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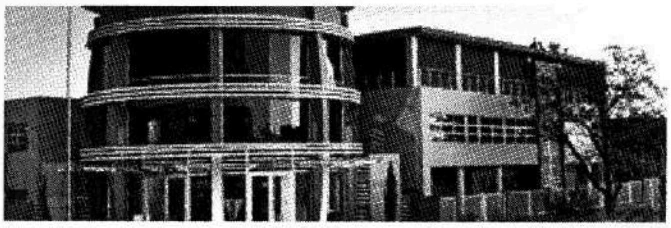
Namibia National Reinsurance Corporation Limited
(Registration number 99/369)
Annual Financial Statements
for the year ended 31 March 2021



General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Reinsurance
Directors	F Kisting (Chairperson) B Muteka (Deputy Chairperson) P A Martin (Managing Director) A Munyika C Loots L Usiku R Hanghuwo S Makando
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	PO Box 716 Windhoek
Shareholder	Government of the Republic of Namibia (Ministry of Finance)
Bankers	First National Bank of Namibia Limited
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Gladice Pickering
Company registration number	99/369

Contents

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 company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with 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 company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 company's cash flow forecast for the year to 31 March 2022 and, in light of this review and the current financial position, they are satisfied that the company 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 company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 9 to 49, which have been prepared on the going concern basis, were approved by the board of directors and were signed on their behalf by:

Director	**Director**

Windhoek

30/09/21

Date

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Independent auditor's report

To the Members of Namibia National Reinsurance Corporation Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Namibia National Reinsurance Corporation Limited (the Corporation) as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Namibia National Reinsurance Corporation Act of 1998.

What we have audited

Namibia National Reinsurance Corporation Limited's financial statements set out on pages 7 to 49 comprise:

- the directors' report for the year ended 31 March 2021;
- the statement of financial position as at 31 March 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled "Namibia National

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Country Senior Partner: Chantell N Husselmann
Partners: Louis van der Riet, Anna EJ Rossouw (Partner in charge: Coast), Gerrit Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Hannes van den Berg, Willem A Burger

Reinsurance Corporation Limited Annual Financial Statements for the year ended 31 March 2021". The other information does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Namibia National Reinsurance Corporation Act of 1998., and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Pricewaterhouse Coopers

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Hans Hashagen
Partner
Windhoek
Date: 30 September 2021

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 2021.

1. Nature of business

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

The corporation is the only reinsurer in Namibia and provides reinsurance to local and international insurance companies. In terms of the Namibian 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 and short-term reinsurance. Short-term reinsurance is provided for fire, aviation, guarantee, miscellaneous, personal lines, special riot risk, medical, motor, marine, liability and property in the form of reinsurance treaties.

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

2. 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 company are set out in these annual financial statements.

3. Share capital

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

4. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends.

Dividends declared and paid to the shareholder in the current financial year amounted to N$ nil (2020: N$ 10 000 000).

5. Shareholder

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

6. Directorate

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

Directors		Nationality	Changes
F Kisting (Chairperson)	Non-executive Independent	Namibian	Appointed 1 September 2021
B Muteka (Deputy Chairperson)	Non-executive Independent	Namibian	Appointed 1 September 2021
P A Martin (Managing Director)	Executive	Namibian	
A Munyika	Non-executive Independent	Namibian	Appointed 1 September 2021
C Loots	Non-executive Independent	Namibian	Appointed 1 September 2021
L Usiku	Non-executive Independent	Namibian	Appointed 1 September 2021
R Hanghuwo	Non-executive Independent	Namibian	Appointed 1 September 2021
S Makando	Non-executive Independent	Namibian	
A Beukes	Non-executive Independent	Namibian	Resigned 1 September 2021
F Tjivau	Non-executive Independent	Namibian	Resigned 1 September 2021
H Mbako	Non-executive Independent	Namibian	Resigned 1 September 2021
L D Kapere	Non-executive Independent	Namibian	Resigned 1 September 2021
T K Iindji	Non-executive Independent	Namibian	Resigned 1 September 2021
T J A Saunderson	Non-executive Independent	Namibian	Resigned 1 September 2021
N J Tshitayi	Non-executive Independent	Namibian	Resigned 1 September 2021

Directors' Report

7. Events after the reporting period

The directors believe that the corporation has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the corporation is in a fair financial position and is in a position to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the corporation.

Management acknowledges the existence of the coronavirus (Covid-19) as described in subsequent events note, refer to note . However, as described above, management has a reasonable expectation that the corporation has adequate resources to continue in operational existence for the foreseeable future, and will be able to realise assets at their recognised values, and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements.

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

8. Litigation statement

The corporation becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business.

The corporation is currently involved in litigation between itself, The Government of the Republic of Namibia and the Insurance industry related to the Namibre Act. Please also refer to notes 25.1 and 31.

9. Secretary

The company secretary is Ms Gladice Pickering.

Ms Ntwala Mwilima resigned on 15 July 2021, and Ms Gladice Pickering was appointed on 15 July 2021.

10. Terms of appointment of the auditors

PricewaterhouseCoopers continued in office as auditor for the corporation for 2021 and will continue in office in accordance with Section 278 (2) of the Namibian Companies Act.

Statement of Financial Position as at 31 March 2021

Figures in Namibia Dollar	Note	2021	2020
Assets			
Property, plant and equipment	5	43 034 240	40 954 927
Intangible assets	6	10 307 733	11 144 202
Investments held to maturity	7	56 912 099	48 026 330
Deferred tax	19	-	6 807 895
Investments at fair value through profit or loss	8	277 536 589	147 075 810
Reinsurance assets	9	94 127 732	50 301 177
Insurance and other receivables	10	224 629 364	341 881 769
Current tax receivable	11	15 235 076	3 897 838
Deferred acquisition costs	12	31 159 599	2 786 143
Staff loans and other prepayments	13	1 535 076	1 387 260
Cash and cash equivalents	14	14 806 111	30 554 202
Total Assets		**769 283 619**	**684 817 553**
Equity and Liabilities			
Equity			
Share capital	15	20 000 000	20 000 000
Reserves		110 348 251	105 829 536
Retained income		133 813 691	128 357 062
		264 161 942	**254 186 598**
Liabilities			
Deferred tax	19	8 675 062	-
Reinsurance and other payables	20	60 351 987	93 241 466
Insurance liabilities	21	436 094 628	327 389 489
Dividend payable		-	10 000 000
Total Liabilities		**505 121 677**	**430 630 955**
Total Equity and Liabilities		**769 283 619**	**684 817 553**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Namibia Dollar	Note	2021	2020
Gross premium written	22	622 246 663	755 051 857
Premiums ceded to reinsurers	22	(196 246 407)	(160 845 152)
Net premium		**426 000 256**	**594 206 705**
Fees and commission		35 817 919	28 317 739
Investment income	23	15 238 704	13 097 688
Sundry income		171 079	106 504
Fair value adjustments		5 334 208	3 111 856
Other income		**56 561 910**	**44 633 787**
Net income		**482 562 166**	**638 840 492**
Gross benefits and claims incurred	24	(166 813 657)	(283 469 313)
Claims ceded to reinsurers	24	27 021 279	143 081 919
Gross change in insurance liabilities	24	(39 880 139)	(187 915 972)
Changes in insurance liabilities ceded to reinsurers	24	20 384 556	(35 142 039)
Net benefits and claims		**(159 287 961)**	**(363 445 405)**
Commission paid		(233 115 532)	(180 746 645)
Other operating expenses		(65 190 201)	(54 540 651)
Other expenses		**(298 305 733)**	**(235 448 296)**
Total benefits, claims and other expenses	25	**(457 593 694)**	**(598 893 701)**
Profit before taxation		**24 968 472**	**39 946 791**
Taxation	29	(15 326 212)	(12 349 568)
Profit for the year		**9 642 260**	**27 597 223**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on property revaluation		489 829	-
Income tax relating to items that will not be reclassified		(156 745)	-
Total items that will not be reclassified to profit or loss		**333 084**	**-**
Other comprehensive income for the year net of taxation		**333 084**	**-**
Total comprehensive income for the year		**9 975 344**	**27 597 223**

