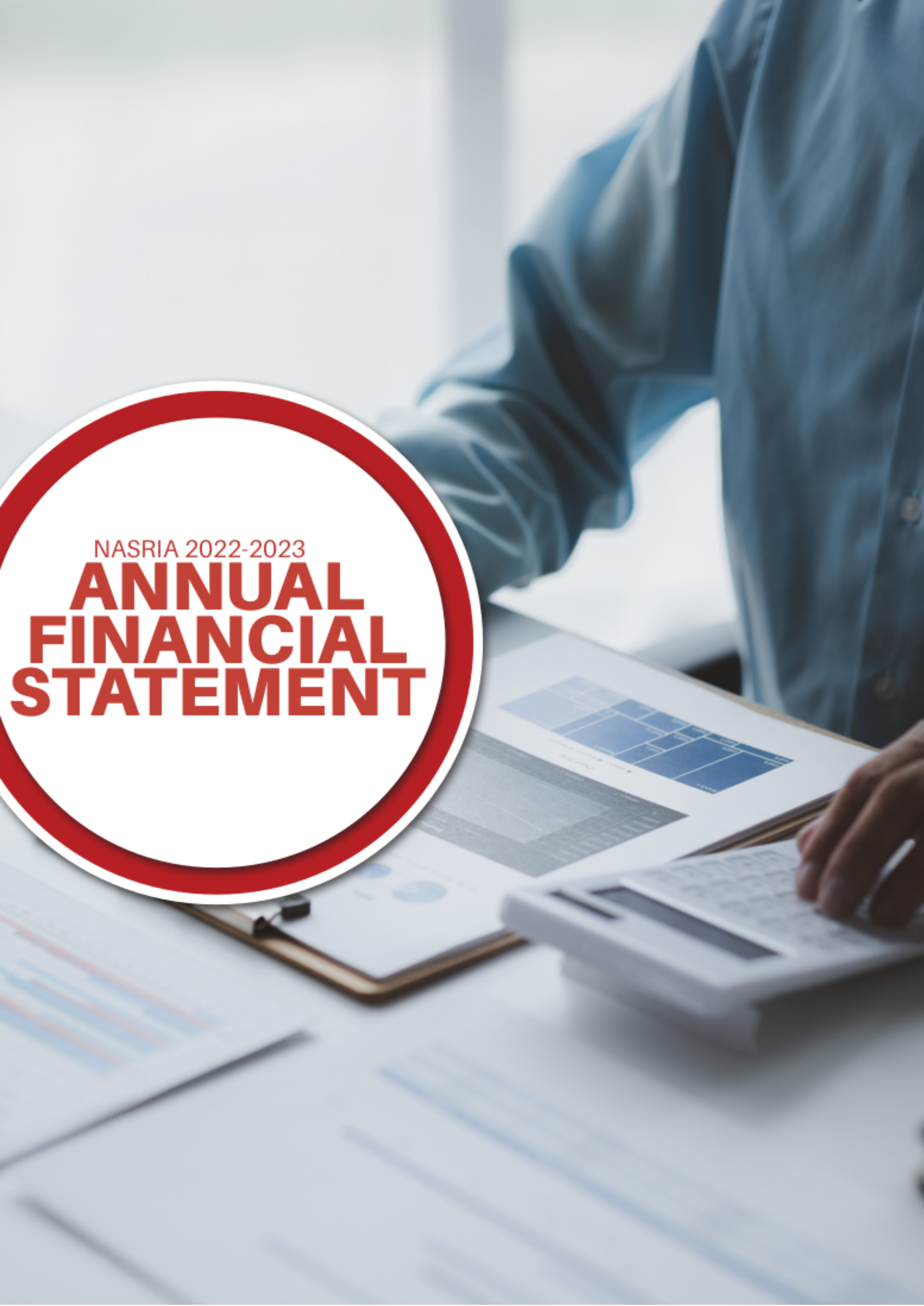

NASRIA 2022-2023

ANNUAL FINANCIAL STATEMENT

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Special risks insurance
Directors	NHM Tjozongoro — Managing Director A Vugs — Chairperson HH Kapenda — Deputy Chairperson C Loubser F Otto P Amunjela
Registered office	Third Floor Namlex Chambers Independence Avenue Windhoek Namibia
Business address	Third Floor Namlex Chambers Independence Avenue Windhoek Namibia
Postal address	P O Box 417 Windhoek Namibia
Holding company	Government of the Republic of Namibia (Ministry of Finance)
Bankers	Nedbank Namibia Limited First National Bank of Namibia Limited Bank Windhoek Limited
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Starc Secretarial Services

Contents

The reports and statements set out below comprise the consolidated and separate annual financial statements presented to the shareholder:

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

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 consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the group 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 consolidated and separate annual financial statements.

The consolidated and separate 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 group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group 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 consolidated and separate 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 group's cash flow forecast for the year to 31 March 2024 and, in light of this review and the current financial position, they are satisfied that the group 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 group's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on pages 4 to 6.

The consolidated and separate annual financial statements set out on pages 7 to 63, which have been prepared on the going concern basis, were approved by the board and were signed on their behalf by:

A Vugs **Chairperson**	**C Loubser** **Audit Committee Chairperson**

Windhoek

Date: 01 / 08 /2023

Independent auditor's report

To the Members of Namibia Special Risks Insurance Association Limited

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Namibia Special Risks Insurance Association Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

What we have audited

Namibia Special Risks Insurance Association's consolidated and separate financial statements set out on pages 7 to 63 comprise:

- the directors' report for the year ended 31 March 2023;
- the consolidated and separate statements of financial position as at 31 March 2023;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements 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 consolidated and separate 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 Group 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

PricewaterhouseCoopers, Registered Auditors
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requirements applicable to performing audits in Namibia.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Namibia Special Risks Insurance Association Limited (Registration number 1987/0201) Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the directors for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company'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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company'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 consolidated and separate 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 Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PriceWaterhouseCoopers

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Hans Hashagen
Partner
Windhoek
Date: 01-08-2023 | 16:57 SAST

Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Namibia Special Risks Insurance Association Ltd (NASRIA Ltd) and the group for the year ended 31 March 2023.

1. Incorporation

The entity was converted from an association not for gain to a public enterprise with share capital on 31 July 2019.

2. Review of financial results and activities

The consolidated and separate 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 except for changes disclosed in note 2 of the notes to the consolidated and separate annual financial statements.

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

3. Share capital

Refer to note 15 of the consolidated consolidated and separate annual financial statements for detail of the movement in authorised and issued share capital.

4. Dividends

A dividend of N$17 700 000 (2022:-) was declared during the year.

5. Events after the reporting period

The company and Namibia National Reinsurance Corporation Limited (NAMIBRE) reached an agreement in May 2022 regarding the per policy cession whereby NAMIBRE waivered the reinsurance premiums payable for 2019 and 2020. The two entities resolved that the company should pay per policy cession for 2021 to 2023 amounting to N$ 22 044 434 including VAT and the payment was made on 1 June 2023.

NHM Tjozongoro retired from service on 30 June 2023 and J. Uusiku was appointed as the Acting Managing Director for a period of 6 months.

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

6. Directorate

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

Directors	Office	Designation	Nationality	Changes
NHM Tjozongoro	Managing Director	Executive	Namibian	Retired 30 June 2023
A Vugs	Chairperson	Non-executive Independent	Namibian	Appointed 18 December 2020
HH Kapenda	Deputy Chairperson	Non-executive Independent	Namibian	Appointed 1 December 2020
C Loubser		Non-executive Independent	Namibian	Appointed 18 December 2020
F Otto		Non-executive Independent	Namibian	Appointed 1 May 2020
P Amunjela		Non-executive Independent	Namibian	Appointed 18 December 2020

7. Interests in subsidiaries

Details of interests in subsidiary companies are presented in the consolidated and separate annual financial statements in note 6.

Directors' Report

8. Going concern

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

9. Litigation statement

The group becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The group is currently involved a potential claim concerning reinsurance. The impact of the potential claim cannot be estimated reliably at this stage.

10. Reinsurance arrangements

The company enters into significant reinsurance arrangements to mitigate insurance risk. Reinsurance arrangements are done through reinsurance brokers. Reinsurance is placed with Lloyds and NamibRe. The company's reinsurance arrangements expired on 31 March 2023 and efforts are ongoing to renew the reinsurance arrangements.

Currently the company is self-insured

11. Credit Guarantee Scheme

Under section 1(2) of the Namibia Special Risks Insurance Association Act, 2017 (Act No. 5 of 2017), the Minister of Finance, after consultation with the Board of the Namibia Special Risks Insurance Association (NASRIA) Limited, declared the Credit Guarantee Scheme under the Namibia Financial Sector Strategy (CGS) to be a special risk in the Government Gazette number 7241 on 15 June 2020.

The CGS is, a scheme by the Government of the Republic of Namibia through the Ministry of Finance which aims at encouraging funding of SMEs by providing collateral cover in favour of the participating institutions.

The CGS is a special risk underwritten by NASRIA Limited in favour of a participating institution that will grant a loan to an SME that lacks viable collateral to guarantee the repayment of the loan to the participating institution.

Participating institution refers to banking institutions as per the Banking Institutions Act, Financial Institutions as per the NAMFISA Act and any institution established by law and approved by the Ministry of Finance as a participating institution.

The CGS is administered by NASRIA Limited and the Development Bank of Namibia Ltd (DBN) in terms of a Cooperation Agreement entered by the two institutions in July 2020.

Funding amounting to N$ nil (2022: N$ 9,000,000) was received from the Government of Namibia. The funds received from the Government of Namibia were the Government's capital contribution to the Scheme.

12. Secretary

N Shipena resigned as the company secretary on the 3rd May 2023 and Starc Secretarial Services were appointed on temporal basis.

Postal address:	P O Box 417 Windhoek Namibia
Business address:	Third Floor Namlex Chambers Independence Avenue Windhoek Namibia

13. Terms of appointment of the auditors

PricewaterhouseCoopers Namibia will continue in office for the next financial period.

Directors' Report

14. Date of authorisation for issue of financial statements

The consolidated and separate annual financial statements have been authorised for issue by the directors on 01 / 08 / 2023. No authority was given to anyone to amend the consolidated and separate annual financial statements after the date of issue.

