**	**(8,039)**

Credit risk

Credit risk consists mainly of cash and cash equivalents, staff loans and trade debtors. The corporation only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

There has been no instances of counter-party 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 debts, of N$ 520,932 (2014: 622,282; 2013: 2,547,790). The credit quality of premium debtors (insurance receivables) is assessed based on a credit rating scorecards. The maximum exposure to credit risk best estimate equals the carrying values of financial assets. At 31 March 2015, the corporation has 33 premium debtors (2014: 59 premium debtors; 2013: 55 premium debtors).

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	**2015**	**2014**	**2013**
Investment at amortised cost	12,034,413	115,199,547	112,615,425
Reinsurance assets	8,613,709	7,546,830	9,935,062
Insurance receivables	13,083,432	12,914,661	8,424,642
Staff loans and other prepayments	385,676	327,589	237,267
Cash and cash equivalents	148,193,268	39,495,676	25,969,869

Foreign exchange risk

The corporation operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Zambian Kwacha, Malawi Kwacha and the Kenya Shillings. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The corporation does not hedge foreign exchange fluctuations.

Foreign currency exposure at the statement of financial position date

Notes to the Annual Financial Statements

4. Risk management (continued)

31 March 2015	*Deferred expenses*	*Reinsurance assets*	*Insurance receivables*	*Total*
Namibian Dollar	2,812,478	5,592,186	11,846,614	20,251,278
US Dollar	321,004	102,018	345,256	768,278
Zambian Kwacha	229,234	2,971,256	148,724	3,349,214
Malawian Kwacha	43,648	798,136	(64,279)	777,505
Kenyan Shillings	-	321	1,063,883	1,064,204
Other	-	-	118,240	118,240
	3,406,364	**9,463,917**	**13,458,438**	**26,328,719**

4. Risk management (continued)

31 March 2015	*Reinsurance payable*	*Insurance liability*	*Total*
Namibian Dollar	(3,768,459)	(38,656,199)	(42,424,658)
US Dollar	(1,261,588)	(2,103,454)	(3,365,042)
Zambian Kwacha	(327,259)	(4,082,874)	(4,410,133)
Malawian Kwacha	(74,932)	(1,336,748)	(1,411,680)
Kenyan Shillings	(1,712)	(79,391)	(81,103)
Other	-	(845)	(845)
	(5,433,950)	**(46,259,511)**	**(51,693,461)**

31 March 2014	*Deferred expenses*	*Reinsurance assets*	*Insurance receivables*	*Total*
Namibian Dollar	2,680,259	6,818,976	11,138,006	20,637,241
US Dollar	357,519	113,641	2,155,371	2,626,531
Zambian Kwacha	190,640	310,531	571,234	1,072,405
Malawian Kwacha	86,723	303,682	(819,241)	(428,836)
Kenyan Shillings	-	-	(131,055)	(131,055)
Other	-	-	343	343
	3,315,141	**7,546,830**	**12,914,658**	**23,776,629**

31 March 2014	*Reinsurance payable*	*Insurance liability*	*Total*
Namibian Dollar	(7,405,022)	(39,829,688)	(47,234,710)
US Dollar	(337,994)	(2,208,713)	(2,546,707)
Zambian Kwacha	(1,021,969)	(930,988)	(1,952,957)
Malawian Kwacha	(197,935)	(719,299)	(917,234)
Kenyan Shillings	(5,411)	(84,214)	(89,625)
	(8,968,331)	**(43,772,902)**	**(52,741,233)**

31 March 2013	*Deferred expenses*	*Reinsurance assets*	*Insurance receivables*	*Total*
Namibian Dollar	2,920,338	7,017,636	3,584,400	13,522,374
US Dollar	441,685	612,079	3,647,326	4,701,090
Zambian Kwacha	59,927	2,144,492	711,570	2,915,989
Malawian Kwacha	96,601	142,302	227,112	466,015
Kenyan Shillings	2,130	16,204	254,240	272,574
Other	-	2,348	-	2,348
	3,520,681	**9,935,061**	**8,424,648**	**21,880,390**

31 March 2013	*Reinsurance payable*	*Insurance liability*	*Total*
Namibian Dollar	(828,129)	(35,097,488)	(35,925,617)
US Dollar	(4,243,566)	(2,540,750)	(6,784,316)
Zambian Kwacha	(33,351)	(2,802,174)	(2,835,525)
Malawian Kwacha	(28,279)	(498,235)	(526,514)
Kenyan Shillings	(137)	(63,116)	(63,253)
Other	-	(3,045)	(3,045)
	(5,133,462)	**(41,004,808)**	**(46,138,270)**

4. Risk management (continued)

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.

Claims development table

The following tables show the estimate of technical provisions, including claims notified, IBNR and UPR 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.

