Republic of Namibia

AUDIT REPORT ON THE ACCOUNTS OF THE

MOTOR VEHICLE ACCIDENT FUND

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

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REPUBLIC OF NAMIBIA

TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Motor Vehicle Accident Fund for the financial year ended 31 March 2008, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

WINDHOEK, March 2009

REPORT of the AUDITOR-GENERAL
on the ACCOUNTS of the MOTOR VEHICLE ACCIDENT FUND
for the financial year ended 31 March 2008

1. INTRODUCTION

The accounts of the Motor Vehicle Accident Fund (the Fund) for the year ended 31 March 2008 are being reported in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Motor Vehicle Accident Fund Act, 2001 (Act 4 of 2001) herein after called the Act.

The firm Grand Namibia has been appointed by the Auditor-General under the provisions of section 26(2) of the State Finance Act, 1991, to audit the accounts of the Fund on his behalf and under his supervision. Figures in the report are rounded off to the nearest Namibia dollar.

2. ESTABLISHMENT

The Motor Vehicle Accident Fund was established in terms of section 2 of the Act. The Act provides for the establishment, management and administration of the Fund, payment of compensation to victims of motor vehicle accidents and incidental matters. Section 18(2) of the Act provides that any claim or obligation which arose before the commencement of the Act, be dealt with in accordance with the repealed law, but any payment due to the claimant under the repealed law (Act No. 30 of 1990) shall be paid out of the Fund.

3. FINANCIAL STATEMENTS

The Fund's statements of account referred to in section 4(3) of the Act and other statements in respect of the financial year were audited in terms of section 4(4) of the Act and are filed in the Office of the Auditor-General. Those published in this report are:

Annexure A:	Report of the directors
Annexure B:	Balance sheet
Annexure C:	Income and expenditure account
Annexure D:	Statement of changes in equity
Annexure E:	Cash flow statement
Annexure F:	Notes to the financial statements

4. SCOPE OF THE AUDIT

The Accounting Officer of the Fund is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

The audit as carried out by the said firm included:

a) examination on a test basis of evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements,

b) assessment of the significant estimates and judgements made by the Accounting Officer of the Fund in the preparation of the financial statements and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed, and

c) evaluation of the overall adequacy of the presentation of information in the financial statements.

The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- in all material respects, the expenditure and income have been applied to the purposes intended, and
- the financial transactions conform to the authorities, which govern them.

5. AUDIT OBSERVATIONS

5.1 Going concern

At balance sheet date the Fund's liabilities exceeded assets by N$ 141 274 442 (2007: N$ 211 899 767). The Fund's going concern status is still not positive although a vast improvement has been noted.

6. ACKNOWLEDGEMENT

The assistance and co-operation given by the staff of the Fund during the audit is appreciated.

7. QUALIFIED AUDIT OPINION

The financial statements of the Motor Vehicle Accident Fund for the financial year ended 31 March 2008 have been audited in accordance with the provisions of section 25(1)(b) of the State Finance Act, 1991, read with section 4(4)(a) of the Motor Vehicle Accidents Fund Act, 2001 (Act 4 of 2001).

My opinion has been qualified due to the going concern status of the Fund as mentioned in paragraph 5.1. above.

Except for the remark made above, in my opinion these financial statements fairly present the net assets of the Motor Vehicle Accident Fund at 31 March 2008, its net costs of operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

WINDHOEK, March 2009

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

ANNEXURE A

MOTOR VEHICLE ACCIDENT FUND

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

REPORT OF THE DIRECTORS

The directors present their annual report, which forms part of the audited financial statements of the Fund for the year ended 31 March 2008.

ACTIVITIES OF THE FUND

The Fund has been established to pay compensation to a person who has suffered loss or damages as a result of a motor vehicle accident and incidental matters.

STATE OF AFFAIRS AND FINANCIAL RESULTS

The state of affairs and full details of financial results are dealt with in the annual financial statements and can be summarised as follows:

	2008	2007
	N$	N$
Fuel levy income	148 127 488	108 230 553
Interest income	4 523 412	4 087 201
Sundry income	136 108	-
Reinsurance recoveries	-	298 670
Claim expenses	47 826 254	25 021 945
Movement in claim provision and reserves	(18 456 622)	106 413 318

Analytical review of the Fund's operations and state of affairs

The fuel levy rate increased from 0.177 to 0.197 per litre of petrol and diesel with effect from August 2007.