15. Acknowledgements

Thanks and appreciation are extended to all of our stakeholders, staff, suppliers and consumers for their continued support of the group.

Consolidated and Separate Statements of Financial Position as at 31 March 2023

		Group		Company	
	Note	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Assets					
Non-Current Assets					
Property, plant and equipment	3	1 656	28 196	1 656	1 942
Investment property	4	18 544	-	18 544	-
Intangible assets	5	47	101	47	101
Investments in subsidiaries	6	-	-	-	-
Deferred tax	7	9 105	6 484	9 105	6 484
		29 352	**34 781**	**29 352**	**8 527**
Current Assets					
Loans to related party	8	-	-	-	26 498
Trade and other receivables	9	12 249	9 616	11 952	9 319
Other financial assets	10	607 506	570 339	607 506	570 339
Current tax receivable	11	1 340	892	1 340	892
Deferred acquisition costs	12	4 395	3 895	4 395	3 895
Credit guarantee scheme financial assets	13	166 229	154 801	166 229	154 801
Cash and cash equivalents	14	34 490	25 233	34 488	25 231
		826 209	**764 776**	**825 910**	**790 975**
Total Assets		**855 561**	**799 557**	**855 262**	**799 502**
Equity and Liabilities					
Equity					
Share capital	15	8 000	8 000	8 000	8 000
Reserves	16 & 17	155 034	142 678	155 034	142 678
Retained income		546 269	533 649	545 972	533 594
		709 303	**684 327**	**709 006**	**684 272**
Liabilities					
Non-Current Liabilities					
Retirement benefit obligation	18	2 350	1 467	2 350	1 467
Current Liabilities					
Trade and other payables	19	49 527	40 367	49 525	40 367
Insurance liabilities	20	22 647	20 008	22 647	20 008
Provisions	21	4 034	3 388	4 034	3 388
Dividend payable		17 700	-	17 700	-
Credit Guarantee Scheme financial liability	22	50 000	50 000	50 000	50 000
		143 908	**113 763**	**143 906**	**113 763**
Total Liabilities		**146 258**	**115 230**	**146 256**	**115 230**
Total Equity and Liabilities		**855 561**	**799 557**	**855 262**	**799 502**

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Note	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Gross premiums	23	79 451	70 468	79 451	70 468
Re-insurance premiums	24	(27 944)	(24 824)	(27 944)	(24 824)
Net premiums written		**51 507**	**45 644**	**51 507**	**45 644**
Change in unearned premium reserve		(2 639)	(1 296)	(2 639)	(1 296)
Net premiums earned		**48 868**	**44 348**	**48 868**	**44 348**
Claims expense		(9)	(712)	(9)	(712)
Net underwriting results		**48 859**	**43 636**	**48 859**	**43 636**
Commission received	25	4 135	2 198	4 135	2 198
Commission expense		(15 350)	(13 646)	(15 350)	(13 646)
Movement in deferred acquisition reserve		500	248	500	248
Net commission expense		**(10 715)**	**(11 200)**	**(10 715)**	**(11 200)**
Underwriting surplus		**38 144**	**32 436**	**38 144**	**32 436**
Other income	25	12	111	12	111
Credit Guarantee Scheme fee income	25	1 212	2 524	1 212	2 524
Credit Guarantee Scheme management fees		(169)	(5 106)	(169)	(5 106)
Movement in credit loss allowances	26	-	1 027	(10 617)	1 027
Operating expenses		(41 173)	(23 613)	(30 798)	(23 609)
Operating profit before net investment income	26	**(1 974)**	**7 379**	**(2 216)**	**7 383**
Investment income	27	42 133	28 726	42 133	28 726
Fair value gains	28	8 585	5 769	8 585	5 769
Profit before taxation		**48 744**	**41 874**	**48 502**	**41 878**
Taxation	30	(6 069)	(6 309)	(6 069)	(6 309)
Profit from the period		**42 675**	**35 565**	**42 433**	**35 569**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**42 675**	**35 565**	**42 433**	**35 569**

The above statement of profit or loss and comprehensive income should be read in conjunction with the accompanying notes.

Consolidated and Separate Statements of Changes in Equity

	Share capital N$ '000	Capital contributions reserve N$ '000	General reserve fund N$ '000	Total reserves N$ '000	Retained income N$ '000	Total equity N$ '000
Group						
Balance at 1 April 2021	**-**	**98 978**	**26 725**	**125 703**	**514 059**	**639 762**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**35 565**	**35 565**
Issue of shares	8 000	-	-	-	(8 000)	-
Transfer between reserves	-	-	7 975	7 975	(7 975)	-
Shareholder's contribution to the Credit Guarantee Scheme	-	9 000	-	9 000	-	9 000
Total contributions by and distributions to owners of company recognised directly in equity	**8 000**	**9 000**	**7 975**	**16 975**	**(15 975)**	**9 000**
Balance at 1 April 2022	**8 000**	**107 978**	**34 700**	**142 678**	**533 650**	**684 328**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**42 675**	**42 675**
Transfer between reserves	-	-	12 356	12 356	(12 356)	-
Dividends	-	-	-	-	(17 700)	(17 700)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**12 356**	**12 356**	**(30 056)**	**(17 700)**
Balance at 31 March 2023	**8 000**	**107 978**	**47 056**	**155 034**	**546 269**	**709 303**
Note(s)	15	16	17			
Company						
Balance at 1 April 2021	**-**	**98 978**	**26 725**	**125 703**	**514 000**	**639 703**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**35 569**	**35 569**
Issue of shares	8 000	-	-	-	(8 000)	-
Transfer between reserves	-	-	7 975	7 975	(7 975)	-
Shareholder's contribution to the Credit Guarantee Scheme	-	9 000	-	9 000	-	9 000
Total contributions by and distributions to owners of company recognised directly in equity	**8 000**	**9 000**	**7 975**	**16 975**	**(15 975)**	**9 000**
Balance at 1 April 2022	**8 000**	**107 978**	**34 700**	**142 678**	**533 595**	**684 273**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**42 433**	**42 433**
Transfer between reserves	-	-	12 356	12 356	(12 356)	-
Dividends	-	-	-	-	(17 700)	(17 700)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**12 356**	**12 356**	**(30 056)**	**(17 700)**
Balance at 31 March 2023	**8 000**	**107 978**	**47 056**	**155 034**	**545 972**	**709 006**
Note(s)	15	16	17			

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

Consolidated and Separate Statements of Cash Flows

		Group		Company	
	Note	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Cash flows from operating activities					
Cash generated from operations	31	19 343	12 886	19 892	12 891
Finance costs		-	-	-	-
Tax paid	32	(9 138)	(18 057)	(9 138)	(18 057)
Net cash from operating activities		**10 205**	**(5 171)**	**10 754**	**(5 166)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(105)	(1 520)	(105)	(278)
Purchase of investment property	4	(2 115)	-	(2 115)	-
Purchase of other intangible assets	5	-	(110)	-	(110)
Loan advanced to related party		-	-	(549)	(712)
Proceeds on disposal of other investments		-	18 152	-	18 152
Interest received		1 272	480	1 272	480
Net cash from investing activities		**(948)**	**17 002**	**(1 497)**	**17 532**
Cash flows from financing activities					
Proceeds on credit guarantee scheme funding		-	9 000	-	9 000
Dividends paid	33	-	(6 800)	-	(6 800)
Net cash from financing activities		**-**	**2 200**	**-**	**2 200**
Total cash movement for the year		**9 257**	**14 031**	**9 257**	**14 566**
Cash at the beginning of the year		25 233	11 202	25 231	10 665
Total cash at end of the year	14	**34 490**	**25 233**	**34 488**	**25 231**

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 consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate 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 consolidated and separate annual financial statements and the Companies Act of Namibia.

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

These accounting policies are consistent with the previous period except for changes disclosed in note 2 of the notes to the consolidated and separate annual financial statements.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Accounting Policies

1.2 Consolidation (continued)

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate 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 group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group'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.

Revalued amount of land and buildings

Land and buildings are revalued to their fair value. Valuations of land and buildings are determined from market based evidence by appraisals undertaken by professional valuers. Revaluations are performed every year and with such sufficiency that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Fair value estimation

Several assets and liabilities of the group are either measured at fair value or disclosure is made of their fair values.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. Quoted market price used for financial assets held by the group is the current bid price.

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

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

Insurance liabilities

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of the insurance group, principally in respect of the insurance liabilities of the group. Insurance liabilities include the provisions for unearned premiums and outstanding claims.

Process to determine significant assumptions

Insurance risks are unpredictable and the group recognises that it is not always possible to forecast, with absolute precision, future claims payable under existing insurance contracts. Over time, the group has developed a methodology that is aimed at establishing insurance provisions that have an above average likelihood of being adequate to settle all its insurance obligations.

Unearned premium provision

Unearned premiums represent the amount of income set aside by the group to cover the cost of claims that may arise during the unexpired period of risk of insurance policies in force at the reporting date. The group raises provisions for unearned premiums on a basis that reflects the underlying risk profile of its insurance contracts. An unearned premium provision is created at the commencement of each insurance contract and is released as the risk covered by the contract expires. Most of the group's insurance contracts have an even risk profile. Therefore, the unearned premium provision is released evenly over the period of insurance using a time proportion basis.

Outstanding claims

Outstanding claims represent the group's estimate of the cost of settlement of claims that have occurred and were reported by the reporting date, but that have not yet been finally settled.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Claims provisions are determined based on previous claims experience, knowledge of events, the terms and conditions of relevant policies and on the interpretation of circumstances. Each notified claim is assessed on a separate case-by-case basis with due regard for specific circumstances, information available from the insured and/or loss adjuster and past experience with similar cases and historical claims payment trends. The approach also includes the consideration of the development of loss payment trends, the levels of unpaid claims, legislative changes, judicial decisions and economic conditions. The group employs employees experienced in claims handling and rigorously applies standardised policies and procedures to claims assessments.

The ultimate cost of reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Therefore, case estimates are reviewed regularly and updated when new information becomes available.

The provision for outstanding claims is initially estimated at a gross level.