Notes to the Annual Financial Statements

4. Risk management (continued)

Gross non-life insurance contract technical provisions

	Gross		Net	
Underwriting Year	**2015**	**2014**	**2015**	**2014**
At end of underwriting year	29,968,668	43,536,028	25,009,394	36,134,668
One year later	-	13,269,736	-	11,380,184
Two years later				
Three years later				
Four years later				
Current estimate of cumulative gross claims incurred and UPR	29,968,668	56,805,764	25,009,394	47,514,852
At end of underwriting year	-21,463,781	-6,318,757	-18,431,211	-5,120,745
One year later		-32,126,153		-27,587,121
Two years later				
Three years later				
Four years later				
Cumulative payments to date	-21,463,781	-38,444,910	-18,431,211	-32,707,866
Gross non-life insurance contract technical provisions at original exchange rates				
Foreign exchange adjustment				
Total gross non-life insurance outstanding claims provision per	29,968,668	13,269,736	25,009,394	11,380,184
Current estimate of surplus/(deficiency)		-1,859,861		-2,832,637
% surplus/(deficiency) of initial gross reserve		-4%		-8%

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 2015 and by providing relating technical training.

Notes to the Annual Financial Statements

4. Risk management (continued)

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

2015	*Gross liability*	*Reinsurance of liability*	*Net liability*
Fire	24,695,794	(6,282,682)	18,413,112
Health	438,097	(251,022)	187,075
Marine	531,202	(34,422)	496,780
Motor Miscellaneous	20,449,648	(2,893,289)	17,556,359
Nasria	144,770	(2,502)	142,268
	46,259,511	**(9,463,917)**	**36,795,594**

2014	*Gross liability*	*Reinsurance of liability*	*Net liability*
Fire	22,338,343	(5,791,094)	16,547,249
Health	620,890	-	620,890
Marine	629,014	(777)	628,237
Motor Miscellaneous	20,115,492	(1,754,959)	18,360,533
Nasria	69,163	-	69,163
	43,772,902	**(7,546,830)**	**36,226,072**

2013	*Gross liability*	*Reinsurance of liability*	*Net liability*
Fire	18,957,648	(6,211,963)	12,745,685
Health	1,076,143	(439,590)	636,553
Marine	638,756	(115,513)	523,243
Motor Miscellaneous	20,257,732	(3,126,138)	17,131,594
Nasria	74,529	(41,858)	32,671
	41,004,808	**(9,935,062)**	**31,069,746**

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.

2015	*Gross liability*	*Reinsurance of liability*	*Net liability*
Namibian	38,665,701	(5,738,539)	32,927,162
Foreign	7,593,810	(3,725,378)	3,868,432
	46,259,511	**(9,463,917)**	**36,795,594**

2014	*Gross liability*	*Reinsurance of liability*	*Net liability*
Namibian	39,506,841	(6,584,021)	32,922,820
Foreign	4,266,061	(962,809)	3,303,252
	43,772,902	**(7,546,830)**	**36,226,072**

2013	*Gross liability*	*Reinsurance of liability*	*Net liability*
Namibian	32,788,865	(5,687,073)	27,101,792
Foreign	8,215,943	(4,247,989)	3,967,954
	41,004,808	**(9,935,062)**	**31,069,746**

	2015 N$	2014 N$	2013 N$

5. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 2

Recurring fair value measurements

Assets	*2015*	*2014*	*2013*
Cash and cash equivalents			
Cash on hand and bank balances	5,129,828	24,926,352	10,087,262
Total	**5,129,828**	**24,926,352**	**10,087,262**

Level 3

Recurring fair value measurements

Assets	*Note(s)*			
Property, plant and equipment	6			
Land		4,448,374	3,730,940	3,898,000
Buildings		19,419,657	16,181,888	15,311,972
Total property, plant and equipment		**23,868,031**	**19,912,828**	**19,209,972**
Total		**23,868,031**	**19,912,828**	**19,209,972**

	2015 N$	2014 N$	2013 N$

Fair value information (continued)

Namibia National Reinsurance Corporation revalues its land and building after every three years. However this was the first revaluation done since the occupation of the land and building. In the current financial year the land and building was revalued. The valuator was Pierewiet Wilders Valuators. The land and building was revalued using the income capitalization method. The valuation is based on an assumption that the usage of the property is in keeping with the requirements of the local authority, that it would be fully utilized and the building is functional for the purposes for which it would be put to. The method involves determining the net income of the property, which is present valued on a perpetuity basis. The following variables and factors were used in determining the market value of the property:

Capitalization rate of 8 %,

Comparable rentals in Windhoek area,

The property is in a high demand area therefore 2% vacancy factor was used, and

A 15% for expenses has been applied to the gross income for maintenance, rates and taxes, water and electricity, as well as security.

The subject property measures 1950 square metres in size, and has "Office" zoning, with a bulk of 0,4.