Statement of Changes in Equity

Figures in Namibia Dollar	Share capital	Revaluation reserve	Staff welfare reserve	General reserve	Total reserves	Retained income	Total equity
Balance at 1 April 2019	**20 000 000**	**5 459 095**	**4 349 049**	**86 592 334**	**96 400 478**	**120 188 897**	**236 589 375**
Profit for the year	-	-	-	-	-	27 597 223	27 597 223
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**27 597 223**	**27 597 223**
Transfer between reserves	-	-	(557 640)	9 986 698	9 429 058	(9 429 058)	-
Dividends	-	-	-	-	-	(10 000 000)	(10 000 000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(557 640)**	**9 986 698**	**9 429 058**	**(19 429 058)**	**(10 000 000)**
Balance at 1 April 2020	**20 000 000**	**5 459 095**	**3 791 409**	**96 579 032**	**105 829 536**	**128 357 062**	**254 186 598**
Profit for the year	-	-	-	-	-	9 642 260	9 642 260
Other comprehensive income	-	333 084	-	-	333 084	-	333 084
Total comprehensive income for the year	**-**	**333 084**	**-**	**-**	**333 084**	**9 642 260**	**9 975 344**
Transfer between reserves	-	-	(2 056 487)	6 242 118	4 185 631	(4 185 631)	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(2 056 487)**	**6 242 118**	**4 185 631**	**(4 185 631)**	**-**
Balance at 31 March 2021	**20 000 000**	**5 792 179**	**1 734 922**	**102 821 150**	**110 348 251**	**133 813 691**	**264 161 942**
Note(s)	15	16	17	18			

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Namibia National Reinsurance Corporation Limited

(Registration number 99/369)
Annual Financial Statements for the year ended 31 March 2021

Statement of Cash Flows

Figures in Namibia Dollar	Note(s)	2021	2020
Cash flows from operating activities			
Cash generated from operations	26	131 300 398	19 578 361
Interest received	23	-	1 038 750
Tax paid	27	(11 337 238)	(29 085 744)
Net cash inflow / (outflow) from operating activities		**119 963 160**	**(8 468 633)**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(3 466 601)	(3 148 656)
Proceeds from disposal of property, plant and equipment	5	6 268	-
Purchase of intangible assets	6	(292 612)	(4 917 720)
Purchase of investments held to maturity		(6 499 849)	-
Maturation of investments held to maturity		2 155 825	2 088 750
Purchase of investments at fair value through profit or loss	8	(162 614 282)	(26 038 750)
Disposal of investments at fair value through profit or loss	8	45 000 000	25 612 818
Net cash outflow from investing activities		**(125 711 251)**	**(6 403 558)**
Cash flows from financing activities			
Dividends paid	28	(10 000 000)	(6 150 000)
Total cash movement for the year		**(15 748 091)**	**(21 022 191)**
Cash at the beginning of the year		30 554 202	51 576 393
Total cash at end of the year	14	**14 806 111**	**30 554 202**

The above statement of cash flows should be read in conjunction with the accompanying notes

Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements, the Companies Act of Namibia and the Namibian National Reinsurance Corporation Act.

These accounting policies are consistent with the previous period except where stated.

1.2 Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

Key sources of estimation uncertainty

Impairment of financial assets

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

Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted market prices are not available, are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments. Where market observable inputs are not available, they are estimated based on an appropriate assumption.

Useful lives of property, plant and equipment

Items of Property, plant and equipment are depreciated over their useful lives 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 such as technological innovation, asset life cycles and maintenance programs. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

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 since 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.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

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.

Insurance liabilities

Insurance liabilities comprise a provision for unearned premium; provision for claims IBNR and provision for outstanding claims included in "Insurance contract liability" as one of the Insurance liabilities which are accounted for as disclosed in the following notes.

Information on the sensitivities of certain major assumptions in the underlying calculations can be found within the 'Insurance risk; section of note 3.

Provision for unearned premiums
The provision for unearned premiums represents premiums received during the year which pertain to periods of risk extending beyond the end of the financial year. Management calculates the provision by estimating the proportion of annual premiums that relate to future periods with reference to the respective contracts in place.

Of the reported net premiums, being insurance premiums less commissions paid away, which are earned by the insurers, it is currently estimated that 1/8th of the first quarter, 3/8ths of the second quarter, 5/8ths of the third quarter and 7/8ths of the fourth quarter is unearned. Accordingly the income and the related reinsurance expense, where applicable, do not meet the recognition criteria and are excluded from profit or loss in a deferred liability or asset account.

Provision for claims incurred but not yet reported (IBNR)
This refers to claims incurred but not yet reported at year end and is calculated by actuaries using statistical methods.

The provision for life IBNR has been calculated at 10% (2020: 42%) of premiums earned. A claims loss ratio approach, an accepted actuarial methodology, was used to calculate the liability. This is due to life insurance being a recent addition to the product offering of the business and accordingly there is currently insufficient claims data to analyse using the usual actuarial methodologies. This estimate is based on past experience and industry norms in Namibia and other African countries.

The provision for non-life IBNR has been calculated at 18.88% (2020: 17.76%) of premiums earned using a mix of loss ratio and actuarial methodologies using information on historical trends, past experience and industry norms in Namibia.

Provisions for outstanding claims
Outstanding claims are those which have incurred and reported but have not been settled at reporting date. The provision is calculated by management and is based on the estimated cost of actual outstanding claims received relating to the current year.

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.

Deferred acquisition costs (DAC)

The amount of acquisition costs to be deferred is dependant on managements' estimation of the ratio of costs incurred that relate to income not yet earned. The deferment is to match the expenses with the income in the correct reporting period.

Liability adequacy testing

In compliance with certain regulations governing the insurance sector in Namibia, the corporation must meet specific solvency ratios in the life and non-life insurance business, respectively. At each end of each reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related assets.

These solvency ratios are derived through actuarial calculations where insurance liabilities are quantified, gross and net of related assets, and subjected to a 'liability adequacy test'. In deriving the liability values, estimations and assumptions are made. For more information on the sensitivity surrounding these estimations, refer to 'Insurance risk' within note 3.

Accounting Policies

1.3 Property, plant and equipment

Property and equipment, excluding land are carried at cost less accumulated depreciation and any impairment losses.

Land and buildings are shown at fair value, based on periodic but at least triennial, valuations by external independent appraisers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the building and the net amount is restated to the revalued amount of the buildings.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of the asset less their residual value over their estimated useful lives, using the straight-line method. The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. The depreciation charge for each year 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 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 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.

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

The depreciation charge for each year 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 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 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.

1.4 Intangible assets

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis.

Item	Useful life
Computer software	10 years

Accounting Policies

1.5 Financial instruments

Classification

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

- Financial assets at fair value through profit or loss - held for trading
- Held-to-maturity investment
- 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.

Initial recognition and measurement

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

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.

Subsequent measurement

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

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the company's right to receive payment is established.

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

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

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

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.

Accounting Policies

1.5 Financial instruments (continued)

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.

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.

Insurance and other receivables

Insurance 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 insurance 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 insurance receivable is uncollectable, it is written off against the allowance account for insurance receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Insurance and other receivables are classified as loans and receivables.

Reinsurance and other payables

Reinsurance and other payables are 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.

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

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 amortised cost.

Borrowings

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

Accounting Policies

1.5 Financial instruments (continued)

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

Financial assets at fair value through profit or loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. Investments classified as fair value through profit or loss are initially recognised at cost and subsequently re-measured to fair value based on quoted prices, without any deduction for transaction costs. All related realised and unrealised gains and losses are included in the profit or loss. Interest earned whilst holding held for trading investments is reported as investment income.