Post retirement medical aid benefits

Qualifying employees of the group are entitled to certain post-retirement medical benefits. The group's obligation for post retirement medical aid benefits to past and current employees is determined annually and provided for in full. The cost of providing the benefits is determined based on assumptions which include mortality rates, healthcare inflation, the expected long term rate of return on investments, the discount rate and current market conditions.

Business combinations

The application of the group's accounting policy for business combinations requires judgement to determine whether the acquired entities can be determined as business or as a group of assets. Any such estimates and assumptions may change as new information becomes available.

1.4 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Transfer to or from the investment property will be made where there is a change in the use of the property. The end of owner-occupation of the property would result in a transfer from the property, plant and equipment to investment property.

Cost model

Investment property is carried at cost less any accumulated impairment losses.

1.5 Property, plant and equipment

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

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

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

Accounting Policies

1.5 Property, plant and equipment (continued)

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

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Any increase in an asset’s carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset’s carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

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

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

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

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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

Accounting Policies

1.5 Property, plant and equipment (continued)

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

1.6 Intangible assets

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

Intangible assets are initially recognised at cost.

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

Intangible assets amortisation is provided on a straight line basis over their useful life.

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

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

Item	Depreciation method	Average useful life
Computer software	Straight line	2 years

1.7 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group ,as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:
- Amortised cost; or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 37 Risk management presents the financial instruments held by the group based on their specific classifications.

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

Accounting Policies

1.7 Financial instruments (continued)

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

Loans receivable at amortised cost

Classification

Loan to related party (note 8) is classified as financial asset subsequently measured at amortised cost.

It has been classified in this manner because the contractual terms of the loan give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

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

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 27).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Insurance and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 9).

Accounting Policies

1.7 Financial instruments (continued)

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 27).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

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

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

Measurement and recognition of expected credit losses

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

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance (note 26).

Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Accounting Policies

1.7 Financial instruments (continued)

Credit risk

Details of credit risk are included in the trade and other receivables note (note 9) and the risk management note (note 37).

Investments in debt instruments at fair value through profit or loss

Classification

Certain investments in debt instruments are classified as mandatorily at fair value through profit or loss. These investments do not qualify for classification at amortised cost or at fair value through other comprehensive income because either the contractual terms of these instruments do not give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, or the objectives of the group business model are met by selling the instruments rather than holding them to collect the contractual cash flows.

The group has designated certain investments in debt instruments as at fair value through profit or loss. The reason for the designation is to reduce or eliminate an accounting mismatch which would occur if the instruments were not classified as such. Refer to note 10) for details.

Recognition and measurement

Investments in debt instruments at fair value through profit or loss are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Fair value gains or losses are included in fair value adjustments (note 28). Details of the valuation policies and processes are presented in note 38.

Interest received on debt instruments at fair value through profit or loss are included in investment income (note 27).

Impairment

Investments in debt instruments at fair value through profit or loss are not subject to impairment provisions.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Reinsurance and other payables

Classification

Trade and other payables (note 19), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

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

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

Accounting Policies

1.7 Financial instruments (continued)

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 37 for details of risk exposure and management thereof.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents are stated at carrying amount which is deemed to be the amortised cost.

Derecognition

Financial assets

The group 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 party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.8 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.

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.

Accounting Policies

1.8 Tax (continued)

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.

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.

1.9 Leases

The group 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 group 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.

Group 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 group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 26) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

However as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

Lease liability

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

Accounting Policies

1.9 Leases (continued)

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

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

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:
- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

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

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

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

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Accounting Policies

1.9 Leases (continued)

Item	Depreciation method	Average useful life
Buildings	Straight line	2 years

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

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

1.10 Impairment of assets

The group 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 group estimates the recoverable amount of the asset.

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

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

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

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

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

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

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

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

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.

1.11 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 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 group in which they are declared.

Accounting Policies

1.12 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

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

Defined benefit plans

The group provides post-retirement medical aid benefits to all its employees appointed before the year 2007 subject to the years of uninterrupted service with the group. The entitlement to post-retirement medical aid benefits is based on the employee's remaining years in service up to retirement age. A provision is made in respect of the accrued liability for medical aid contributions for the future pensioners. The expected costs of these benefits are accrued over the period of employment, using the projected unit credit method to determine the present value of its defined benefit obligation, and are reviewed on an annual basis.

1.13 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

1.14 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.

Accounting Policies

1.14 Revenue (continued)

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.

Management 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.

Other income

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

1.15 Insurance contracts

Insurance premium revenue

Premiums are accounted for when receivable and in the period during which the risk originates.

Classification of contracts

An insurance contract is a contract under which the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Such contracts may also transfer financial risk. The group defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are significantly more than the benefits payable if the insured event did not occur.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non–financial variable that the variable is not specific to a party to the contract.

The typical type of contracts issued by the group classified as insurance contracts are to indemnify the policyholder from loss or damages caused by the following acts (committed in Namibia):

- civil commotion;
- labour disturbances;
- riot, strike or lockout;
- terrorism; and
- politically motivated acts.

The group also issues insurance contracts under the CGS which was declared to be a special risk. The group underwrites the CGS in favour of a participating institution that will grant a loan to an SME that lacks viable collateral to guarantee the repayment of the loan to the participating institution.

Liability for insurance contracts

At each reporting date, the group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts.

The insurance liability, being the present value of future claims, is calculated based on the primary cover as defined in the insurance contracts of policyholders. The directors are of the opinion that this method of calculation best reflects historical claims history and forms the best basis for the calculation of the group's exposure to insurance risk.

Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders and are included under insurance and other receivables.

Accounting Policies

1.15 Insurance contracts (continued)

Unearned premium reserve

A provision in respect of premiums written in the current year relating to future periods, is determined for all businesses on a 1/365ths, or more accurate basis.

Reinsurance

The group enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outwards reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards reinsurance business being reinsured.

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due.

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses policy benefits. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance and in accordance with the terms of the reinsurance contract.

Reinsurance assets are subject to impairment testing and the carrying amount is reduced to its recoverable amount. The impairment loss is recognised as an expense in the income statement. The asset is impaired if objective evidence is available to suggest that it is probable that the group will not be able to collect the amounts due from reinsurers.

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

Deferred acquisition costs (DAC)

Commissions that vary with and are related to securing new contracts and renewing existing contracts are deferred over the period in which the related premiums are earned, and recognised as a current asset. All other costs are recognised as expenses when incurred. The amount of acquisition costs to be deferred is dependent on 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.

Notes to the Consolidated and Separate 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 group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1

A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The effective date of the group is for years beginning on or after 1 January 2022.

The group has adopted the amendment for the first time in the 2023 consolidated and separate annual financial statements.

The impact of the amendment is not material.

Reference to the Conceptual Framework: Amendments to IFRS 3

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, and which are in the scope of IAS 37 Provisions, Continent Liabilities and Contingent Assets or IFRIC 21 Levies. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine if a present obligation exists at the Acquisition date. The amendment further clarifies that contingent assets of acquirees share not be recognised as part of the business combination.

The effective date of the group is for years beginning on or after 1 January 2022.

The group has adopted the amendment for the first time in the 2023 consolidated and separate annual financial statements.

The impact of the amendment is not material.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the group is for years beginning on or after 1 January 2022.

The group has adopted the amendment for the first time in the 2023 consolidated and separate annual financial statements.

The impact of the amendment is not material.

Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts in now specifically required.

The effective date of the group is for years beginning on or after 1 January 2022.

The group has adopted the amendment for the first time in the 2023 consolidated and separate annual financial statements.

The impact of the amendment is not material.

Notes to the Consolidated and Separate Annual Financial Statements

2. New Standards and Interpretations (continued)

Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The effective date of the group is for years beginning on or after 1 January 2022.

The group has adopted the amendment for the first time in the 2023 consolidated and separate annual financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2023 or later periods:

Lease liability in a sale and leaseback

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The effective date of the amendment is for years beginning on or after 1 January 2024.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

Initial application of IFRS 17 and IFRS 9 - Comparative information

A narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9.

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

The expected impact of the amendment is discussed below under 'IFRS 17 Insurance Contracts'.

Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

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

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

Notes to the Consolidated and Separate Annual Financial Statements

2. New Standards and Interpretations (continued)

Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the consolidated and separate annual financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

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

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in consolidated and separate annual financial statements that are subject to measurement uncertainty."

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

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

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

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

IFRS 17 Insurance Contracts

1.1 Summary

IFRS 17 *Insurance Contracts* (IFRS 17) is a comprehensive new accounting standard for insurance contracts that governs recognition, measurement, presentation and disclosure. It was initially published by the IASB in May 2017, and will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005.

Whereas IFRS 4 allowed insurers to use existing local practice for the measurement of policyholder liabilities, IFRS 17 provides for a comprehensive and consistent approach to insurance contracts. IFRS 17 introduces a measurement model for insurance contracts based on the estimates of the present value of future cash flows that are expected to arise as the company fulfills the contracts, an explicit risk adjustment for non-financial risk (together these represent the fulfillment cash flows) and a contractual service margin (CSM).

The main difference between IFRS 4 and IFRS 17 measurement relates to how margins are calculated and released over time (i.e. compulsory and discretionary margins for prudence applied under IFRS 4, versus the risk adjustment for non-financial risk and CSM required under IFRS 17).

Notes to the Consolidated and Separate Annual Financial Statements

2. New Standards and Interpretations (continued)

The default model is the General Measurement Model (GMM), which is mainly used for measuring insurance risk (including reinsurance). The GMM is supplemented by a specific modification called the Variable Fee Approach (VFA) for measurement of contracts where policyholders participate in underlying items. IFRS 17 also makes provision for a simplified approach, the Premium Allocation Approach (PAA), mainly for short-duration contracts. The simplified approach is applicable for insurance contracts with a coverage period less than or equal to one year and can be applied if the simplification produces a reasonable estimate of the liability.

Regardless of the measurement model used, the basic revenue recognition principle of IFRS 17 is that profit is recognised over the lifetime of a group of insurance contracts, as services are provided, but losses are recognised immediately if the group of insurance contracts is onerous. No profit is recognised on initial recognition.