No changes have been made to the valuation technique.

6. Property, plant and equipment

	2015			2014		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	4,448,374	-	4,448,374	3,730,940	-	3,730,940
Buildings	19,419,657	-	19,419,657	16,181,888	-	16,181,888
Furniture and fixtures	792,622	(505,877)	286,745	656,013	(421,342)	234,671
Motor vehicles	229,858	(118,019)	111,839	229,858	(60,554)	169,304
IT equipment	621,337	(383,649)	237,688	470,643	(292,659)	177,984
Finance lease asset	92,595	(48,870)	43,725	92,595	(18,005)	74,590
Total	**25,604,443**	**(1,056,415)**	**24,548,028**	**21,361,937**	**(792,560)**	**20,569,377**

	2013		
	Cost or revaluation	Accumulated depreciation	Carrying value
Land	3,898,000	-	3,898,000
Buildings	15,311,972	-	15,311,972
Furniture and fixtures	508,217	(357,131)	151,086
Motor vehicles	229,858	(3,089)	226,769
IT equipment	359,811	(191,286)	168,525
Finance lease asset	-	-	-
Total	**20,307,858**	**(551,506)**	**19,756,352**

	2015 N$	2014 N$	2013 N$

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	3,730,940	-	-	717,434	-	4,448,374
Buildings	16,181,888	368,031	-	2,869,738	-	19,419,657
Furniture and fixtures	234,671	136,608	-	-	(84,534)	286,745
Motor vehicles	169,304	-	-	-	(57,465)	111,839
IT equipment	177,984	210,054	(11,568)	-	(138,782)	237,688
Finance lease asset	74,590	-	-	-	(30,865)	43,725
	20,569,377	**714,693**	**(11,568)**	**3,587,172**	**(311,646)**	**24,548,028**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	3,898,000	-	-	(167,060)	-	3,730,940
Buildings	15,311,971	702,857	-	167,060	-	16,181,888
Furniture and fixtures	151,086	151,524	-	-	(67,939)	234,671
Motor vehicles	226,769	-	-	-	(57,465)	169,304
IT equipment	168,525	140,516	(25,609)	-	(105,448)	177,984
Finance lease asset	-	92,593	-	-	(18,003)	74,590
	19,756,351	**1,087,490**	**(25,609)**	**-**	**(248,855)**	**20,569,377**

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Total
Land	3,898,000	-	-	3,898,000
Buildings	14,536,440	775,531	-	15,311,971
Furniture and fixtures	385,710	-	(234,624)	151,086
Motor vehicles	-	229,858	(3,089)	226,769
IT equipment	206,629	34,318	(72,422)	168,525
	19,026,779	**1,039,707**	**(310,135)**	**19,756,351**

Details of properties

Land and buildings relates to a property situated on ERF 8571, Corner of Lazarett Street and Feld Street, Windhoek, Namibia. The property measures 1950 square metres in size.

7. Intangible assets

	2015			2014		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software, other	148,600	-	148,600	2,438,268	(101,595)	2,336,673

Notes to the Annual Financial Statements

	2015 N$	2014 N$	2013 N$

7. Intangible assets (continued)

	2013		
	Cost	Accumulated amortisation	Carrying value
Computer software, other	1,686,857	-	1,686,857

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Impairment loss	Total
Computer software, other	2,336,674	148,600	(2,336,674)	148,600

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software, other	1,686,857	751,412	(101,595)	2,336,674

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Total
Computer software, other	-	1,686,857	1,686,857

8. Investments at amortised cost

	2015 N$	2014 N$	2013 N$
Held to maturity			
Republic of Namibia Government bonds	6,303,649	35,942,785	36,448,484
Telecom Namibia Limited bonds	-	40,677,286	35,824,060
	6,303,649	**76,620,071**	**72,272,544**
Fixed deposits			
Bank Windhoek Limited	-	10,855,901	13,013,449
FNB Namibia Limited	-	-	10,257,014
Simonis Storm Securities	-	-	1,131,760
Namibia Post Limited	-	-	5,124,452
FNB Namibia Limited	-	10,878,977	-
Namibia Post Limited	5,730,764	16,844,599	10,816,205
	5,730,764	**38,579,477**	**40,342,880**
Total other financial assets	**12,034,413**	**115,199,548**	**112,615,424**

Notes to the Annual Financial Statements

	2015 N$	2014 N$	2013 N$

8. Investments at amortised cost (continued)

The maturity date of the Government bonds is 15 April 2015. The maturity date of the Telecom Namibia Limited bonds is 17 April 2015, this was subsequently sold during the year under review. The interest rates for above long term bonds during the year ranged between 10.7% and 13%. The interest rates are fixed.

The Namibia Post Limited fixed deposits are for a fixed term and subject to a fixed interest rates of 4.40% and 5.75% (2014: 4.40% and 5.75%). These two investments' maturity dates are 26 October 2014 and 24 April 2015.