Held to maturity investments

Held to maturity financial investments are those which carry fixed or determinable payments and have fixed maturities and which the Corporation has the intention and ability to hold to maturity. After initial measurement, held to maturity financial investments are subsequently measured at amortised cost using the effective interest rate method, less any allowances for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization and losses arising from impairment of such investments are recognised in the profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments and are not quoted in an active market. After initial measurement at cost, receivables are subsequently remeasured to amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate.

Derecognition of financial assets

The Corporation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire. The condition is met when the liability is settled by paying the creditors, or when the Corporation is released from primary responsibility for the financial liability either by process of law or by creditor.

1.6 Tax

Current tax assets and liabilities

Current 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 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.

Tax assets and liabilities are offset at the taxpayer level and in same jurisdiction as the law allows net settlement. The different balances are shown accordingly either as assets or liabilities on the statement of financial position.

Accounting Policies

1.6 Tax (continued)

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.

Deferred tax assets and liabilities are offset at the taxpayer level and in same jurisdiction as the law allows net settlement. The different balances are shown accordingly either as assets or liabilities on the statement of financial position.

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.

1.7 Leases

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

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

Corporation as lessee

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

Accounting Policies

1.7 Leases (continued)

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

1.8 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.

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.

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.

1.9 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 costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

1.10 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 and pension), 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.

Accounting Policies

1.10 Employee benefits (continued)

Termination benefits

Termination benefits are payable when employment is terminated by the corporation before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The corporation 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.

1.11 Provisions and contingencies

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.

Contingencies are disclosed in note 31.

1.12 Revenue

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 as well as unearned premiums relating to future 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 and is included in insurance liabilities in the statement of financial liability.

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 as well as unearned reinsurance premiums relating to future 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.

Accounting Policies

1.12 Revenue (continued)

Other income

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

1.13 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia 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.

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 Namibia Dollars by applying to the foreign currency amount the exchange rate between the Namibia Dollar and the foreign currency at the date of the cash flow.

1.14 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 of.

Accounting Policies

1.15 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.

Ceded reinsurance arrangements do not relieve the corporation of 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 in 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.

1.16 Dividend distribution

Dividend declared to the Government of the Republic of Namibia are recognised as a liability in the annual financial statements in the period in which the dividends are approved by the directors of the corporation to the extent they are unpaid.

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:

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 1 April 2021 or later periods:

IFRS 17 Insurance Contracts

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The effective date of the standard is for years beginning on or after 1 January 2023.

The company expects to adopt the standard for the first time in the 2024 annual financial statements.

The impact of this standard is currently being assessed.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendment provides a temporary exemption that permits, but does not require, insurers, under specified criteria, to apply IAS 39 Financial Instruments: Recognition and Measurement, rather than IFRS 9 Financial Instruments until the adoption of IFRS 17 Insurance Contracts which is the IFRS replacing IFRS 4, with a proposed effective date of annual periods beginning on or after 1 January 2023.

The Corporation, who has not previously applied any version of IFRS 9 (other than the paragraphs required) and whose activities are predominantly connected with insurance given that more than 90% of its total carrying amount of liabilities is connected with insurance for its annual period ending 31 March 2016 and for all subsequent periods, meet the specified criteria for this exemption and have chosen to defer the adoption of IFRS 9. The total carrying amount of liabilities connected with insurance is made up of liabilities under IFRS 4 (N$ 70.48 million as at March 2016) and a deferred tax liability (N$ 7.66 million as at 31 March 2016).

Additional information is required to be disclosed as a result of this exemption which is provided below:

Notes to the Annual Financial Statements

2. New Standards and Interpretations (continued)

2021

The fair value and change in fair value for the two groups of financial assets

	Amortised Cost	Fair Value Through Profit and Loss	Fair Value
Held to maturity investments			
Opening value	48 026 330	-	48 026 330
Additions	8 885 769	-	8 885 769
Closing value	**56 912 099**	**-**	**56 912 099**
Insurance and short-term receivables			
Opening value	314 881 769	-	314 881 769
Additions	224 629 364	-	224 629 364
Disposals and maturities	(314 881 769)	-	(314 881 769)
Closing value	**224 629 364**	**-**	**224 629 364**
Fair value through profit or loss			
Opening value	-	147 075 810	147 075 810
Additions	-	170 126 571	170 126 571
Increase/(decrease) in fair value	-	5 334 208	5 334 208
Disposals and maturities	-	(45 000 000)	(45 000 000)
Closing value	**-**	**277 536 589**	**277 536 589**

Investments held to collect interest and principal payments only as at 31 March, 2021

	Credit Risk rating	Carrying Amount / Fair Value
Insurance receivables	not rated	-
Republic of Namibia bonds	Baa3	-
Standard Bank Fixed Deposit Account	BB+	-
		-

Notes to the Annual Financial Statements

2. New Standards and Interpretations (continued)

2020

The fair value and change in fair value for the two groups of financial assets

	Amortised Cost	Fair Value Through Profit and Loss	Fair Value
Held to maturity investments			
Opening value	45 878 362	-	45 878 362
Additions	4 236 718	-	4 236 718
Disposals and maturities	(2 088 750)	-	(2 088 750)
Closing value	**48 026 330**	**-**	**48 026 330**
Insurance and short-term receivables			
Opening value	64 469 205	-	64 469 205
Additions	341 881 769	-	341 881 769
Disposals and maturities	(64 469 205)	-	(64 469 205)
Closing value	**341 881 769**	**-**	**341 881 769**
Fair value through profit or loss			
Opening value	-	137 884 507	137 884 507
Additions	-	31 692 265	31 692 265
Increase/(decrease) in fair value	-	3 111 856	3 111 856
Disposals and maturities	-	(25 612 818)	(25 612 818)
Closing value	**-**	**147 075 810**	**147 075 810**

Investments held to collect interest and principal payments only as at 31 March, 2020

	Credit Risk rating	Carrying Amount / Fair Value
Insurance receivables	not rated	277 316 552
Republic of Namibia bonds	Baa3	21 151 190
Standard Bank Fixed Deposit Account	BB+	25 875 140
		324 342 882

The fair value for held to maturity investments, insurance and short term receivables is considered to approximate the IAS 39 carrying amount given that no amounts are past due or considered impaired. This includes the unrated insurance receivables and the fixed deposit with Standard Bank even though the latter has a credit risk rating below investment grade. An independent valuation for Government bonds was performed using market valuations and it was found that fair value approximates carrying amount.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The company expects to adopt the amendment for the first time in the 2024 annual financial statements.

The impact of this amendment is currently being assessed.

Notes to the Annual Financial Statements

2. New Standards and Interpretations (continued)

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, the corporation elected, under the amendments to IFRS 4, to apply the temporary exemption from IFRS 9, thereby deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

The company expects to adopt the standard for the first time in the 2023 annual financial statements.

The impact of this standard is currently being assessed.