On transition, IFRS 17 requires the standard to be applied either retrospectively (full or modified retrospective approaches) or using the fair value approach. The company will apply the full retrospective approach in instances where reliable and accurate data and actuarial models are available.

The standard is effective for reporting periods starting on or after 1 January 2023. As such, the 31 March 2024 annual financial statements will be the first annual results, presented on an IFRS 17 basis.

1.2 Estimated impact of the adoption of IFRS 17

At this stage, the company cannot estimate reliably the impact of initial application of IFRS 17 on the total equity, liabilities and assets of the company.

We will evaluate the impact of the adoption of the standard and refine the new financial reporting processes, systems and controls required for the application of IFRS 17. As noted above, the company will report under the new standard for the first time for the year ended 31 March 2024. IFRS 17 is an accounting standard change that does not change the underlying rationale of our insurance business.

1.3 IFRS 17 Implementation Programme

The company expects to commence an implementation programme in August 2023. Procurement processes are at an advanced stage for a consultancy firm which will assist the company with IFRS 17 implementation. The company expects to have a steering committee made up of Finance and the consultancy firm to spearhead the implementation process.

The Steering Committee will make decisions on scope, design and key policy and methodology and actuarial modelling.

1.4 Overview of IFRS 17

1.4.1 Classification of insurance contracts

a) Identifying the contracts in scope of IFRS 17

The definition of an insurance contract has remained largely the same under IFRS 17 as it was under IFRS 4, thus the adoption of IFRS 17 does not significantly change the classification of the company's insurance contracts. Insurance contracts are contracts under which the company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

b) Separation or combination of components

Before the company accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

i. specified embedded derivatives,
ii. distinct investment components and
iii. distinct goods or services other than insurance contract services from insurance contracts.

The company does not issue any insurance contracts that contain distinct embedded derivatives, distinct investment components or distinct goods or services.

Notes to the Consolidated and Separate Annual Financial Statements

2. New Standards and Interpretations (continued)

c) Level of aggregation

IFRS 17 defines the level of aggregation to be used for measuring insurance contracts and reinsurance contracts held distinctly and requires these contracts to be assessed for aggregation requirements on an individual contract basis.

Insurance contracts within a product line that are subject to similar risks and are managed together are aggregated into a portfolio of contracts.

Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year and are
i. contracts that are onerous at initial recognition;
ii. contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
iii. a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reassessed, unless there is a modification.

Depending on the company's policy and measurement choice the company will assess the facts and circumstances as at initial recognition of the contracts, to ascertain whether they should be grouped as onerous. Where facts and circumstances do not indicate such contracts to be onerous as at initial recognition, they are assumed to be non-onerous.

d) Initial recognition

At initial recognition, groups of insurance contracts issued are recognised from the earliest of the following:
- The beginning of the coverage period
- The date when the first payment from the policyholder is due or actually received if there is no due date
- When the company determines that a group of contracts becomes onerous

Only contracts that individually meet one of the recognition criteria for the group by the end of the reporting period are included in the group.

1.4.2 Measurement model

The company will determine which measurement model to apply once the implementation program has been completed.

1.4.3 Measurement of insurance contracts

Liability components

A group of insurance contracts is measured as the sum of the Liability for Remaining Coverage (LFRC) and the Liability for Incurred Claims (LIC). These components relate to the provision of future service and past service respectively.

The LIC consists of the following:

- Fulfillment cash flows related to past service, which comprise:
  - Best estimate of future cash flows
  - Risk adjustment for non-financial risks

1.4.4 Presentation and disclosure

IFRS 17 aims to establish principles for the disclosure of insurance contracts which provides a basis for users of the financial statements to assess the effect that insurance contracts have on an entity's financial position, financial performance and cash flows.

Presentation and disclosure of insurance contracts and reinsurance contracts held in the company's financial statements under IFRS 17 differ significantly when compared to IFRS 4.

Notes to the Consolidated and Separate Annual Financial Statements

2. New Standards and Interpretations (continued)

Statement of financial position

For presentation in the statement of financial position, the company aggregates portfolios of insurance contracts held and presents separately:

- Portfolios of insurance contracts that are assets
- Portfolios of insurance contracts that are liabilities

The insurance revenue recognised for insurance contract services provided in the period is the portion of expected premium receipts allocated to the period. The company allocates expected premiums equally to each period of related insurance contract services – i.e. based on the passage of time – unless the expected pattern of the release of risk during the coverage period differs significantly from an even basis. In the latter case, expected premium receipts are allocated to the period based on the expected timing of incurred claims and other incurred insurance service expenses.

1.4.5 Transition to IFRS 17

The company will adopt IFRS 17 by applying the full retrospective approach wherever practicable to do so for groups of contracts in force as at 1 April 2023, as required by IFRS 17. Retrospective calculation is considered to be impracticable if historical contract data (including data on past assumptions and actual cash flows) or calculation models do not exist, cannot be obtained or approximated without applying hindsight, or cannot be obtained, built or suitably modified by applying every reasonable effort to do so.

To the extent that it is impracticable to apply the full retrospective approach, the company will apply the modified retrospective approach or the fair value approach to groups of contracts in force as at 1 April 2023.

Where information required for the modified retrospective approach was not available without undue cost or effort, or cannot be reliably estimated, the company applied the fair value approach. The company will apply judgment in assessing these criteria.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ '000

3. Property, plant and equipment

Group	2023			2022		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	-	-	-	33 517	(7 263)	26 254
Buildings	1 855	(624)	1 231	1 855	(587)	1 268
Furniture and fixtures	544	(526)	18	544	(493)	51
Motor vehicles	1 191	(997)	194	1 191	(828)	363
Office equipment	45	(44)	1	45	(43)	2
Computer equipment	1 287	(1 075)	212	1 183	(925)	258
Total	**4 922**	**(3 266)**	**1 656**	**38 335**	**(10 139)**	**28 196**

Company	2023			2022		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	1 855	(624)	1 231	1 855	(587)	1 268
Furniture and fixtures	544	(526)	18	544	(493)	51
Motor vehicles	1 191	(997)	194	1 191	(828)	363
Office equipment	45	(44)	1	45	(43)	2
Computer equipment	1 287	(1 075)	212	1 183	(925)	258
Total	**4 922**	**(3 266)**	**1 656**	**4 818**	**(2 876)**	**1 942**

Reconciliation of property, plant and equipment - Group - 2023

	Opening balance	Additions	Transfer to investment property	Depreciation	Closing balance
Land	26 254	-	(26 254)	-	-
Buildings	1 268	-	-	(37)	1 231
Furniture and fixtures	51	-	-	(33)	18
Motor vehicles	363	-	-	(169)	194
Office equipment	2	-	-	(1)	1
Computer equipment	258	105	-	(151)	212
	28 196	**105**	**(26 254)**	**(391)**	**1 656**

Reconciliation of property, plant and equipment - Group - 2022

	Opening balance	Additions	Transfers	Depreciation	Closing balance
Land	21 560	-	4 694	-	26 254
Buildings	1 304	-	-	(36)	1 268
Assets under construction	3 452	1 242	(4 694)	-	-
Furniture and fixtures	85	-	-	(34)	51
Motor vehicles	533	-	-	(170)	363
Office equipment	2	-	-	-	2
Computer equipment	61	278	-	(81)	258
	26 997	**1 520**	**-**	**(321)**	**28 196**

Figures in N$ '000

Notes to the Consolidated and Separate Annual Financial Statements

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2023

	Opening balance	Additions	Depreciation	Closing balance
Buildings	1 268	-	(37)	1 231
Furniture and fixtures	51	-	(33)	18
Motor vehicles	363	-	(169)	194
Office equipment	2	-	(1)	1
Computer equipment	258	105	(151)	212
	1 942	**105**	**(391)**	**1 656**

Reconciliation of property, plant and equipment - Company - 2022

	Opening balance	Additions	Depreciation	Total
Buildings	1 304	-	(36)	1 268
Furniture and fixtures	85	-	(34)	51
Motor vehicles	533	-	(170)	363
Office equipment	2	-	-	2
Computer equipment	61	278	(81)	258
	1 985	**278**	**(321)**	**1 942**

Details of properties

Buildings

Buildings comprise of section 9 of the Namlex Chambers building erected on Erf 7727, situated in the Municipality of Windhoek, Registration Division "K" and registered as a sectional title. The property was acquired in 1998.

The current directors' valuation of the sectional title is estimated at N$ 3.2 million which is based on market conditions and considered to be equal to its insured value.

Land

During the year, land was transferred to investment property. Land was transferred to NASRIA from Cathral Investments Eighty Two (Pty) Ltd and Quality Vehicles and Bakkie Centre (Pty) Ltd at a cost of N$ 16.4 million with the addition of transfer costs amounting to N$ 2.1 million. Refer to note 4 for further disclosure of the property.

Capitalised expenditure

Purchase price: 1998	1 331	1 331	1 331	1 331
Additions: 2000	40	40	40	40
Additions: 2001	50	50	50	50
Additions: 2009	12	12	12	12
Additions: 2016	120	120	120	120
Additions: 2018	302	302	302	302
Purchase price: 2020	28 823	28 823	-	-
Additions: 2021	3 452	3 452	-	-
Additions: 2022	1 242	1 242	-	-
Transfer to investment property: 2023	(33 517)	-	-	-
	1 855	**35 372**	**1 855**	**1 855**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

3. Property, plant and equipment (continued)

Revaluations

The carrying value of the revalued assets under the cost model would have been:

Land	-	33 517	-	-
Buildings	1 304	1 304	1 304	1 304
	1 304	**34 821**	**1 304**	**1 304**

4. Investment property

Group	2023			2022		
	Cost / Valuation	Accumulated impairment	Carrying value	Cost / Valuation	Accumulated impairment	Carrying value
Investment property	18 544	-	18 544	-	-	-

Company	2023			2022		
	Cost / Valuation	Accumulated impairment	Carrying value	Cost / Valuation	Accumulated impairment	Carrying value
Investment property	18 544	-	18 544	-	-	-

Reconciliation of investment property - Group - 2023

	Opening balance	Additions	Transfer from property, plant and equipment	Impairments	Total
Investment property	-	2 115	26 254	(9 825)	18 544

Reconciliation of investment property - Company - 2023

	Opening balance	Additions	Total
Investment property	-	18 544	18 544

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

Amounts recognised in profit and loss for the year

Impairment of investment property	(9 825)	-	-	-

5. Intangible assets

Group	2023			2022		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	272	(225)	47	272	(171)	101

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

5. Intangible assets (continued)

Company	2023			2022		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	272	(225)	47	272	(171)	101

Reconciliation of intangible assets - Group - 2023

	Opening balance	Amortisation	Total
Computer software	101	(54)	47

Reconciliation of intangible assets - Group - 2022

	Opening balance	Additions	Amortisation	Total
Computer software	2	110	(11)	101

Reconciliation of intangible assets - Company - 2023

	Opening balance	Amortisation	Total
Computer software	101	(54)	47

Reconciliation of intangible assets - Company - 2022

	Opening balance	Additions	Amortisation	Total
Computer software	2	110	(11)	101

6. Interests in subsidiaries

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Company

Name of company	**% holding 2023**	**% holding 2022**	**Carrying amount 2023**	**Carrying amount 2022**
Cathral Investments Eighty Two (Pty) Ltd	100	100	-	-

The carrying amount of the company's investment in Cathral Investments Eighty Two (Pty) Ltd is N$100.