The fixed deposits at banks are for fixed terms and subject to fixed interest rates of 6.24% and 5.90% (2014: 6.24% and 5.90%). The maturity dates are 16 November 2015 and 23 October 2014.

	2015 N$	2014 N$	2013 N$
Non-current assets			
Held to maturity	-	41,140,311	36,448,484
Fixed deposits	-	10,855,901	29,526,676
	-	**51,996,212**	**65,975,160**
Current assets			
Held to maturity	6,303,649	35,479,760	35,824,060
Fixed deposits	5,730,764	27,723,575	10,816,205
	12,034,413	**63,203,335**	**46,640,265**
	12,034,413	**115,199,547**	**112,615,425**

Notes to the Annual Financial Statements

	2015 N$	2014 N$	2013 N$

9. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2015

	Loans and receivables	Held to maturity investments	Total
Reinsurance assets	8,613,709	-	8,613,709
Investments at amortised cost	-	12,034,413	12,034,413
Insurance receivables	13,083,432	-	13,083,432
Cash and cash equivalents	148,193,268	-	148,193,268
Staff loans and prepayments	385,676	-	385,676
	170,276,085	**12,034,413**	**182,310,498**

2014

	Loans and receivables	Held to maturity investments	Total
Reinsurance assets	7,546,830	-	7,546,830
Investments at amortised cost	-	115,199,547	115,199,547
Insurance receivables	12,914,661	-	12,914,661
Cash and cash equivalents	39,495,676	-	39,495,676
Staff loans and prepayments	327,589	-	327,589
	60,284,756	**115,199,547**	**175,484,303**

2013

	Loans and receivables	Total
Other financial assets	65,975,160	65,975,160
Cash and cash equivalents	237,267	237,267
Current tax receivable	9,935,062	9,935,062
	76,147,489	**76,147,489**

10. Deferred tax

Deferred tax liability

	2015	2014	2013
Deferred tax liability	(3,121,875)	(3,374,108)	(168,666)

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	2015	2014	2013
Deferred tax liability	(3,121,875)	(3,374,108)	(168,666)

Notes to the Annual Financial Statements

	2015 N$	2014 N$	2013 N$

10. Deferred tax (continued)

Reconciliation of deferred tax asset / (liability)

	2015 N$	2014 N$	2013 N$
At beginning of year	(3,374,108)	(168,666)	-
Prior period adjustment	-	(2,250,390)	-
Timing difference for current period recognised through profit/loss	252,233	(955,052)	(168,666)
	(3,121,875)	**(3,374,108)**	**(168,666)**

11. Deferred acquisition costs

	2015 N$	2014 N$	2013 N$
Deferred acquisition costs			
Balance at the beginning of the year	3,315,141	3,520,681	3,466,102
Expenses deferred/(amortised)	91,223	(205,540)	54,579
	3,406,364	**3,315,141**	**3,520,681**
Reinsurance deferred acquisition costs			
Balance at the beginning of the year	673,445	977,455	941,714
Expenses deferred/(amortised)	(235,317)	(304,010)	35,741
	438,128	**673,445**	**977,455**

12. Reinsurance assets

	2015 N$	2014 N$	2013 N$
Reinsurance assets receivable	8,613,709	7,546,830	9,935,062
Reinsurance of insurance contracts is made up as follows			
Unearned premiums	1,905,734	2,839,140	3,609,570
Outstanding claims	3,919,941	1,494,552	3,177,763
Provision for claims incurred but not reported (IBNR)	2,788,034	3,213,138	3,147,729
	8,613,709	**7,546,830**	**9,935,062**

No impairment loss was recognised by the corporation at year end (2014: 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 (2014: N$ nil).

Notes to the Annual Financial Statements

	2015 N$	2014 N$	2013 N$

13. Insurance and other receivables

	2015 N$	2014 N$	2013 N$
Premium debtors of short-term insurance	13,083,432	12,914,661	8,424,642

Premium debtors of short-term insurance

The insurance receivables balance above is reflected net of allowance for doubtful debts summarised below. The balance is due from various reputable insurance companies with no history of defaulting.

	2015 N$	2014 N$	2013 N$
Gross premium debtors of short-term insurance	13,604,364	13,536,942	10,972,433
Allowance for doubtful debts	(520,932)	(622,281)	(2,547,791)
	13,083,432	**12,914,661**	**8,424,642**

Credit quality of premium debtors of short-term insurance

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Premium debtors of short-term insurance

	2015 N$	2014 N$	2013 N$
Counterparties without external credit rating			
Group 2	13,083,432	12,914,661	8,424,642

Group 1 – new customer (less 6 months).

Group 2 – existing customer (more than 6 months) with no defaults in the past.