Notes to the Annual Financial Statements

3. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2021

	Note(s)	Held to maturity investments	Fair value through profit or loss - held for trade	Loans and receivables	Total
Staff loans	13	-	-	1 535 076	1 535 076
Insurance and other receivables	10	-	-	224 629 364	224 629 364
Reinsurance assets	9	-	-	94 127 732	94 127 732
Cash and cash equivalents	14	-	-	14 806 111	14 806 111
Investments	7 & 8	56 912 099	277 536 589	-	334 448 688
		56 912 099	**277 536 589**	**335 098 283**	**669 546 971**

2020

	Note(s)	Held to maturity investments	Fair value through profit or loss - held for trade	Loans and receivables	Total
Staff loans	13	-	-	1 387 260	1 387 260
Insurance and other receivables	10	-	-	341 881 769	341 881 769
Reinsurance assets	9	-	-	50 301 177	50 301 177
Cash and cash equivalents	14	-	-	30 554 202	30 554 202
Investments	7 & 8	48 026 330	147 075 810	-	195 102 140
		48 026 330	**147 075 810**	**424 124 408**	**619 226 548**

Categories of financial liabilities

2021

	Note(s)	Amortised cost	Total
Reinsurance and other payables	20	60 351 987	60 351 987
Insurance liabilities	21	436 094 628	436 094 628
		496 446 615	**496 446 615**

2020

	Note(s)	Amortised cost	Total
Reinsurance and other payables	20	93 241 466	93 241 466
Dividend payable		10 000 000	10 000 000
Insurance liabilities	21	327 389 489	327 389 489
		430 630 955	**430 630 955**

3. Financial instruments and risk management (continued)

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.

The corporation must comply with certain regulatory requirements which require that the corporation maintain a minimum solvency margin where the aggregate value of its assets exceeds its liabilities by not less than N$ 4 000 or 15%, whichever is the greater amount. The corporation ensures that its solvency requirement is met at all times.

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The corporation's activities expose it to a variety of financial risks, namely liquidity risk, credit risk and market risk. Market risk includes interest rate risk, foreign exchange 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 of directors. Corporation treasury identifies, evaluates and manages financial risks in close co-operation with the corporation's operating units. The board of directors 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 and investment of excess liquidity.

Credit risk

Credit risk arises out of investments, reinsurance assets, insurance receivables, staff loans and prepayments and cash and cash equivalents.

The corporation only invests with reputable institutions with high quality credit standing and limits exposure to any one counter-party. The credit quality of insurance receivables are individually assessed using a credit rating scorecard which takes into account the financial position, past experience and other factors.

Financial assets exposed to credit risk at year end are presented in the table below. The amounts represent the maximum exposure to credit risks. All amounts are presented net of impairments where applicable. Refer to the respective notes for further information. The maximum exposure to credit risk is presented in the table below:

		2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Staff loans and other prepayments	13	1 020 800	-	1 020 800	800 561	-	800 561
Investments at fair value through profit or loss	8	277 536 589	-	277 536 589	147 075 810	-	147 075 810
Investments held to maturity	7	56 912 099	-	56 912 099	48 026 330	-	48 026 330
Insurance and other receivables	10	227 659 162	(3 029 798)	224 629 364	344 911 567	(3 029 798)	341 881 769
Cash and cash equivalents	14	14 806 111	-	14 806 111	30 554 202	-	30 554 202
		577 934 761	**(3 029 798)**	**574 904 963**	**571 368 470**	**(3 029 798)**	**568 338 672**

Notes to the Annual Financial Statements

3. Financial instruments and risk management (continued)

Liquidity risk

Cash flow forecasting is performed in the operating units of the corporation in and aggregated by corporation finance. Corporation finance monitors rolling forecasts of the corporation's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and external regulatory requirements. The corporation is required to maintain a minimum solvency margin.

Surplus cash held by the operating entities over and above balance required for working capital management is transferred to corporation treasury who then invests surplus cash in money market deposits and government securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the forecasting process.

The table below analyses the corporation's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period 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.

2021

		Less than 1 year	Total	Carrying amount
Reinsurance and other payables	20	60 351 987	60 351 987	60 351 987
Insurance liabilities	21	436 094 628	436 094 628	436 094 628
		496 446 615	**496 446 615**	**496 446 615**

2020

		Less than 1 year	Total	Carrying amount
Reinsurance and other payables	20	93 241 466	93 241 466	93 241 466
Dividend payable		10 000 000	10 000 000	10 000 000
Insurance liabilities	21	327 389 489	327 389 489	327 389 489
		430 630 955	**430 630 955**	**430 630 955**

Foreign currency 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, Botswana Pula and the Kenya Shillings.

The corporation does not hedge foreign exchange fluctuations.

The corporation reviews its foreign currency exposure, including commitments, on an ongoing basis.

A reasonable movement in the exchange rates would not have had a material effect on profit or loss.

Notes to the Annual Financial Statements

3. Financial instruments and risk management (continued)

Foreign currency exposure as at 31 March 2021

	Insurance and other receivables	Reinsurance and other payables	Total
US Dollar	8 678 039	(2 266 271)	6 411 768
Botswana Pula	324 574	(84 763)	239 811
Zambian Kwacha	348 234	(90 941)	257 293
Malawian Kwacha	-	-	-
Kenyan Shillings	616 519	(161 004)	455 515
Tanzania Shillings	188 463	(49 217)	139 246
	10 155 829	**(2 652 196)**	**7 503 633**

Foreign currency exposure as at 31 March 2020

	Insurance and other receivables	Reinsurance and other payables	Total
US Dollar	8 678 039	(2 266 271)	6 411 768
Botswana Pula	324 574	(84 763)	239 811
Zambian Kwacha	348 234	(90 941)	257 293
Malawian Kwacha	-	-	-
Kenyan Shillings	616 519	(161 004)	455 515
Tanzania Shillings	188 463	(49 217)	139 246
	10 155 829	**(2 652 196)**	**7 503 633**

Interest rate risk

Interest rate risk is the risk that future cash flows of a variable rate financial asset will fluctuate because of changes in market rates. Interest on investments contributes a significant portion of earnings and is necessary for liquidity management. Risk related to interest rate changes on finance lease liabilities is not considered to be significant.

The corporation's exposure to the risk of changes in market interest rates primarily arises from interest-bearing investments and cash and cash equivalents, both of which have variable risk rates. Had the interest rates increased (decreased) by 100 basis points (2020: 100 basis points), the after-tax affect on profit would have been a decrease (increase) of N$ 1 567 385 (2020: N$ 1 567 385).

Insurance risk

The corporation is exposed to a number of risks as a result of the nature of its business activities. The purpose of the corporation's risk management process is to ensure that the operations that expose it to risk are consistent with the corporation's strategy, business objectives and risk philosophy while maintaining an appropriate risk/reward balance and enhancing stakeholder value which does not compromise the corporation's ability to pay claims or fulfil policyholder commitments.

The objective of the insurance risk management policy is to ensure that sufficient reserves are available in order to cover the liabilities that arise out of insurance contracts. The principal risk which the corporation faces is that the actual amount and timing of insurance claims and benefit payments may differ from expectations. This is influenced by the frequency and severity of claims, particularly relating to foreign business.

The corporation has developed policies and procedures to manage its risk within an Asset Liability Management ('ALM') framework. By utilising the ALM framework to manage assets and liabilities, the corporation manages the mismatch that can occur due to liquidity or economic factors, such as interest rate changes.

The corporation mitigates this risk by diversifying its reinsurance across the portfolio of insurance contracts and geographical areas so as to avoid a concentration of risk in any one subset within the portfolio. 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. The reinsurance portfolio includes highly rated, highly liquid securities.

Notes to the Annual Financial Statements

3. Financial instruments and risk management (continued)

As part of risk mitigation process the corporation purchases reinsurance and cedes it on proportional and non-proportional basis to reduce exposure. The spread is that proportional constitutes 80% (2020: 44%), non-proportional 3% (2020: 9%) and facultative 17% (2020: 41%).

The corporation underwrites both life and non-life insurance contracts.

Due to the long-term nature of the life insurance business, the corporation accepts market risk which arises due to mismatches between assets and liabilities, provided it is managed within specific risk tolerances and limits.

The corporation enters into retrocession agreements with other reinsurers to mitigate the risk exposure.

Included in the non-life insurance business is aviation, fire, liabilities, marine, motor, miscellaneous, personal lines and medical insurance. Fire (which includes engineering class of business), personal lines and liabilities businesses are the highest contributors to gross written premium. The fire, personal lines personal lines and motor businesses contribute the highest to loss ratio.