7. Deferred tax

Deferred tax liability

	Group 2023	Group 2022	Company 2023	Company 2022
Property plant and equipment	(87)	(163)	(87)	(163)
Provision for deferred acquisition costs	(1 406)	(1 246)	(1 406)	(1 246)
Total deferred tax liability	**(1 493)**	**(1 409)**	**(1 493)**	**(1 409)**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

7. Deferred tax (continued)

Deferred tax asset

Provision for doubtful debts	34	34	34	34
Provision for other staff benefits	992	666	992	666
NAMIBRE reinsurance provision	9 572	7 193	9 572	7 193
Total deferred tax asset	**10 598**	**7 893**	**10 598**	**7 893**

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:

Deferred tax liability	(1 493)	(1 409)	(1 493)	(1 409)
Deferred tax asset	10 598	7 893	10 598	7 893
Total net deferred tax asset	**9 105**	**6 484**	**9 105**	**6 484**

Reconciliation of deferred tax asset / (liability)

At beginning of year	6 484	5 026	6 484	5 026
Taxable temporary difference on NAMIBRE reinsurance provision	2 378	2 110	2 378	2 110
Taxable / (deductible) temporary difference movement on tangible fixed assets	76	(89)	76	(89)
Deductible temporary difference on deferred acquisition costs	(160)	(79)	(160)	(79)
Taxable / (deductible) temporary difference on provision for other staff costs	44	(194)	44	(194)
Taxable / (deductible) temporary difference on provision for investments impairment	283	(290)	283	(290)
	9 105	**6 484**	**9 105**	**6 484**

8. Loan to related party

Subsidiaries

Cathral Investments Eighty Two (Pty) Ltd	-	-	-	26 498

The loan is unsecured, bears no interest and is repayable on demand or through rental income at the discretion of the NASRIA Ltd directors.

Exposure to credit risk

Loans receivable inherently expose the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ '000

8. Loan to related party (continued)

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for group loans receivable by credit rating grade:

Company - 2023

Instrument	Basis of loss allowance	Gross Carrying amount	Loss allowance
Loans to subsidiaries			
Cathral Investments Eighty Two (Pty) Ltd	12m ECL	17 880	(17 880)

Company - 2022

Instrument	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Loans to subsidiaries				
Cathral Investments Eighty Two (Pty) Ltd	12m ECL	33 761	(7 263)	26 498

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

8. Loan to related party (continued)

Reconciliation of loss allowances

Loan to subsidiary:: Loss allowance measured at 12 month ECL:

Opening balance	-	-	(7 263)	(7 263)
Loss allowance recognised for new exposure	-	-	(10 617)	-
Closing balance	**-**	**-**	**(17 880)**	**(7 263)**

9. Trade and other receivables

Financial instruments:				
Insurance receivables	10 472	9 236	10 472	9 236
Loss allowance	(144)	(144)	(144)	(144)
Insurance receivables at amortised cost	10 328	9 092	10 328	9 092
Other receivables	27	189	27	189
Non-financial instruments:				
VAT	1 894	297	1 597	-
Prepayments	-	38	-	38
Total insurance and other receivables	**12 249**	**9 616**	**11 952**	**9 319**

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

At amortised cost	10 355	9 281	10 355	9 281
Non-financial instruments	1 894	335	1 597	38
	12 249	**9 616**	**11 952**	**9 319**

Reconciliation of loss allowances

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

Opening balance	(144)	(144)	(144)	(144)

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
10. Other financial assets				
At fair value through profit or loss - designated				
Listed shares -Share portfolio listed on the Johannesburg Stock Exchange; -Share portfolio listed on the Namibian Stock Exchange; and -Share portfolio listed on International Stock Exchanges.	125 777	120 397	125 777	120 397
Unit trusts	467 717	443 931	467 717	443 931
Bonds Corporate bonds held at Bank Windhoek Ltd	14 000	6 000	14 000	6 000
	607 494	**570 328**	**607 494**	**570 328**
Held to maturity				
Fixed - term deposits Fixed term deposits are held with financial institutions. The interest rates range between 3.95% to 8.2% (2022: 4.00% to 8.1%)	12	11	12	11
	12	11	12	11
	12	**11**	**12**	**11**
Total financial assets	**607 506**	**570 339**	**607 506**	**570 339**
Current assets				
Designated as at fair value through profit or loss	607 494	570 328	607 494	570 328
Amortised cost	12	11	12	11
	607 506	**570 339**	**607 506**	**570 339**

Reconciliation of provision for impairment of financial assets held at amortised cost

	Group 2023	Group 2022	Company 2023	Company 2022
Fixed - term deposits				
Opening balance	-	907	-	907
Increase in the provision recognised in profit or loss in other expenses during the period	-	(907)	-	(907)
	-	-	-	-

11. Current tax (receivable) / payable

	Group 2023	Group 2022	Company 2023	Company 2022
Opening balance	(892)	9 399	(892)	9 399
Current tax charge	8 690	7 766	8 690	7 766
Payments	(9 138)	(18 057)	(9 138)	(18 057)
	(1 340)	**(892)**	**(1 340)**	**(892)**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

12. Deferred acquisition costs

Balance at the beginning of the year	3 895	3 647	3 895	3 647
Movement in deferred acquisition costs	500	248	500	248
	4 395	**3 895**	**4 395**	**3 895**

13. Credit guarantee scheme financial assets

At fair value through profit or loss - designated				
Unit trusts	101 479	90 051	101 479	90 051
Bonds	64 750	64 750	64 750	64 750
	166 229	**154 801**	**166 229**	**154 801**

Refer to note 11 of the directors report for further information about the Scheme.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	34 394	16 173	34 392	16 171
Short-term deposits	96	9 060	96	9 060
	34 490	**25 233**	**34 488**	**25 231**

The expected credit losses for cash and cash equivalents was considered immaterial after considering historical default data, current and future market data that can affect the probability of default.

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				
AA (Bank Windhoek Limited)	8	46	5	46
A (Nedbank Namibia Limited)	34 392	16 125	34 392	16 125
	34 400	**16 171**	**34 397**	**16 171**

15. Share capital

Authorised				
8 000 000 Ordinary shares of N$ 1.00 each	8 000	8 000	8 000	8 000

Reconciliation of number of shares issued:				
Reported as at 1 April	-	-	-	-
Issue of shares – ordinary shares	-	8 000	-	8 000
	-	**8 000**	**-**	**8 000**

During the period, no ordinary shares were issued by the company (2022: 7 999 999 ordinary shares were issued).

Issued				
8 000 000 Ordinary shares of N$ 1.00 each	8 000	8 000	8 000	8 000

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

16. Capital contribution reserve

The reserve was created from the funds received from Government of the Republic of Namibia for the Credit Guarantee Scheme under the Namibia Financial Sector Strategy. Refer to note 11 (Credit Guarantee Scheme) of the directors' report for further information on the scheme.

Opening balance	107 978	98 978	107 978	98 978
Shareholder's contribution to the scheme	-	9 000	-	9 000
	107 978	**107 978**	**107 978**	**107 978**

17. General reserve fund

The reserve is established and maintained in accordance with section 27 of the Namibia Special Risks Insurance Association Act. The Company must establish and maintain a general reserve fund into which must be deposited at the end of each financial year 25 percent, or such other percentage, as the Board may determine with the written approval of the Minister, of the annual net profit before tax of the Company, if the general reserve fund is equal to or exceeds the margin of solvency (refer to note 29) of the Company contemplated by section 23 of the Namibia Special Risks Insurance Association Act.

Opening balance	34 700	26 725	34 700	26 725
Transfer from retained income	12 356	7 975	12 356	7 975
	47 056	**34 700**	**47 056**	**34 700**

18. Retirement benefits

Carrying value

Present value of the defined benefit obligation-partially or wholly funded	2 350	1 467	2 350	1 467

Reconciliation of retirement benefits				
Balance at the beginning of the period	1 467	2 200	1 467	2 200
Movement during the period	(883)	(733)	(883)	(733)
	2 350	**1 467**	**2 350**	**1 467**

The fair value of plan assets includes:

Key assumptions used

Assumptions used on last valuation on 31 March 2023.

Discount rates used	11.00 %	7.50 %	11.00 %	7.50 %
Expected rate of return on assets	5.95 %	4.16 %	5.95 %	4.16 %

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

18. Retirement benefits (continued)

Defined contribution retirement plan

The group participates in the Namlex Pension Fund administered by Alexander Forbes Financial Services Limited which is a defined contribution pension fund in Namibia for all of its employees. The defined contribution pension fund is subject to the Pension Fund Act, Act 24 of 1956 of Namibia. The fund is funded both by the member and group contributions, which are charged to profit or loss as they are incurred.

NASRIA currently contributes 15% of the pensionable emoluments to the fund whilst the members contribute at 6% for non-managerial and executive staff respectively.