Following the Actuarial Valuation performed at the reporting date, provisions for claims and related expenditure were charged to income in the current year, with the following effect:

	2008	2007
	N$	N$
Total assets	98 158 631	80 920 538
Total liabilities	239 433 073	292 820 305
Fund deficit	(141 274 442)	(211 899 767)
Ratio of total assets to Fund deficit	0.69:1	0.38:1
Ratio of total assets to Fund deficit %	69%	38%

ANNEXURE A

MOTOR VEHICLE ACCIDENT FUND

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

REPORT OF THE DIRECTORS (continued)

	2008	**2007**
	N$	N$
Fuel sales in litres		
Diesel	456 114 198	442 909 096
Petrol	320 602 312	308 201 981
	776 716 510	**751 111 077**
Increase/(decrease) in litres sold	**25 605 433**	**23 047 602**

CASH AND INVESTMENTS

Surplus cash and part of investment returns invested at various financial institutions comprise:

	2008	**2007**
	N$	N$
Short term investments – held to maturity	25 356 637	32 277 689
Call account investments	19 298 317	24 238 532
Total short-term cash investments	**44 654 954**	**56 516 221**
Overdraft facility - current account	(77 355)	(3 754 681)
Cash on hand	15 802	7 341
Total cash and cash equivalents as per financial statements	**44 593 401**	**52 768 881**
Total cash and investments	**44 593 401**	**52 768 881**

STAFF COSTS

Staff costs increased by a margin of 62% as the staff compliment increased to 79 in the current financial year.

MOTOR VEHICLE ACCIDENT FUND

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

REPORT OF THE DIRECTORS (continued)

POST BALANCE SHEET EVENTS AND CONTINGENCIES

There are no post balance sheet events that materially affect the financial year under review.

DIRECTORATE

The following directors served during the financial year under review:

P . Amunyela (Chairman, Namibian)	Reappointed, 01 October 2007
Dr . Z . Erkana (Namibian)	Reappointed, 01 October 2007
W. Enssle (Namibian)	Reappointed, 01 October 2007
M. Nangombe (Namibian)	Reappointed, 1 October 2007
E. N. M. Angula (Namibian)	Resigned, 07 November 2007
T. Mulunga (Namibian)	Resigned, 01 October 2007

WINDHOEK
February 2009

ANNEXURE B

MOTOR VEHICLE ACCIDENT FUND

BALANCE SHEET AS AT 31 MARCH

	Notes	2008 N$	2007 N$
ASSETS			
Non-current assets			
Property, plant and equipment	5	23 415 149	2 361 826
Current assets		74 743 482	78 558 712
Accounts receivable	6	30 072 726	22 035 150
Cash and cash equivalents	7	19 314 119	24 245 873
Investments	8	25 356 637	32 277 689
Total assets		**98 158 631**	**80 920 538**
EQUITY AND LIABILITIES			
Funds and reserves			
Accumulated (Deficit)/Funds		(141 274 442)	(211 899 767)
Non-current liabilities			
Claim provisions and reserves	10	227 058 000	284 200 000
Current liabilities		12 375 073	8 620 305
Accounts payable	9	12 297 718	4 865 624
Bank overdraft	7	77 355	3 754 681
Total equity and liabilities		**98 158 631**	**80 920 538**

ANNEXURE C

MOTOR VEHICLE ACCIDENT FUND

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH

	Notes	2008	2007
		N$	N$
Income		**152 787 008**	**112 618 081**
Fuel levy revenue		148 127 488	108 230 553
Interest received		4 523 412	4 087 201
Reinsurance recoveries		-	298 670
Sundry income		136 108	1 657
Expenditure		**82 161 683**	**161 437 322**
Claims paid		47 826 254	25 021 945
General administrative expenses		52 792 051	30 002 059
Movement in claim provision	10	(18 456 622)	106 413 318
(DEFICIT)/SURPLUS FOR THE YEAR		**70 625 325**	**(48 819 241)**

ANNEXURE D

MOTOR VEHICLE ACCIDENT FUND

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH

	2008	2007
	N$	N$
ACCUMULATED FUNDS		
Balance at the beginning of the year	(211 899 767)	(163 080 526)
Net (deficit)/surplus for the year	70 625 325	(48 819 241)
Balance at the end of the year	**(141 274 442)**	**(211 899 767)**

ANNEXURE E

MOTOR VEHICLE ACCIDENT FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH

	Notes	2008	2007
		N$	N$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts		140 323 935	103 148 829
Cash payments		(130 962 927)	(98 340 878)
Cash generated/(utilized) by operations	11	9 361 008	4 807 951
Investment income	2	4 425 497	4 062 492
Net cash flow from operating activities		13 786 505	8 870 443
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of fixed assets		(21 961 985)	(1 470 851)
Withdrawal of investments		-	8 854 141
Movement in short-term investments		6 921 052	6 164 313
Net cash flow from investing activities		(15 040 933)	13 547 603
Net increase/(decrease) in cash and cash equivalents		(1 254 428)	22 418 046
Cash and cash equivalents at the beginning of the year		20 491 192	(1 926 854)
Cash and cash equivalents at the end of the year	7	**19 236 764**	**20 491 192**