These exposures are strategically mitigated through specific risk selection and underwriting methodologies which diversifies risk across the geographical areas. The corporation has selected specific markets in Eastern, Central and Southern Africa for foreign business underwriting.

The corporation avoids underwriting risks in areas which are prone to hurricanes, earthquakes, major floods and unstable political environment. Furthermore, the corporation has event limit clauses in the underwriting slips.

The concentration of life and non-life insurance risk by insurance type before and after reinsurance is summarised in the following tables.

2021	**Gross liability**	**Reinsurance asset**	**Net liability**
Life	(29 447 112)	6 355 937	(23 091 175)
Fire	(388 463 020)	83 846 810	(304 616 210)
Health	(1 354 317)	292 319	(1 061 998)
Marine	(4 807 655)	1 037 696	(3 769 959)
Motor miscellaneous	(11 854 952)	2 558 801	(9 296 151)
Nasria	(130 482)	28 163	(102 319)
Aviation	(37 090)	8 006	(29 084)
	(436 094 628)	**94 127 732**	**(341 966 896)**

2020	**Gross liability**	**Reinsurance asset**	**Net liability**
Life	(9 715 751)	5 843 087	(3 872 664)
Fire	(210 708 754)	27 667 730	(183 041 024)
Health	(2 906 622)	860 541	(2 046 081)
Marine	(7 234 859)	2 141 968	(5 092 891)
Motor miscellaneous	(94 909 762)	13 221 265	(81 688 497)
Nasria	(1 654 815)	489 928	(1 164 887)
Aviation	(258 926)	76 658	(182 268)
	(327 389 489)	**50 301 177**	**(277 088 312)**

The geographical concentration of the corporation's life and 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.

Notes to the Annual Financial Statements

3. Financial instruments and risk management (continued)

2021	Gross insurance liability	Reinsurance assets	Net liability
Namibian	(312 683 191)	45 630 977	(267 052 214)
Foreign	(14 706 298)	4 670 200	(10 036 098)
	(327 389 489)	**50 301 177**	**(277 088 312)**

2020	Gross insurance liability	Reinsurance asset	Net liability
Namibian	(312 683 191)	45 630 977	(267 052 214)
Foreign	(14 706 298)	4 670 200	(10 036 098)
	(327 389 489)	**50 301 177**	**(277 088 312)**

Typically, the claim process is completed within 12 months for non-life contracts.

Sensitivity analysis for insurance liabilities

The claims IBNR liability is statistically calculated using certain assumptions, refer to note 1.2 "Insurance liabilities". The table below illustrates the affect of an adjustment to the claims loss ratio of 10% on gross IBNR liabilities and on IBNR liabilities net of reinsurance assets .

	Claims loss ratio increase of 10%		Claims loss ratio decrease of 10%	
Effect on the current year:	**Gross**	**Net**	**Gross**	**Net**
Decrease (increase) in after tax profit	7 931 707	5 490 093	(7 931 707)	(7 931 707)
(Increase) decrease in IBNR liability	(11 664 275)	(8 073 666)	11 664 275	8 073 666

Certain assumptions are made regarding the claim loss ratios used in the calculation of non-life insurance liabilities. The following table illustrates the affect of an adjustment to the assumption of 5% either way for treaty and facultative insurance policies, respectively:

	Treaty insurance		Facultative insurance	
Effect on the current year:	**Increase of 5% in loss ratio**	**Decrease of 5% in loss ratio**	**Increase of 5% in loss ratio**	**Decrease of 5% in loss ratio**
Decrease (increase) in after tax profit	2 342 260	(2 342 260)	1 293 258	(1 293 258)
(Increase) decrease in IBNR liability	(3 444 500)	3 444 500	(1 901 850)	1 901 850

For further information on the methodologies and assumptions used in the calculation of the life and non-life IBNR liabilities, refer to note 1.2.

Notes to the Annual Financial Statements

4. Fair value information

Non-financial assets

Land and buildings, included in property, plant and equipment, are revalued to their fair value periodically and are classified as having a level 3 fair value. The main level 3 inputs used in the valuation are: market-related annual net income from similar properties; return on similar local investment; and office expenditure estimates.

Further information on valuation techniques and the amount of the valuation is detailed in note 5 as well as a reconciliation of land and buildings.

Financial instruments: fair value hierarchy of assets held at fair value

Level 1 assets are those that have quoted unadjusted prices in active markets for identical assets that the corporation can access at measurement date. Level 2 assets require inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly. Level 3 assets have no observable inputs.

The corporation holds level 2 financial assets. Fair values have been derived with reference to indirect quoted prices of the unit-linked investments. No changes have been made to the valuation technique in comparison with the prior year.

Refer to note 8 for further detail on the fair value adjustments and reconciliation of level 2 assets.

Notes to the Annual Financial Statements

5. Property, plant and equipment

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	4 448 374	-	4 448 374	4 448 374	-	4 448 374
Buildings	36 650 000	(1 266 595)	35 383 405	33 780 421	(619 590)	33 160 831
Furniture and fixtures	2 654 753	(1 952 507)	702 246	2 416 687	(1 602 323)	814 364
Motor vehicles	1 203 748	(758 821)	444 927	1 203 748	(776 486)	427 262
Office equipment	730 650	(142 508)	588 142	265 996	(50 541)	215 455
IT equipment	3 053 312	(1 586 166)	1 467 146	2 808 686	(920 045)	1 888 641
Total	**48 740 837**	**(5 706 597)**	**43 034 240**	**44 923 912**	**(3 968 985)**	**40 954 927**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	4 448 374	-	-	-	-	4 448 374
Buildings	33 160 831	2 379 750	-	489 829	(647 005)	35 383 405
Furniture and fixtures	814 364	244 326	(6 260)	-	(350 184)	702 246
Motor vehicles	427 262	-	-	-	17 665	444 927
Office equipment	215 455	464 654	-	-	(91 967)	588 142
IT equipment	1 888 641	377 871	(10)	-	(799 356)	1 467 146
	40 954 927	**3 466 601**	**(6 270)**	**489 829**	**(1 870 847)**	**43 034 240**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Land	4 448 374	-	-	-	4 448 374
Buildings	33 007 052	773 369	-	(619 590)	33 160 831
Furniture and fixtures	1 013 081	167 380	(7)	(366 090)	814 364
Motor vehicles	409 598	-	-	17 664	427 262
Office equipment	43 334	192 690	-	(20 569)	215 455
IT equipment	166 431	2 015 217	-	(293 007)	1 888 641
Finance lease asset	34 003	-	(34 003)	-	-
	39 121 873	**3 148 656**	**(34 010)**	**(1 281 592)**	**40 954 927**

Depreciation rates

Land		Not depreciated
Buildings	Straight line basis - years	50
Furniture and fixtures	Straight line basis - years	5
Motor vehicles	Straight line basis - years	4
Office equipment	Straight line basis - years	3
IT equipment	Straight line basis - years	3

Revaluations

The valuation of land and buildings is done on a triennial basis by an independent, professional, recognised valuator with sufficient experience in the locations and segments of the property being valued. At 31 March 2021, Mr FA Frank - Schultz valued land and buildings at N$ 36 650 000. The next independent valuation will be done during the 2024 financial year.

The carrying value of land and buildings under the cost model would have been N$ 34 893 576 (2020 N$ 33 160 831).

Details of properties

Land and buildings consist of a property situated on ERF 8571 registered under title deed T2114/2011, Corner of Lazarett Street and Feld Street, Windhoek, Namibia. The property measures 1,949 square metres in size.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

6. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	11 558 162	(1 250 429)	10 307 733	11 265 550	(121 348)	11 144 202

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	11 144 202	292 612	(1 129 081)	10 307 733

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	6 809 016	4 917 720	(391 693)	(190 841)	11 144 202

Other information

Disposal in the previous financial period relates to decommission of CBRS system, which is the Corporation's previous reinsurance system.