Post retirement medical aid benefit

The group provides post retirement benefits by way of medical aid scheme contributions. The benefits are provided to all groups of employees appointed before the year 2007 subject to the years of uninterrupted service with the group. The liability in respect of future contributions is valued annually.

19. Trade and other payables

	Group 2023	Group 2022	Company 2023	Company 2022
Financial instruments:				
Trade payables	1 749	1 739	1 747	1 739
Namfisa levy	491	431	491	431
Credit Guarantee Scheme accruals	-	1 212	-	1 212
Commission payable	-	(27)	-	(27)
Sundry creditors	723	(41)	723	(41)
Reinsurer balances	46 564	36 733	46 564	36 733
Non-financial instruments:				
VAT	-	320	-	320
	49 527	**40 367**	**49 525**	**40 367**

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

	Group 2023	Group 2022	Company 2023	Company 2022
At amortised cost	49 527	43 435	49 525	40 047
Non-financial instruments	-	320	-	320
	49 527	**43 755**	**49 525**	**40 367**

The previous year's performance bonus provision, provision for leave pay and provision for severance pay were reclassified from trade payables to provisions (note 21) for better presentation of the group's financial position.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

20. Insurance liabilities

	Group 2023	Group 2022	Company 2023	Company 2022
Unearned premium reserve				
Opening balance	20 008	18 712	20 008	18 712
Changes in unearned premiums	2 639	1 296	2 639	1 296
	22 647	**20 008**	**22 647**	**20 008**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

21. Provisions

Reconciliation of provisions - Group - 2023

	Opening balance	Additions	Total
Performance bonus provision	1 817	-	1 817
Provision for leave pay	957	509	1 466
Provision for severance pay	614	137	751
	3 388	**646**	**4 034**

Reconciliation of provisions - Group - 2022

	Opening balance	Additions	Utilised during the year	Total
Performance bonus provision	982	835	-	1 817
Provision for leave pay	831	126	-	957
Provision for outstanding claims	5 586	-	(5 586)	-
Provision for severance pay	487	127	-	614
	7 886	**1 088**	**(5 586)**	**3 388**

Reconciliation of provisions - Company - 2023

	Opening balance	Additions	Total
Performance bonus provision	1 817	-	1 817
Provision for leave pay	957	509	1 466
Provision for severance pay	614	137	751
	3 388	**646**	**4 034**

Reconciliation of provisions - Company - 2022

	Opening balance	Additions	Utilised during the year	Total
Performance bonus provision	982	835	-	1 817
Provision for leave pay	831	126	-	957
Provision for outstanding claims	5 586	-	(5 586)	-
Provision for severance pay	487	127	-	614
	7 886	**1 088**	**(5 586)**	**3 388**

The board approved the settlement of the outstanding claims in August 2021.

The previous year's performance bonus provision, provision for leave pay and provision for severance pay were reclassified from trade payables (note 19) to provisions for better presentation of the group's and company financial positions.

22. Credit Guarantee Scheme financial liability

Credit Guarantee Scheme financial liability	50 000	50 000	50 000	50 000

Refer to note 11 of the directors report for further information about the Scheme. The amount is repayable on demand and is interest free.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

23. Revenue

Revenue from insurance contracts				
Gross premiums	79 451	70 468	79 451	70 468

24. Re-insurance premiums

Premiums ceded to reinsurers	27 944	24 824	27 944	24 824

25. Other operating income

Commissions received	4 135	2 198	4 135	2 198
Credit Guarantee Scheme management fees	1 212	2 524	1 212	2 524
Other income	12	111	12	111
	5 359	**4 833**	**5 359**	**4 833**

26. Operating profit before net investment income

Operating profit before net investment income for the year is stated after charging (crediting) the following, amongst others:

Employee costs

Salaries, wages, bonuses and other benefits	17 673	13 375	17 673	13 375
Other short term costs	376	308	376	308
Retirement benefit plans: defined contribution expense	1 479	1 158	1 479	1 158
Total employee costs	**19 528**	**14 841**	**19 528**	**14 841**

Movement in credit loss allowances				
Insurance and other receivables	-	(120)	-	(120)
Loan to related party	-	-	10 617	-
Investments at amortised cost	-	(907)	-	(907)
	-	**(1 027)**	**10 617**	**(1 027)**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

26. Operating profit before net investment income (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:

Accounting fees	6	13	6	13
Advertising	2 928	1 991	2 928	1 991
Amortisation	55	11	55	11
Audit fees	903	857	903	857
Bank charges	267	230	267	226
Computer expenses	872	650	872	650
Consulting fees	246	777	246	777
Depreciation	391	321	391	321
Employee costs	19 528	14 841	19 528	14 841
Impairment	9 826	-	-	-
Insurance	216	108	216	108
Legal fees	-	222	-	222
Management fees	1 062	1 033	1 062	1 033
Membership fees	287	233	287	233
Motor vehicle expenses	235	172	235	172
Municipal expenses	301	-	-	-
New product development	1 049	272	1 049	272
Office expenses	364	135	116	135
Other expenses	116	36	116	36
Penalties and fines	109	117	109	117
Personnel expenses	13	17	13	17
Postage	-	1	-	1
Printing and stationery	234	157	234	157
Rent and levies	382	357	382	357
Repairs and maintenance	60	4	60	4
Secretarial fees	4	39	4	39
Security	7	5	7	5
Social upliftment	-	130	-	130
Staff welfare	105	164	105	164
Stamp duty	353	237	353	237
Subscriptions	5	4	5	4
Telephone and fax	419	370	419	370
Travel - foreign	315	-	315	-
Travel - local	340	109	340	109
	40 998	**23 613**	**30 623**	**23 609**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
27. Investment income				
Dividend income				
Equity instruments at fair value through profit or loss:				
Listed investments	28 652	14 995	28 652	14 995
Credit Guarantee Scheme dividend received	2 844	1 397	2 844	1 397
Total dividend income	**31 496**	**16 392**	**31 496**	**16 392**
Interest income				
Investments in financial assets:				
Funds on call	1 269	1 666	1 269	1 666
Credit Guarantee Scheme interest received	3 083	2 640	3 083	2 640
Current account	3	-	3	-
Corporate bonds	6 246	6 508	6 246	6 508
Fixed term deposits	36	1 520	36	1 520
Total interest income	**10 637**	**12 334**	**10 637**	**12 334**
Total investment income	**42 133**	**28 726**	**42 133**	**28 726**

28. Fair value adjustments

Fair value gains				
Financial assets designated as at fair value through profit or loss	8 585	5 769	8 585	5 769

29. Solvency margin

Net premiums written			51 507	45 644
Capital and reserves			709 006	684 273
Solvency margin			1 377 %	1 499 %

The solvency margin represents capital and reserves of N$ 709 006 (2022: N$ 684 273) expressed as a percentage of the net premium income of N$ 51 507 (2021: N$ 45 644). Net premium income represents gross premium income of N$ 79 451 (2022: 70 468) less re-insurance premiums of N$ 27 944 (2022: N$ 24 824).

30. Taxation

Major components of the tax expense

Current				
Local income tax - current period	8 690	7 766	8 690	7 766
Deferred				
Originating and reversing temporary differences	(2 621)	(1 457)	(2 621)	(1 457)
	6 069	**6 309**	**6 069**	**6 309**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

30. Taxation (continued)

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	48 744	41 874	48 502	41 878
Tax at the applicable tax rate of 32% (2022: 32%)	15 598	13 400	15 521	13 401
Tax effect of adjustments on taxable income				
Permanent differences	(9 529)	(7 091)	(9 452)	(7 092)
	6 069	**6 309**	**6 069**	**6 309**

31. Cash generated from operations

Profit before taxation	48 744	41 874	48 502	41 878
Adjustments for:				
Depreciation	446	332	446	332
Dividend income	(31 496)	(16 392)	(31 496)	(16 392)
Interest income	(10 637)	(12 334)	(10 637)	(12 334)
Fair value gains	(8 585)	(5 769)	(8 585)	(5 769)
Net impairments and movements in credit loss allowances	9 826	(1 027)	10 617	(1 027)
Movements in retirement benefit assets and liabilities	883	(733)	883	(733)
Movements in provisions	646	(5 586)	646	(5 586)
Other non-cash in financial assets	852	991	852	991
Changes in working capital:				
Trade and other receivables	(2 633)	2 079	(2 633)	2 079
Deferred acquisition costs	(500)	(248)	(500)	(248)
Trade and other payables	9 158	8 403	9 158	8 404
Insurance liabilities	2 639	1 296	2 639	1 296
	19 343	**12 886**	**19 892**	**12 891**

32. Tax paid

Balance at beginning of the year	892	(9 399)	892	(9 399)
Current tax for the year recognised in profit or loss	(8 690)	(7 766)	(8 690)	(7 766)
Balance at end of the year	(1 340)	(892)	(1 340)	(892)
	(9 138)	**(18 057)**	**(9 138)**	**(18 057)**

33. Dividends paid

Balance at beginning of the year	-	(6 800)	-	(6 800)
Dividends	(17 700)	-	(17 700)	-
Balance at end of the year	17 700	-	17 700	-
	-	**(6 800)**	**-**	**(6 800)**

Notes to the Consolidated and Separate Annual Financial Statements

34. Related parties

Holding company	Government of the Republic of Namibia (Ministry of Finance)
Subsidiaries	Refer to note 6
Indirect subsidiary	Quality Vehicles and Bakkie Centre (Pty) Ltd
Directors	Refer to director's report
Fellow state owned enterprises	Refer to note 34

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Related party balances				
Credit guarantee scheme capital contribution from related party				
Government of the Republic of Namibia	-	(9 000)	-	(9 000)
Credit guarantee scheme financial liability - owing to related party				
Development Bank of Namibia Ltd	(50 000)	(50 000)	(50 000)	(500 000)
Dividend payable				
Government of the Republic of Namibia	(17 700)	-	(17 700)	-

Refer to note 8 for disclosure of balances with related parties.