Group 3 – existing customer (more than 6 months) with some defaults in the past. All defaults were fully recovered.

Notes to the Annual Financial Statements

	2015 N$	2014 N$	2013 N$

14. Cash and cash equivalents

Cash and cash equivalents consist of:

	2015 N$	2014 N$	2013 N$
Cash on hand	1,620	4,266	1,201
Bank balances	5,128,208	24,922,086	10,116,145
Short-term deposits	143,063,440	14,569,324	15,852,523
Bank overdraft	-	-	(30,084)
	148,193,268	**39,495,676**	**25,939,785**
Current assets	148,193,268	39,495,676	25,969,869
Current liabilities	-	-	(30,084)
	148,193,268	**39,495,676**	**25,939,785**

Credit quality of cash at bank and short term deposits, excluding cash on hand

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

Credit rating	2015 N$	2014 N$	2013 N$
First National Bank Limited (F1)	2,302,089	19,691,550	10,116,145
Bank Windhoek Limited (A1+)	2,826,119	5,228,009	(30,084)
Prudential Inflation Fund (with no credit rating)	6,768,384	5,966,440	5,262,279
Namibia Coronation Balance Defensive Fund (with no credit rating)	6,601,739	5,951,991	5,276,454
Namibia Equity Brokers (Pty) Ltd (with no credit rating)	-	2,527	-
Old Mutual Money Market Fund (with no credit rating)	-	2,650,893	193,199
Stanlib Cash Plus Fund (with no credit rating)	-	-	5,120,591
Bank Windhoek Selekt Fund (with no credit rating)	75,927,208	-	-
Old Mutual Nedbank Namibia Corporate Fund (with no credit rating)	20,254,643	-	-
FNB Namibia Unit Trust Income Fund (with no credit rating)	11,183,310	-	-
Liberty Life Namibia Unit Trust Income Fund (with no credit rating)	11,160,305	-	-
Sanlam Namibia Money Market Fund (with no credit rating)	11,153,677	-	-
Old Mutual Nedbank Money Market Fund (with no credit rating)	14,174	-	-
	148,191,648	**39,491,410**	**25,938,584**

15. Share capital

	2015 N$	2014 N$	2013 N$
Authorised			
20,000,000 ordinary shares of N$1 each	20,000,000	20,000,000	20,000,000
Issued			
20,000,000 ordinary shares of N$1 each	20,000,000	20,000,000	20,000,000

Notes to the Annual Financial Statements

	2015 N$	2014 N$	2013 N$

16. Reserves

General reserve

	2015 N$	2014 N$	2013 N$
Opening balance	47,213,495	40,765,610	38,315,619
Transfer from retained income	3,699,197	6,447,885	2,449,991
	50,912,692	**47,213,495**	**40,765,610**

In terms of the section 28 of the Namibia National Reinsurance Corporation Act, 1998, the corporation is required to maintain a general reserve into which it shall deposit at the end of the each financial period the following;

50% of the annual profits of the corporation, if the general reserve fund is less than the authorised share capital of the corporation; or.
25% of the annual profits of the corporation, if the general reserve fund is equal to or exceeds the authorised share capital of the corporation.

Staff welfare reserve

	2015 N$	2014 N$	2013 N$
Opening balance	1,050,425	1,050,425	994,676
Utilised during the year	(260,058)	-	-
Transfer from retained income	296,079	-	55,749
	1,086,446	**1,050,425**	**1,050,425**

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 the annual net profits of the corporation.

The reserve shall be utilised for recreation facilities, low interest-bearing loans and any other purposes aimed at enhancing the employee's welfare of the corporation.

Revaluation Reserve

	2015 N$	2014 N$	2013 N$
Gain on Revaluation of Property	3,587,172	-	-

Notes to the Annual Financial Statements

	2015 N$	2014 N$	2013 N$
17. Finance lease liabilities			
Minimum lease payments due			
- within one year	41,144	40,936	-
- in second to fifth year inclusive	17,104	58,098	-
	58,248	99,034	-
less: future finance charges	(4,212)	(11,017)	-
Present value of minimum lease payments	**54,036**	**88,017**	-
Present value of minimum lease payments due			
- within one year	37,361	33,986	-
- in second to fifth year inclusive	16,675	54,031	-
	54,036	**88,017**	-

The liability relates to computer equipment (photo copier machines) that were financed under finance leases. The liability is repayable in 36 equal monthly installments of N$ 3,399 including VAT.