Amortisation method

Computer software	Straight line basis - years	10

7. Investments held to maturity

Held to maturity financial instruments		
Republic of Namibia Government bonds (Baa3)	28 974 137	22 151 190
Standard Bank Fixed deposit account (BB+)	27 937 962	25 875 140
	56 912 099	**48 026 330**

The fair value of fixed deposits is considered to approximate the carrying amount. An independent valuation for Government bonds was performed using market valuations and it was found that fair value approximates carrying amount. No amounts are past due or considered impaired. All amounts are denominated in Namibian dollars. Refer to note 3 for credit risk management.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

8. Investments at fair value through profit or loss

Level 2 fair value investments in funds with no credit ratings		
Bank Windhoek Money Market Investment Fund	2 275 162	1 146 339
Bank Windhoek Select Fund	49 047 741	43 343 399
FNB Namibia Unit Trust Income Fund	32 599 857	18 029 872
IJG Money Market Fund	25 646 760	24 364 667
Liberty Life Investment Policy	36 804 056	35 168 351
Momentum Diversified Income Fund	5 125 059	-
Old Mutual Namibia Income Fund	13 446 366	-
Old Mutual Namibia Money Fund	20 014 563	-
Old Mutual Nedbank Namibia Corporate Fund	3 838	3 657
PSG Collective Investment Scheme	29 737 057	-
PSG Money Market Fund	20 647 724	-
Sanlam Namibia Floating Rate Fund	26 290 110	25 019 525
Simonis Storm Arysteq Real Return Fund	15 898 296	-
	277 536 589	**147 075 810**

These investments do not individually carry their own credit rating as they are made up of a portfolio of diversified assets which carry their own individual ratings. Prior to investment, management analyses the risk and only invests with reputable institutions. Refer to note 3 for information on risk management and to note 4 for fair value information.

All balances are denominated in Namibian dollars.

Reconciliation of level 2 financial assets held at fair value through profit or loss		
Opening balance	147 075 810	137 884 507
Additions at fair value	161 508 457	25 000 000
Disposals at fair value	(45 000 000)	(25 612 818)
Interest capitalised	5 621 890	5 088 622
Dividend capitalised	2 236 715	858 682
Coupon interest on government bonds	1 105 825	1 038 750
Fair value adjustments	5 334 208	3 111 856
Expenses	(346 316)	(293 789)
	277 536 589	**147 075 810**

9. Reinsurance assets

Reinsurance asset receivable	94 127 732	50 301 177

No impairment loss was recognised by the corporation at year end (2020: 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 (2020: N$ nil).

10. Insurance and other receivables

Premium insurance debtors	218 203 451	336 522 794
Provision for doubtful debtors	(3 029 798)	(3 029 798)
	215 173 653	333 492 996
Other receivable	-	10 614
Receivables	9 455 711	8 378 159
Total insurance and other receivables	**224 629 364**	**341 881 769**

Premium debtors are due from various reputable insurance companies. They do not have external credit ratings, however have been doing business with the corporation for longer than 6 months and have no defaulting history.

Included in receivables is an amount owing by a related party, refer to note 32 for further details.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

10. Insurance and other receivables (continued)

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows:

At amortised cost	224 629 364	341 881 769

Exposure to credit risk

Credit risk disclosures

Credit quality of insurance and other receivables

The credit quality of insurance and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates.

Premium debtors of short-term insurance

Counterparties without external credit rating		
Group 2	224 629 364	341 881 769

Group 1 – new customer (less 6 months).

Group 2 – existing customer with more than 6 months' history with the company and no defaults in the past.

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

Trade and other receivables past due but not impaired

Insurance and other receivables that are less than 3 months past due are not considered for impairment.

120 days	-	-
120+ days	3 029 798	3 029 798

Insurance and other receivables impaired

The ageing of these amounts past due and impaired is as follows:

120+ days	-	-

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(3 029 798)	(3 029 798)
Provision for impairment	-	-
	(3 029 798)	**(3 029 798)**

The maximum exposure to credit risk at the reporting date is the fair value of each class of trade and other receivable mentioned above. The company does not hold any collateral as security.

Refer to note 32 for related party exposure.

Exposure to currency risk

Refer to note 3 for details of currency risk management for trade receivables.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

11. Current tax receivable (payable)

The current tax balance is made up as indicated in the tables below:

Refer to note 32 for related party information.

Normal tax	15 235 076	3 897 838

Provision for taxation		
Opening balance	3 897 838	(100 744)
Provision for the year	-	(25 087 162)
Third payment relating to prior year	(3 897 838)	100 744
Provisional tax payment	15 235 076	28 985 000
	15 235 076	**3 897 838**

Balance of provision for taxation consists of:		
2020	-	3 897 838
2021	15 235 076	-
	15 235 076	**3 897 838**

12. Deferred acquisition costs

Deferred acquisition costs		
Balance at the beginning of the year	2 786 143	2 786 143
Expenses deferred	28 373 456	-
	31 159 599	**2 786 143**

The reinsurance deferred acquisition costs have been included in the reinsurance and other payable balance in note 20.

Reinsurance deferred acquisition costs		
Balance at the beginning of the year	(228 029)	(228 029)
Expenses deferred	(6 063 054)	-
	(6 291 083)	**(228 029)**

13. Staff loans, deposits and other prepayments

Staff loans advanced	1 020 800	800 561
Deposits and prepayments	514 276	586 699
	1 535 076	**1 387 260**

The balances are denominated in Namibian dollars. No amounts are past due and have no indication of impairment. The carrying amounts approximate the fair values of the balances due to their short term nature.

Refer to note 3 for information on credit risk.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	693	2 420
Bank balances	1 249 823	8 328 203
Short-term deposits	13 555 595	22 223 579
	14 806 111	**30 554 202**

First National Bank Namibia Limited provides the guarantee facilities to Namibia National Reinsurance Corporation Limited of N$ 2 000 000 in favour of NAMFISA in respect of registration of short-term business (2020: N$ 2 000 000).In addition, there is a N$ 50 000 (2020: N$ 50 000) credit card facility available to the corporation.

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		
AAA	10 615 162	5 729 315
AA	2 316 376	23 679 017
A	1 873 881	1 143 450
	14 805 419	**30 551 782**

15. Share capital

Authorised		
20 000 000 ordinary shares of N$1 each	20 000 000	20 000 000

Issued		
20 000 000 ordinary shares of N$1 each	20 000 000	20 000 000

16. Revaluation reserve

The revaluation reserve relates to revaluations performed on land and building every 3 years. Refer to note 5 for information on land and buildings.

Opening balance	5 459 095	5 459 095
Fair value adjustment for the period	489 829	-
Deferred tax on fair value movement	(156 745)	-
	5 792 179	**5 459 095**

17. Staff welfare reserve

A staff welfare fund is required to be maintained in terms of section 29 of the Namibia National Reinsurance Corporation Act, 1998. The annual amount transferred to the fund may not exceed 5% of the net profit after tax of the corporation for the financial year.

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

Opening balance	3 791 409	4 349 049
Utilised during the year	(2 056 487)	(2 689 452)
Transfer from retained income	-	2 131 812
	1 734 922	**3 791 409**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

18. General reserve

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 year end an amount equal to 50% of the net profit before tax for the year provided the General reserve fund is less than the authorised share capital of the corporation. Alternatively, should the General reserve be equal to or exceed the authorised share capital of the corporation, then 25% of the net profit before tax must be transferred to the reserve.