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Related party transactions				
Gross premiums received from related parties				
Bank of Namibia	(13)	(11)	(13)	(11)
De Beers (Namibia) (Pty) Ltd	(549)	(444)	(549)	(444)
Development Bank of Namibia Ltd	(538)	(466)	(538)	(466)
Meat Corporation of Namibia	(333)	(698)	(333)	(698)
Mobile Telecommunications Limited	(853)	(898)	(853)	(898)
Namibia Financial Institutions Supervisory Authority	(13)	-	(13)	-
Namibia Tourism Board	(40)	(38)	(40)	(38)
Namibia University of Science and Technology	(558)	(514)	(558)	(514)
Namibian Broadcasting Corporation	(30)	(27)	(30)	(27)
Namibia Power Corporation	(244)	-	(244)	-
National Housing Enterprise	(225)	(207)	(225)	(207)
Roads Authority	(126)	(126)	(126)	(126)
Social Security Commission	-	(26)	-	(26)
Telecom Namibia Ltd	(418)	-	(418)	-
	(3 940)	**(3 455)**	**(3 940)**	**(3 455)**
Management fees paid to related parties				
Development Bank of Namibia Ltd	-	2 120	-	2 120
Land purchased from related parties				
Cathral Investments Eighty Two (Pty) Ltd	-	-	11 504	-
Quality Vehicles and Bakkie Centre (Pty) Ltd	-	-	4 924	-
	-	**-**	**16 428**	**-**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
34. Related parties (continued)				
Compensation to directors and other key management				
Short-term employee benefits	4 098	2 599	4 098	2 599
Post-employment benefits	247	224	247	224
	4 345	**2 823**	**4 345**	**2 823**

35. Directors' emoluments

Executive

2023

	Emoluments	Performance bonus	Pension and medical contributions	Post retirement benefits	Social Security	Total
NHM Tjozongoro	1 992	380	379	363	1	3 115

2022

	Emoluments	Performance bonus	Pension and medical contributions	Post retirement benefits	Social Security	Total
NHM Tjozongoro	1 979	380	362	(653)	1	2 069

Non-executive

2023

	Directors' fees	Total
For services as directors	1 230	1 230

2022

	Directors' fees	Total
For services as directors	1 134	1 134

36. Categories of financial instruments

Categories of financial assets

Group - 2023

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Investments at amortised cost	10	-	12	12	-
Other financial assets	10	607 494	-	607 494	607 494
Insurance and other receivables	9	-	10 355	10 355	-
Cash and cash equivalents	14	-	34 490	34 490	-
Credit Guarantee Scheme financial asset	13	166 229	-	166 229	166 229
		773 723	**44 857**	**818 580**	**773 723**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ '000

Group - 2022

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Investments at amortised cost	10	-	11	11	-
Other financial assets	10	570 328	-	570 328	570 328
Insurance and other receivables	9	-	9 281	9 281	-
Cash and cash equivalents	14	-	25 233	25 233	-
Credit Guarantee Scheme financial asset	13	154 801	-	154 801	154 801
		725 129	**34 525**	**759 654**	**725 129**

Company - 2023

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Investments at amortised cost	10	-	12	12	-
Other financial assets	10	607 494	-	607 494	607 494
Insurance and other receivables	9	-	10 355	10 355	-
Cash and cash equivalents	14	-	34 488	34 488	-
Credit Guarantee Scheme financial asset	13	166 229	-	166 229	166 229
		773 723	**44 855**	**818 578**	**773 723**

Company - 2022

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Loan to related party	8	-	26 498	26 498	-
Investments at amortised cost	10	-	11	11	-
Other financial assets	10	570 328	-	570 328	570 328
Insurance and other receivables	9	-	9 281	9 281	-
Cash and cash equivalents	14	-	25 231	25 231	-
Credit Guarantee Scheme financial asset	13	154 801	-	154 801	154 801
		725 129	**61 021**	**786 150**	**725 129**

Categories of financial liabilities

Group - 2023

	Note(s)	Amortised cost	Total	Fair value
Reinsurance and other payables	19	49 527	49 527	49 527
Dividend payable	33	17 700	17 700	17 700
Credit Guarantee Scheme financial liability	22	50 000	50 000	50 000
		117 227	**117 227**	**117 227**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ '000

Group - 2022

	Note(s)	Amortised cost	Total	Fair value
Reinsurance and other payables	19	43 435	43 435	43 435
Credit Guarantee Scheme financial liability	22	50 000	50 000	50 000
		93 435	**93 435**	**93 435**

Company - 2023

	Note(s)	Amortised cost	Total	Fair value
Reinsurance and other payables	19	49 525	49 525	49 525
Dividend payable	33	17 700	17 700	17 700
Credit Guarantee Scheme financial liability	22	50 000	50 000	50 000
		117 225	**117 225**	**117 225**

Company - 2022

	Note(s)	Amortised cost	Total	Fair value
Reinsurance and other payables	19	40 047	40 047	40 047
Credit Guarantee Scheme financial liability	13	50 000	50 000	50 000
		90 047	**90 047**	**90 047**

37. Risk management

Capital risk management

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

The group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder and issue new shares.

The company 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$ 4.0 million or 15% of the total amount received by it in respect of premiums (after deducting an amount equal to the premiums paid by the registered insurer or reinsurer in respect of any reinsurance business) during its last preceding financial year, whichever is the greater amount. The company ensures that its solvency requirement is met at all times.

The company must establish and maintain a general reserve fund (in accordance with section 27 of the Namibia Special Risks Insurance Association Act) into which must be deposited at the end of each financial year 25 percent, or such other percentage, as the Board may determine with the written approval of the Minister, of the annual net profits of the company, if the general reserve fund is equal to or exceeds the margin of solvency of the company contemplated by section 23 of the Namibia Special Risks Insurance Association Act. The company ensures that the reserve is maintained.

37. Risk management (continued)

Financial risk management

Overview

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

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

Credit risk

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

Credit risk consists mainly of cash deposits, other financial assets and trade debtors. The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

Debt investments

All of the entity's debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for instruments to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables and fixed deposits.

Refer to note 10 for the reconciliation of loss allowance provision for other financial assets at amortised cost as at 31 March.

All of these financial assets are considered to have low credit risk, and thus the impairment provision recognised during the period was limited to 12 months expected losses. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Significant estimates and judgements

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of financial assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ '000

37. Risk management (continued)

Group		2023			2022		
		Gross carrying amount	Credit loss allowance	Amortised cost / Fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Investments at amortised cost	10	12	-	12	11	-	11
Investments at fair value	10	607 494	-	607 494	570 328	-	570 328
Insurance and other receivables	9	10 499	(144)	10 355	9 425	(144)	9 281
Cash and cash equivalents	14	34 490	-	34 490	25 233	-	25 233
Credit Guarantee Scheme financial assets at fair value	13	166 229	-	166 229	154 801	-	154 801
		818 724	**(144)**	**818 580**	**759 798**	**(144)**	**759 654**

Company		2023			2022		
		Gross carrying amount	Credit loss allowance	Amortised cost / Fair value	Gross carrying amount	Credit loss allowance	Amortised cost / Fair value
Loan to related party	8	17 880	(17 880)	-	33 761	(7 263)	26 498
Investments at amortised cost	10	12	-	12	11	-	11
Investments at fair value	10	607 494	-	607 494	570 328	-	570 328
Insurance and other receivables	9	10 499	(144)	10 355	9 425	(144)	9 281
Cash and cash equivalents	14	34 488	-	34 488	25 231	-	25 231
Credit Guarantee Scheme financial assets at fair value	13	166 229	-	166 229	154 801	-	154 801
		836 602	**(18 024)**	**818 578**	**793 557**	**(7 407)**	**786 150**

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented. Financial assets at fair value do not include a loss allowance. The fair value is therefore equal to the gross carrying amount.

Liquidity risk

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

The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and short term borrowings.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ '000

37. Risk management (continued)

Group - 2023

		Less than 1 year	Total	Carrying amount
Current liabilities				
Reinsurance and other payables	19	49 527	49 527	49 527
Dividend payable		17 700	17 700	17 700
Credit Guarantee Scheme financial liability	22	50 000	50 000	50 000
		117 227	**117 227**	**117 227**

Group - 2022

		Less than 1 year	Total	Carrying amount
Current liabilities				
Reinsurance and other payables	19	43 435	43 435	43 435
		43 435	**43 435**	**43 435**

Company - 2023

		Less than 1 year	Total	Carrying amount
Current liabilities				
Reinsurance and other payables	19	49 525	49 525	49 525
Dividend payable		17 700	17 700	17 700
Credit Guarantee Scheme financial liability	22	50 000	50 000	50 000
		117 225	**117 225**	**117 225**

Company - 2022

		Less than 1 year	Total	Carrying amount
Current liabilities				
Reinsurance and other payables	19	40 047	40 047	40 047
		40 047	**40 047**	**40 047**

Interest rate risk

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

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with floating rate financial assets, and on the fair value of fixed maturity investments included in the group's investment portfolios. Additionally, relative values of alternative investments and their liquidity of the instruments invested in, could affect value of interest rate linked investments. The ongoing assessment by an investment research team of professional advisors, of market expectations, within the Namibian interest rate environment, drives the process of asset allocation in this investment category.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ '000

37. Risk management (continued)

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Deposits and all investments attract interest at rates that vary with prime. The group's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on profit or loss.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Note	Average effective interest rate		Carrying amount	
Group		2023	2022	2023	2022
Variable rate instruments:					
Assets					
Credit Guarantee Scheme financial assets at fair value	13	- %	- %	101 479	90 051
Cash and cash equivalents	14	5.25 %	5.25 %	34 491	25 233
Financial assets at fair value through profit and loss - non interest bearing	10	- %	- %	593 494	564 328
Financial assets held at amortised cost	10	8.10 %	8.10 %	12	11
				729 476	**679 623**
Liabilities					
Credit Guarantee Scheme financial liability	22	- %	- %	(50 000)	(50 000)
Trade and other payables - normal credit terms	19	- %	- %	(49 527)	(43 435)
Dividend payable		- %	- %	(17 700)	-
				(117 227)	**(93 435)**
Net variable rate financial instruments				**612 249**	**586 188**
Fixed rate instruments:					
Assets					
Financial assets at fair value through profit and loss	10	7.70 %	7.70 %	14 000	6 000
Credit Guarantee Scheme financial assets at fair value	13	- %	- %	64 750	64 750
				78 750	**70 750**
Variable rate financial assets as a percentage of total interest bearing financial assets				90.26 %	90.57 %
Fixed rate financial assets as a percentage of total interest bearing financial assets				9.74 %	9.43 %
Variable rate financial liabilities as a percentage of total interest bearing financial liabilities				100.00 %	100.00 %