Notes to the Annual Financial Statements

	2015 N$	2014 N$	2013 N$

18. Insurance liabilities

Reconciliation of insurance liabilities - 2015

	Opening balance	(Utilised)/Created during the year	Total
Provision for claims incurred but not reported, IBNR (refer to 18.3 below)	15,841,985	761,306	16,603,291
Provision for unexpired risk	-	-	-
Provision for unearned premiums (refer to 18.1 below)	14,962,877	(976,800)	13,986,077
Provision for outstanding claims (refer to 18.2 below)	12,968,040	2,702,103	15,670,143
	43,772,902	**2,486,609**	**46,259,511**

Reconciliation of insurance liabilities - 2014

	Opening balance	(Utilised)/Created during the year	Total
Provision for claims incurred but not reported, IBNR (refer to 18.3 below)	13,970,305	1,871,680	15,841,985
Provision for unexpired risk	-	-	-
Provision for unearned premiums (refer to 18.1 below)	13,390,821	1,572,056	14,962,877
Provision for outstanding claims (refer to 18.2 below)	13,643,679	(675,639)	12,968,040
	41,004,805	**2,768,097**	**43,772,902**

Reconciliation of insurance liabilities - 2013

Provision for claims incurred but not reported, IBNR (refer to 18.3 below)	13,013,003	957,302	13,970,305
Provision for unearned premiums (refer to 18.1 below)	13,667,881	(277,060)	13,390,821
Provision for outstanding claims (refer to 18.2 below)	14,720,626	(1,076,947)	13,643,679
	41,401,510	**(396,705)**	**41,004,805**

18.1 Gross provision for unearned premiums

	2015	2014	2013
Balance beginning of the year	14,962,877	13,390,821	13,667,881
Premiums written during the year	170,167,823	157,843,400	147,782,267
Premiums earned during the year	(171,144,623)	(156,271,344)	(148,059,327)
	13,986,077	**14,962,877**	**13,390,821**

18.1 (a) Unearned premium reserve

	2015	2014	2013
Balance beginning of the year	12,123,738	9,781,251	10,203,107
Transfer (from)/to statement of comprehensive income	(43,395)	2,342,487	(421,856)
	12,080,343	**12,123,738**	**9,781,251**

The balance comprises

	2015	2014	2013
Gross provision for unearned premiums	13,986,077	14,962,877	13,390,821
Reinsurer's share of unearned premiums	(1,905,734)	(2,839,139)	(3,609,570)
	12,080,343	**12,123,738**	**9,781,251**

Notes to the Annual Financial Statements

	2015 N$	2014 N$	2013 N$
18. Insurance liabilities (continued)			
18.2 Provision for outstanding claims			
Balance beginning of the year	12,968,040	13,643,679	14,720,626
Transfer (from)/to statement of comprehensive income	2,702,103	(675,639)	(1,076,800)
Foreign exchange adjustment	-	-	(147)
	15,670,143	**12,968,040**	**13,643,679**
Provision for outstanding claims ceded to reinsurers			
Balance beginning of the year	(1,494,552)	(3,177,762)	(5,712,509)
Transfer (from)/to statement of comprehensive income	(2,425,389)	1,683,210	2,551,421
Foreign exchange adjustment	-	-	(16,675)
	(3,919,941)	**(1,494,552)**	**(3,177,763)**
Net provision for outstanding claims	11,750,202	11,473,488	10,465,916
18.3 Provision for claims incurred but not reported (IBNR)			
Balance beginning of the year	15,841,985	13,970,304	13,013,003
Incurred	761,306	1,871,681	957,302
	16,603,291	**15,841,985**	**13,970,305**
Reinsurance provision for claims incurred but not reported			
Balance beginning of the year	(3,213,138)	(3,147,729)	(2,860,981)
Utilised/(incurred)	425,104	(65,409)	(286,748)
	(2,788,034)	**(3,213,138)**	**(3,147,729)**
Net provision for claims incurred but not reported	13,815,257	12,628,848	10,822,579
19. Staff loans and other prepayments			
Staff loans advanced	285,446	272,715	175,761
Deposits and prepayments	100,230	54,874	61,506
	385,676	**327,589**	**237,267**

Staff loans are unsecured, interest is chargeable at 3% and 5% and the loans are repayable on a monthly basis.

Notes to the Annual Financial Statements

	2015 N$	2014 N$	2013 N$

20. Current tax receivable / (payable)

The current tax balance is made up as follows:

	2015 N$	2014 N$	2013 N$
Current tax payable			
Current tax payable	4,766,334	5,541,335	4,056,425
Total current tax receivable / (payable)			
Provision for taxation			
Opening balance	5,541,335	4,056,425	4,056,425
Provision for the year	4,454,408	7,232,649	4,056,425
Provisional tax payments	(5,229,409)	(5,747,739)	(4,056,425)
	4,766,334	**5,541,335**	**4,056,425**
Current tax payable	4,766,334	5,541,335	4,056,425

21. Reinsurance and other payables

	2015 N$	2014 N$	2013 N$
Reinsurance payables	5,433,950	8,968,327	5,133,462
Other payables	(585,530)	218,287	8,190,132
Deposits received	17,400	-	-
	4,865,820	**9,186,614**	**13,323,594**

22. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2015

	Financial liabilities at amortised cost	Total
Finance lease liabilities	54,036	54,036
Reinsurance and other payables	4,865,820	4,865,820
Insurance liabilities	46,259,511	46,259,511
	51,179,367	**51,179,367**

Notes to the Annual Financial Statements

	2015 N$	2014 N$

22. Financial liabilities by category (continued)

2014

	Financial liabilities at amortised cost	Total
Finance lease liabilities	88,017	88,017
Reinsurance and other payables	9,186,614	9,186,614
Insurance liabilities	43,772,903	43,772,903
	53,047,534	**53,047,534**

2013

	Financial liabilities at amortised cost	Total
Reinsurance and other payables	13,323,594	13,323,594
Insurance liabilities	41,004,805	41,004,805
Bank overdraft	30,084	30,084
	54,358,483	**54,358,483**

23. Gross premiums written

	2015 N$	2014 N$
Short-term insurance	170,167,823	157,843,400
Change in provision for unearned premiums	976,800	(1,572,056)
	171,144,623	**156,271,344**
Premiums ceded to reinsurers		
Short-term insurance	(28,750,786)	(31,393,828)
Change in provision for unearned premiums	(933,045)	(770,431)
	(29,683,831)	**(32,164,259)**

24. Fees and commission received

	2015 N$	2014 N$
Commissions received	8,194,209	9,810,334

25. Other income

	2015 N$	2014 N$
Rental income	147,570	1,089,908
VAT refund	-	9,907,579
	147,570	**10,997,487**

The corporation has entered into commercial property leases on its surplus office buildings. There are no restrictions placed upon the corporation by entering into these leases.

Notes to the Annual Financial Statements

	2015 N$	2014 N$
26. Investment revenue		
Dividend revenue		
Dividend received on money market investments	46,954	23,782
Interest revenue		
Unit trusts	5,583,541	1,354,606
Interest on investments	4,147,858	8,329,746
Interest on staff loans	7,194	5,156
	9,738,593	**9,689,508**
	9,785,547	**9,713,290**
27. Net benefits and claims		
a) Gross benefits and claims incurred		
Short-term insurance	(86,942,104)	(80,760,843)
b) Claims ceded to reinsurers		
Reinsurance recoveries relating to claims incurred	12,124,635	14,205,374
c) Gross change in insurance liabilities		
Change in provision for outstanding claims	(2,702,103)	675,639
Change in provision for claims incurred but not reported (IBNR)	(761,306)	(1,871,681)
	(3,463,409)	**(1,196,042)**
d) Change in insurance liabilities ceded to reinsurers		
Change in provision for outstanding claims	2,425,389	(1,683,210)
Change in provision for claims incurred but not reported (IBNR)	(425,104)	65,409
	2,000,285	**(1,617,801)**
Total net benefits and claims	**(76,280,593)**	**(69,369,312)**
28. Finance costs		
Interest on finance lease liability	7,179	5,323

Notes to the Annual Financial Statements

	2015 N$	2014 N$

29. Income tax expense

Major components of the income tax expense

	2015 N$	2014 N$
Current		
Current tax	4,972,738	6,406,164
Deferred		
Deferred tax	(252,233)	3,205,442
	4,720,505	**9,611,606**

Reconciliation of the income tax expense

Reconciliation between accounting profit and tax expense.

	2015 N$	2014 N$
Accounting profit	14,796,788	25,791,542
Tax at the applicable tax rate of 33% (2014: 33%)	4,882,940	8,511,209
Tax effect of adjustments on taxable income		
Prior period adjustments - deferred tax	(218,046)	2,250,390
Net permanent differences	55,611	(1,149,993)
	4,720,505	**9,611,606**

30. Other comprehensive income

Components of other comprehensive income - 2015

	Gross	Tax	Net
Items that will not be reclassified to profit or loss			
Movements on revaluation			
Gains on property revaluation	3,587,172	-	3,587,172

Notes to the Annual Financial Statements

	2015 N$	2014 N$

31. Cash generated from operations

Profit before taxation	14,796,788	25,791,542
Adjustments for:		
Depreciation and amortisation	453,878	350,450
Dividends received	(46,954)	(23,782)
Interest received - investment	(9,738,593)	(9,689,508)
Finance costs	7,179	5,323
Impairment loss	2,194,442	-
Insurance liabilities	2,486,608	2,768,098
Transfer from staff welfare reserve	(260,058)	-
Changes in working capital:		
Insurance and other receivables	(168,773)	(4,490,015)
Reinsurance assets	(1,066,879)	2,388,232
Deferred acquisition costs	(91,223)	205,540
Staff loans and other prepayments	(58,087)	(90,322)
Reinsurance and other payables	(4,320,794)	(4,136,980)
	4,187,534	**13,078,578**

32. Tax paid

Balance at beginning of the year	(5,541,335)	(4,056,425)
Current tax for the year recognised in profit or loss	(4,972,738)	(6,406,164)
Balance at end of the year	4,766,334	5,541,335
	(5,747,739)	**(4,921,254)**

33. Dividends paid

Dividends	(1,800,000)	-

Dividends are from capital profits.