	2021	2020
Opening balance	96 579 032	86 592 334
Transfer from retained income	6 242 118	9 986 698
	102 821 150	**96 579 032**

19. Deferred tax

Deferred tax liability

	2021	2020
Deferred tax liability	(15 995 004)	(14 466 718)

Deferred tax asset

	2021	2020
Other deferred tax asset	7 319 942	21 274 613

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:

	2021	2020
Deferred tax liability	(15 995 004)	(14 466 718)
Deferred tax asset	7 319 942	21 274 613
Total net deferred tax liability	**(8 675 062)**	**6 807 895**

Reconciliation of deferred tax asset / (liability)

	2021	2020
At beginning of year	6 807 895	(5 929 701)
Temporary differences on property, plant and equipment	(1 545 119)	(1 505 589)
Temporary differences on prepayments	16 832	(143 611)
Temporary differences on accruals	173 079	154 986
Temporary differences on deferred acquisition costs	(7 139 329)	-
Temporary differences on finance leases	-	(1 012)
Temporary differences on income in advance	(7 624 313)	14 232 822
Temporary differences on assessed loss	635 893	-
	(8 675 062)	**6 807 895**

Expected release of deferred tax asset

	2021	2020
Within 12 months	7 319 942	21 274 613

Expected release of deferred tax liability

	2021	2020
Within 12 months	(137 786)	(137 786)
After 12 months	(15 857 218)	(14 328 932)
	(15 995 004)	**(14 466 718)**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

20. Reinsurance and other payables

	2021	2020
Trade payables	32 858 619	70 375 139
Reinsurance deferred acquisition costs	6 291 083	228 030
Other payables	21 202 285	22 638 297
	60 351 987	**93 241 466**

Exposure to currency risk

Refer to note 3 Financial instruments and financial risk management for details of currency risk management for trade payables.

Refer to note 12 for information corresponding to reinsurance deferred acquisition costs and to note 32 for related party information.

21. Insurance liabilities

Reconciliation of insurance liabilities - 2021

	Opening balance	Additions	Utilised during the year	Total
Provision for unearned premiums (refer to 21.1)	35 251 000	68 825 000	-	104 076 000
Provision for outstanding claims (refer to 21.2)	5 623 919	37 799 129	(5 623 919)	37 799 129
Provision for claims incurred but not reported, IBNR (refer to 21.3)	116 642 751	24 090 319	(22 167 000)	118 566 070
Provision for unallocated loss adjustment expenditure (refer to 21.4)	879 000	-	(879 000)	-
Insurance contract liability (refer to 21.5)	168 992 819	175 653 429	(168 992 819)	175 653 429
	327 389 489	**306 367 877**	**(197 662 738)**	**436 094 628**

Reconciliation of insurance liabilities - 2020

	Opening balance	Additions	Utilised during the year	Total
Provision for unearned premiums (refer to 21.1)	45 508 055	-	(10 257 055)	35 251 000
Provision for outstanding claims (refer to 21.2)	60 682 752	5 623 919	(60 682 752)	5 623 919
Provision for claims incurred but not reported, IBNR (refer to 21.3)	42 000 272	74 642 479	-	116 642 751
Provision for unallocated loss adjustment expenditure (refer to 21.4)	1 539 493	-	(660 493)	879 000
Insurance contract liability (refer to 21.5)	-	168 992 819	-	168 992 819
	149 730 572	**249 259 217**	**(71 600 300)**	**327 389 489**

	2021	2020
Long-term insurance contracts	9 715 751	9 715 751
Short-term insurance contracts	426 378 877	317 673 738
	436 094 628	**327 389 489**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

21. Insurance liabilities (continued)

The liabilities arising from insurance contracts are expected to be settled as disclosed in the following tables. The cash flows are undiscounted:

Estimated timing of outflows: 2021	**2 - 5 years**	**Over 5 years**	**Total**
Long-term insurance contracts	-	9 715 751	9 715 751
Short-term insurance contracts	426 378 877	-	426 378 877
	426 378 877	**9 715 751**	**436 094 628**

Estimated timing of outflows: 2020	**2 - 5 years**	**Over 5 years**	**Total**
Long-term insurance contracts	-	9 715 751	9 715 751
Short-term insurance contracts	317 673 738	-	317 673 738
	317 673 738	**9 715 751**	**327 389 489**

21.1 Gross provision for unearned premiums

	2021	2020
Balance beginning of the year	35 251 000	45 508 055
Premiums written during the year	823 876 857	744 794 802
Premiums earned during the year	(755 051 857)	(755 051 857)
	104 076 000	**35 251 000**

21.1(a) Net unearned premium reserve

	2021	2020
Balance beginning of the year	20 864 000	25 675 216
Transfer to/(from) statement of comprehensive income	45 383 000	(4 811 216)
	66 247 000	**20 864 000**

The balance comprises

	2021	2020
Gross provision for unearned premiums	104 076 000	35 251 000
Reinsurer's share of unearned premiums	(37 829 000)	(14 387 000)
	66 247 000	**20 864 000**

21.2 Provision for outstanding claims

	2021	2020
Balance beginning of the year	5 623 919	60 682 752
Transfer to/(from) statement of comprehensive income	32 175 210	(55 058 833)
	37 799 129	**5 623 919**

Provision for outstanding claims ceded to reinsurers

	2021	2020
Balance beginning of the year	(8 090)	(54 142 279)
Transfer (from)/to statement of comprehensive income	(6 600 787)	54 134 189
	(6 608 877)	**(8 090)**

	2021	2020
Net provision for outstanding claims	**31 190 252**	**5 615 829**

21.3 Provision for claims incurred but not reported (IBNR)

	2021	2020
Balance beginning of the year	116 642 751	42 000 272
(Utilised)/incurred short-term	(22 167 000)	1 475 650
Incurred long-term	24 090 319	73 166 829
	118 566 070	**116 642 751**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

21. Insurance liabilities (continued)

Reinsurance provision for claims incurred but not reported		
Balance beginning of the year	(35 906 057)	(16 913 937)
Utilised during the year	(13 783 769)	(18 992 150)
	(49 689 826)	**(35 906 087)**
Net provision for claims incurred but not reported	**68 876 244**	**80 736 664**

21.4 Provision for unallocated loss adjustment expenditure		
Balance beginning of the year	879 000	1 539 493
Incurred short-term	-	-
Utilised during the year	(879 000)	(660 493)
	-	**879 000**
Reinsurance provision for unallocated loss adjustment expenditure		
Balance beginning of the year	-	-
Utilised/(incurred)	-	-
	-	-
Net provision for unallocated loss adjustment expenditure	**-**	**879 000**

21.5 Insurance contract liability		
Balance beginning of the year	168 992 819	-
Incurred short-term	175 653 429	168 992 819
Incurred long-term	-	-
Utilised during the year	(168 992 819)	-
	175 653 429	**168 992 819**
Reinsurance for insurance contract liability		
Balance beginning of the year	-	-
Utilised/(incurred) during the year	-	-
	-	-
Net insurance contract liability	**175 653 429**	**168 992 819**

22. Premiums

Gross premiums written		
Long-term insurance contracts	68 271 115	45 316 812
Short-term insurance contracts	622 800 548	699 477 990
Change in provision for unearned premiums	(68 825 000)	10 257 055
	622 246 663	**755 051 857**
Premiums ceded to reinsurers		
Long-term reinsurance contracts	(54 616 892)	(36 475 961)
Short-term reinsurance contracts	(165 071 515)	(118 923 352)
Change in provision for unearned premiums	23 442 000	(5 445 839)
	(196 246 407)	**(160 845 152)**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

23. Investment revenue

Dividend revenue		
Dividend income received on money market investments	2 236 719	858 682
Interest revenue		
Bank	2 838 351	2 505 860
Interest on investments	10 163 634	9 733 146
Total interest revenue	**13 001 985**	**12 239 006**
Total investment revenue	**15 238 704**	**13 097 688**