Figures in N$ '000

Notes to the Consolidated and Separate Annual Financial Statements

37. Risk management (continued)

	Note	Average effective interest rate		Carrying amount	
Company		2023	2022	2023	2022
Variable rate instruments:					
Assets					
Credit Guarantee Scheme financial assets at fair value	13	- %	- %	101 479	90 051
Cash and cash equivalents	14	5.25 %	5.25 %	34 488	25 231
Financial assets at fair value through profit and loss - non interest bearing	10	- %	- %	593 494	564 328
Financial assets held at amortised cost	10	8.10 %	8.10 %	12	11
				729 473	**679 621**
Liabilities					
Credit Guarantee Scheme financial liability	22	- %	- %	(50 000)	(50 000)
Reinsurance and other payables - normal credit terms	19	- %	- %	(49 525)	(40 047)
Dividend payable		- %	- %	(17 700)	-
				(117 225)	**(90 047)**
Net variable rate financial instruments				**612 248**	**589 574**
Fixed rate instruments:					
Assets					
Financial assets at fair value through profit and loss	10	7.70 %	7.70 %	14 000	14 000
Credit Guarantee Scheme financial assets at fair value	13	- %	- %	64 750	64 750
				78 750	**78 750**
Variable rate financial assets as a percentage of total interest bearing financial assets				90.26 %	89.62 %
Fixed rate financial assets as a percentage of total interest bearing financial assets				9.74 %	10.38 %
Variable rate financial liabilities as a percentage of total interest bearing financial liabilities				100.00 %	100.00 %

Interest rate sensitivity analysis

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

Group

At 31 March 2023, if the interest rate had been 0.50% per annum (2022: 0.50%) higher or lower during the period, with all other variables held constant, the impact on equity for the year would have been N$ 3 455 (2022: N$ 3 294) lower and N$ 3 455 (2022: N$ 3 294) higher.

Company

At 31 March 2023, if the interest rate had been 0.50% per annum (2022: 0.50%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been N$ 3 455 (2022: N$ 3 294) lower and N$ 3 455 (2022: N$ 3 294) higher.

Figures in N$ '000

37. Risk management (continued)

Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the statement of financial position either as fair value through profit or loss. The group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group. The stock selection and investment analysis process of assets, is supported by a well-developed research function utilising professional advisors.

The group's investments in equity of other entities that are publicly traded are included in one of the following three equity indexes: NSX (Namibian Stock Exchange), JSE (Johannesburg Stock Exchange) and on International Stock Exchanges.

Price risk sensitivity analysis

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

Group	2023	2023	2022	2022
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Johannesburg Stock Exchange top 40 index effect	-	-	30 896	30 896
Namibia Stock Exchange effect	-	-	-	-
	-	**-**	**30 896**	**30 896**

Company	2023	2023	2022	2022
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Johannesburg Stock Exchange top 40 index effect	-	-	30 896	30 896
Namibia Stock Exchange effect	-	-	-	-
	-	**-**	**30 896**	**30 896**

Insurance risk

The group issues contracts that transfer insurance risk. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, the materialisation of risk is random and therefore unpredictable.

For its portfolio of insurance contracts the principal risk that the group faces under the insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur when the frequency or severity of the claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The group does not calculate the estimated cost of unpaid claims (both reported and not) as the group's claims experience is minimal and the cost of unpaid claims cannot be reliably estimated.

The group further manages insurance risk by placing re-insurance with credible re-insurance companies.

Notes to the Consolidated and Separate Annual Financial Statements

		Group		Company	
		2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

38. Fair value information

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 1

Recurring fair value measurements

	Note	Group 2023	Group 2022	Company 2023	Company 2022
Assets					
Financial assets designated at fair value through profit (loss)					
Listed shares	10	125 777	120 397	125 777	120 397
Total		**125 777**	**120 397**	**125 777**	**120 397**

Level 2

Recurring fair value measurements

	Note	Group 2023	Group 2022	Company 2023	Company 2022
Assets					
Financial assets designated at fair value through profit (loss)					
Unit trusts	10	467 717	443 931	467 717	443 931
Unit trusts - Credit Guarantee Scheme	13	101 479	90 051	101 479	90 051
Bonds	10	14 000	6 000	14 000	6 000
Bonds - Credit Guarantee Scheme financial asset	13	64 750	64 750	64 750	64 750
		647 946	**604 732**	**647 946**	**604 732**
Total		**647 946**	**533 982**	**647 946**	**533 982**

Level 3

Recurring fair value measurements

	Note	Group 2023	Group 2022	Company 2023	Company 2022
Assets					
Investment property					
Land	4	18 544	-	18 544	-
Property, plant and equipment					
Land	3	-	26 254	-	-

Notes to the Consolidated and Separate Annual Financial Statements

		Group		Company	
		2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
38. Fair value information (continued)					
Financial assets at amortised cost					
Trade and receivables	9	10 355	9 281	10 355	9 281
Cash and cash equivalents	14	34 490	25 233	34 488	25 231
Loan to related party	8	-	-	-	26 498
Fixed deposits	10	12	11	12	11
		44 857	**34 525**	**44 855**	**61 021**
Liabilities					
Financial liabilities at amortised cost					
Reinsurance and other payables	19	(49 527)	(43 435)	(49 525)	(43 434)
Retirement benefit obligation	18	(2 350)	(1 467)	(2 350)	(1 467)
Credit Guarantee Scheme financial liability	22	(50 000)	(50 000)	(50 000)	(50 000)
Dividend payable	33	(17 700)	-	(17 700)	-
		(119 577)	**(94 902)**	**(119 575)**	**(94 901)**
Total		**182 978**	**226 431**	**182 974**	**226 672**

39. Going concern

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

40. Events after the reporting period

The company and Namibia National Reinsurance Corporation Limited (NAMIBRE) reached an agreement in May 2022 regarding the per policy cession whereby NAMIBRE waivered the reinsurance premiums payable for 2019 and 2020. The two entities resolved that the company should pay per policy cession for 2021 to 2023 amounting to N$ 22 044 434 including VAT and the payment was made on 1 June 2023.

NHM Tjozongoro retired from service on 30 June 2023 and J. Uusiku was appointed as the Acting Managing Director for a period of 6 months.

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

Consolidated and Separate Detailed Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Note	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Premiums					
Gross premiums		79 451	70 468	79 451	70 468
Re-insurance premiums					
Re-insurance premiums		(27 944)	(24 824)	(27 944)	(24 824)
Net premiums written		**51 507**	**45 644**	**51 507**	**45 644**
Other operating income					
Commission received		4 135	2 198	4 135	2 198
Credit Guarantee Scheme management fees		1 212	2 524	1 212	2 524
Other income		12	111	12	111
	25	**5 359**	**4 833**	**5 359**	**4 833**
Movement in credit loss allowances	26	-	1 027	(10 617)	1 027
Expenses (Refer to page 65)		**(58 840)**	**(44 125)**	**(48 465)**	**(44 121)**
Operating profit before net investment income	26	**(1 974)**	**7 379**	**(2 216)**	**7 383**
Investment income	27	42 133	28 726	42 133	28 726
Fair value gains		8 585	5 769	8 585	5 769
Profit before taxation		**48 744**	**41 874**	**48 502**	**41 878**
Taxation	30	(6 069)	(6 309)	(6 069)	(6 309)
Total comprehensive income for the year*		**42 675**	**35 565**	**42 433**	**35 569**

Consolidated and Separate Detailed Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Note(s)	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Expenses					
Accounting fees		(6)	(13)	(6)	(13)
Advertising		(2 928)	(1 991)	(2 928)	(1 991)
Amortisation		(55)	(11)	(55)	(11)
Audit fees	26	(903)	(857)	(903)	(857)
Bank charges		(267)	(230)	(267)	(226)
Credit Guarantee Scheme DBN management fees		-	(2 120)	-	(2 120)
Claims paid		(9)	(712)	(9)	(712)
Commission expense		(15 350)	(13 646)	(15 350)	(13 646)
Computer expenses		(872)	(650)	(872)	(650)
Consulting fees		(246)	(777)	(246)	(777)
Depreciation		(391)	(321)	(391)	(321)
Employee costs		(19 528)	(14 841)	(19 528)	(14 841)
Entertainment		(116)	(36)	(116)	(36)
Impairment		(9 826)	-	-	-
Insurance		(216)	(108)	(216)	(108)
Legal fees		-	(222)	-	(222)
Management fees		(1 062)	(1 033)	(1 062)	(1 033)
Membership fees		(287)	(233)	(287)	(233)
Motor vehicle expenses		(235)	(172)	(235)	(172)
Municipal expenses		(301)	-	-	-
Credit Guarantee Scheme costs		(169)	(2 986)	(169)	(2 986)
New product development		(1 049)	(272)	(1 049)	(272)
Office expenses		(364)	(135)	(116)	(135)
Transfer to deferred acquisition costs		325	248	325	248
Penalties and fines		(109)	(117)	(109)	(117)
Personnel expenses		(13)	(17)	(13)	(17)
Postage		-	(1)	-	(1)
Printing and stationery		(234)	(157)	(234)	(157)
Rent and levies		(382)	(357)	(382)	(357)
Repairs and maintenance		(60)	(4)	(60)	(4)
Secretarial fees		(4)	(39)	(4)	(39)
Security		(7)	(5)	(7)	(5)
Social upliftment		-	(130)	-	(130)
Staff welfare		(105)	(164)	(105)	(164)
Stamp duty		(353)	(237)	(353)	(237)
Subscriptions		(5)	(4)	(5)	(4)
Telephone and fax		(419)	(370)	(419)	(370)
Change in unearned premium reserve		(2 639)	(1 296)	(2 639)	(1 296)
Travel - foreign		(315)	-	(315)	-
Travel - local		(340)	(109)	(340)	(109)
		(58 840)	**(44 125)**	**(48 465)**	**(44 121)**