34. Related parties

Relationships	
Ultimate holding company	Government of the Republic of Namibia (GRN)

Related party balances

Government of the Republic of Namibia (GRN)		
Value added tax payable	2,214,562	(8,730,832)
PAYE payable	140,344	92,096

Related party transactions

Government of the Republic of Namibia (GRN)		
Dividend paid	1,800,000	-
PAYE (employee taxes)	1,475,599	1,019,486

Notes to the Annual Financial Statements

	2015 N$	2014 N$

35. Directors' emoluments

Directors' emoluments paid relating to short term employee benefits	1,240,207	1,441,642

36. Prior period errors

Namibia National Reinsurance Corporation Limited previously submitted VAT return on an invoice basis however this approach was correctly changed to the payment and receipt basis.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position		
VAT control account balance before adjustment	-	(8,730,833)
VAT refund (adjustment)	-	9,907,579
Current income tax payable	-	(2,396,173)
	-	**(1,219,427)**

This restated balance is included in insurance and other receivable, refer to note 13.

Profit or Loss		
VAT refund - Taxable	-	7,261,130
VAT Refund - Non-taxable	-	2,646,449
Current income tax expenses	-	(2,396,173)
	-	**7,511,406**

The non-taxable amount consists of interest and penalties. The taxable amount consists of VAT overpayments that should have been recognised as income. This restated amount is included in sundry income, refer to note 25.

37. Other expenses

Fees and commission paid	46,318,692	47,784,632

Detailed Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2015 N$	2014 N$
Revenue			
Gross premiums written		170,167,823	157,843,400
Change in unearned premiums		976,800	(1,572,056)
	23	**171,144,623**	**156,271,344**
Premiums ceded to reinsurers		(29,683,831)	(32,164,259)
Net premiums earned		**141,460,792**	**124,107,085**
Other income			
Commissions received		8,194,209	9,810,334
Rental income		147,570	1,089,908
Other income		-	9,907,579
Dividends received	26	46,954	23,782
Interest received	26	9,738,593	9,689,508
		18,127,326	**30,521,111**
Expenses (Refer to page 55)		**(144,784,151)**	**(128,831,331)**
Operating profit		**14,803,967**	**25,796,865**
Finance costs	28	(7,179)	(5,323)
Profit before taxation		**14,796,788**	**25,791,542**
Taxation	29	(4,720,505)	(9,611,606)
Profit for the year		**10,076,283**	**16,179,936**

Detailed Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2015 N$	2014 N$
Operating expenses			
Allowance for doubtful debts		-	1,925,506
Auditors remuneration		(255,164)	(1,273,960)
Bad debts		(2,320,241)	(1,253,837)
Bank charges		(82,604)	(39,922)
Bursaries		(178,988)	(170,642)
Claims ceded paid		12,124,635	14,205,374
Cleaning		(140,277)	(120,592)
Commission paid		(46,318,692)	(47,784,632)
Communications		(611,733)	(378,429)
Computer expenses		(81,280)	(193,232)
Deferred expenses		-	98,470
Depreciation, amortisation and impairments		(2,648,320)	(350,450)
Donations		(134,373)	(50,233)
Employee costs		(10,728,981)	(6,948,783)
Entertainment		(111,318)	(128,393)
Fines and penalties		(39,000)	-
Gain on foreign exchange gains and losses		65,189	313,361
Gross benefit and claims incurred		(86,942,104)	(80,760,843)
HR related costs		(150,550)	-
Insurance		(93,076)	(87,367)
Legal expenses		(283,201)	(367,188)
Motor vehicle expenses		(12,745)	(4,689)
Namfisa levies		(13,959)	(15,000)
Office expenses		(386,418)	(122,946)
Other consulting and professional fees		(26,781)	(195,205)
Postage		(605)	(1,550)
Printing and stationery		(124,260)	(115,388)
Professional fees		(1,931,575)	(2,710,667)
Promotions		-	(73,737)
Repairs and maintenance		(232,588)	(191,618)
Secretarial fees		(7,409)	(9,450)
Security		(102,699)	(111,327)
Staff welfare		(131,776)	(221,686)
Subscriptions		(422,180)	(413,881)
Sundry expenses		(237,704)	4,448
Training		(542,501)	(190,667)
Travel - local		(1,284,808)	(512,911)
Travel - overseas		(50,627)	(176,694)
Water and Electricity		(345,438)	(402,571)
		(144,784,151)	**(128,831,331)**

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