24. Net benefits and claims

a) Gross benefits and claims incurred		
Long-term insurance	(100 759 586)	(39 693 661)
Short-term insurance	(66 054 071)	(243 936 500)
	(166 813 657)	**(283 630 161)**
b) Claims ceded to reinsurers		
Long-term reinsurance recoveries relating to claims incurred	52 843 257	31 658 791
Short-term reinsurance recoveries relating to claims incurred	(25 821 978)	111 423 128
	27 021 279	**143 081 919**
c) Gross change in insurance liabilities		
Change in provision for outstanding claims	(32 175 210)	55 058 833
Short-term change in provision for claims IBNR	22 167 000	(73 166 829)
Long-term change in provision for claims IBNR	(24 090 319)	(1 475 650)
Change in provision for unallocated loss adjustment expenditure	879 000	660 493
Change in insurance contract liability	(6 660 610)	(168 992 819)
	(39 880 139)	**(187 915 972)**
d) Change in insurance liabilities ceded to reinsurers		
Change in provision for outstanding claims	6 600 787	(54 134 189)
Short-term change in provision for claims IBNR	13 783 769	18 992 150
	20 384 556	**(35 142 039)**

25. Results of operations

Results of operating activities for the year is stated after charging (crediting) the following, amongst others:

Employee costs

Salaries, wages, bonuses and other benefits	24 448 258	19 727 992
Housing benefit	5 251 294	4 156 599
Travel allowance	244 352	183 559
Motor vehicle allowance	8 772 144	3 195 494
Termination benefits	1 929 511	1 557 729
Total employee costs	**40 645 559**	**28 821 373**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

25. Results of operations (continued)

Expenses by nature

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

Actuary fees	559 775	433 744
Auditors remuneration - external auditors	1 141 290	724 022
Employee costs	40 645 559	28 821 373
Depreciation, amortisation and impairment	2 999 928	1 472 433
Fees and commission paid	233 115 532	180 746 645
Gross benefits and claims incurred	166 813 657	283 630 313
Claims ceded to reinsurers	(27 021 279)	(143 081 919)
Gross change in insurance liabilities	39 880 139	187 915 972
Changes in insurance liabilities ceded to reinsurers	(20 384 556)	35 142 039
Legal expenses	4 196 466	3 496 419
Other consulting and professional fees	4 493 648	4 467 135
Telephone and internet expenses	1 725 517	1 352 305
Bursaries	972 314	2 083 737
Investment expense	346 591	293 789
Municipal expenses	272 538	267 599
Security	177 577	150 617
Repairs and maintenance	591 558	179 697
Levies	605 007	530 920
Insurance	318 592	291 385
Entertainment	328 726	412 305
Donations	2 853 121	584 050
Bank charges	164 463	165 791
Staff welfare	2 056 487	2 689 452
Travel	2 597 943	2 441 999
Training	1 593 849	695 530
Other operating expenses not individually material	(3 450 748)	2 986 349
	457 593 694	**598 893 701**

25.1 Legal fees

The Namibia National Reinsurance Corporation Act, Act 22 of 1998 and Government Gazette No. 6496 stipulates that short-term and long-term insurance companies should cede 12.5% of every policy to the Corporation as compulsory reinsurance, subject to specific exclusions and exemptions as prescribed in Government Gazette No. 6496. The Act and Government Gazette Notice are currently under legal dispute by some insurance companies in the courts of law, therefore only a number of insurers are presently complying, with the majority still disputing the regulation. The Corporation's legal counsel and directors believe that a favourable outcome is probable, which will require all insurers registered in Namibia to comply with the regulation. The Corporation has only recognised per policy cession business from complying insurance companies in its financial statements, no accrual has been recognised nor contingent asset for non-complying cedants.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

26. Cash generated from operations

Profit before taxation	24 968 472	39 946 791
Adjustments for:		
Depreciation	1 870 847	1 281 592
Amortisation	1 129 081	190 841
Loss on disposal of assets	-	361 043
Dividend income	(2 236 719)	(858 682)
Interest income	(10 163 634)	(12 239 006)
Fair value gains and other non-cash items	(5 334 208)	(1 236 940)
Movements in insurance liability	108 705 139	177 658 917
Expenses on investments	346 316	293 789
Changes in working capital:		
Increase in insurance and other receivables	117 252 405	(277 412 564)
Increase in reinsurance assets	(43 826 555)	40 587 879
Increase in deferred acquisition costs	(28 373 456)	-
Staff loans and other prepayments	(147 816)	(737 206)
Reinsurance and other payables	(32 889 474)	51 741 907
	131 300 398	**19 578 361**

27. Tax paid

Balance at beginning of the year	3 897 838	(100 744)
Current tax for the year recognised in profit or loss	-	(25 087 162)
Balance at end of the year	(15 235 076)	(3 897 838)
	(11 337 238)	**(29 085 744)**

28. Dividends paid

Balance at beginning of the year	(10 000 000)	(6 150 000)
Dividends	-	(10 000 000)
Balance at end of the year	-	10 000 000
	(10 000 000)	**(6 150 000)**

29. Taxation

Major components of the tax expense

Current		
Long-term Insurance business	-	112 111
Short-term insurance business	-	24 975 051
	-	**25 087 162**
Deferred		
Originating and reversing temporary differences	15 326 212	(12 737 594)
	15 326 212	**12 349 568**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

29. Taxation (continued)

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2021	2020
Accounting profit	24 968 472	39 946 791
Tax at the applicable tax rate of 32% (2020: 32%)	7 989 911	12 782 973
Tax effect of adjustments on taxable income		
Deferred tax effect income	4 812 481	(433 405)
Permanent differences	2 523 820	-
	15 326 212	**12 349 568**

30. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2021

Reconciliation of liabilities arising from financing activities - 2020

	Opening balance	Other non-cash movements	Total non-cash movements	Closing balance
Finance lease liabilities	64 659	(64 659)	(64 659)	-
Total liabilities from financing activities	**64 659**	**(64 659)**	**(64 659)**	**-**

31. Contingencies

Contingent liabilities represent items that as at 31 March 2021 have not been recognised in the statement of financial position because there is significant uncertainty at that date as to the necessity for the corporation to make payments in respect of the legal case.

The corporation has the following legal cases pending:

1. Legal action against Namibia National Reinsurance Corporation Limited concerning the notices requiring all companies in the insurance industry to cede business per policy level to Namibia National Reinsurance Corporation Limited;

2. Legal action against Namibia National Reinsurance Corporation Limited by the industry regarding the constitutionality of the Namibia National Reinsurance Act 1 of 1998; and

3. Legal action by Namibia National Reinsurance Corporation Limited against industry to compel insurance companies to comply with Notices and regulations contained in Government Notices 332 - 338 as gazetted on 29 December 2017.

The corporation's lawyers consider the extent of the exposure of the corporation to be limited to the applicants' legal costs. Accordingly, the corporation has a contingent liability in respect of legal costs of about N$ 9 million payable to the applicants in respect of its legal costs incurred.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

32. Related parties

Relationships		
Shareholder:	Government of the Republic of Namibia (Ministry of Finance)	

Related party balances

	2021	2020
Amount owing by (to) the Government of the Republic of Namibia		
Other receivables	8 238 574	8 378 159
Value-added tax	(20 370 102)	(19 661 785)
Current tax receivable (payable)	15 235 076	3 897 838
PAYE (employees' tax)	(459 412)	(367 140)
VAT on imported Services	(19 650)	(20 566)
Withholding taxes	(603)	(54 412)
Dividend payable	-	(10 000 000)

Related party transactions

	2021	2020
Payments to the Government of the Republic of Namibia		
Legal fees paid	(139 585)	1 109 926
Income tax paid	15 235 076	29 085 744
Dividends declared and paid	-	10 000 000
Agency payments: Value-added tax	37 786 321	14 872 852
Agency payments: PAYE	9 411 129	6 310 932
VAT on Imported Services Paid	324 022	438 675
Withholding Tax Paid	20 338	445 962

33. Directors' emoluments

	2021	2020
For services as directors	2 600 597	3 705 530