1. ACCOUNTING POLICIES

1.1 Basis of presentation

The funds' financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Committee ("IFRIC") of the IASB. These are the company's first financial statements to be prepared in accordance with IFRS, and IFRS1, First Time Adoption of International Financial Reporting Standards, has been applied. The financial statements are prepared on a historical cost basis, except for financial assets and liabilities where the fair value and amortised cost basis of accounting is adopted.

Significant judgement

In preparing the financial statements, management is required to make estimates and assumptions that effect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgements are inherent in the formation of estimates. Actual results in the future could differ from those estimates, which may be material to the financial statements.

Significant judgements include:

- Trade receivables

The Fund assesses its trade receivables and loans and receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the income statement, the Fund makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

- Asset lives

Property, plant and equipment are depreciated over their useful lives taking into account residual values where appropriate. In assessing useful lives, factors such as technology innovation, product life cycles as well as maintenance programmes are taken into account.

- Residual values

The residual values of property, plant and equipment are reviewed at each balance sheet date. The residual values are based on the assessment of the useful lives and other available information.

- Outstanding claims provision

The estimation of the ultimate liability arising from claims incurred but not settled at the reporting date is the Fund's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Fund will ultimately pay for such claims. The provision for outstanding claims is actuarially determined on an annual basis. The measurement of the obligations in respect of this liability requires actuarial estimates and valuations. An actuary is engaged to perform these calculations. More details on the actuarial assumptions can be found in note 10.

1.2 Underlying concepts

The financial statements are prepared on the going-concern basis using accrual accounting.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a currently legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the standard. If no such guidance is given, they are applied retrospectively, unless it is impractical to do so, in which case they are applied prospectively.

Changes in accounting estimates are recognised in profit or loss.

Prior period errors are retrospectively restated unless it is impractical to do so, in which case they are applied prospectively.

Accounting policies are not applied when the effect of applying them is immaterial.

1.3 Recognition of assets and liabilities

Assets are only recognized if they meet the definition of an asset, that is when it is probable that future economic benefits associated with the asset will flow to the Fund and the cost or fair value can be measured reliably.

Liabilities are only recognized if they meet the definition of a liability, that is when it is probable that future economic benefits associated with the liability will flow from the Fund and the cost or fair value can be measured reliably.

Financial instruments are recognized when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities as a result of firm commitments are only recognized when one of the parties has performed under the contract.

1.4 Derecognition of assets and liabilities

Financial assets or parts thereof are derecognised when the contractual rights to receive cash flows have been transferred or have expired or if substantially all the risks and rewards of ownership have passed. Where substantially all the risks and rewards of ownership have not been transferred or retained, the financial assets are derecognised if they are no longer controlled. However, if control in this situation is retained, the financial assets are recognised only to the extent of the continuing involvement in those assets.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use or on disposal.

Financial liabilities are derecognised when the relevant obligation has either been discharged or cancelled or has expired.

1.5 Property, plant, equipment and depreciation

All property, plant and equipment are shown at cost, less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to the income statement during the financial period in which they are incurred.

Depreciation is charged so as to write off the depreciable amount of the assets, other than land, over the estimated useful lives, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Fund.

Where significant parts on an item have different useful lives, or patterns in which future economic benefits are expected to be consumed, to the item itself, these parts are depreciated over their estimated useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives as follows:

Motor vehicles	2 - 4 years
Office furniture & equipment	7 - 10 years
Computer equipment	3 years

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

1.6 Impairment of assets

At each reporting date the carrying amount of the tangible and intangible assets are assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Value in use is estimated taking into account future cash flows, forecast market conditions and the expected lives of the assets.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to the higher of its recoverable amount and zero. Impairment losses are recognised in profit or loss. The loss is first allocated to reduce the carrying amount of goodwill and then to the other assets of the cash-generating unit. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

If an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss.

1.7 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, that is when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Fund expects a provision to be reimbursed, the reimbursement is recognised as a separate asset only when it is virtually certain.

Where the effect of discounting is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

A liability is recognized for the amount expected to be paid under bonus plans if the Fund has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

1.8 Financial instruments

Financial instruments carried on the balance sheet include all financial assets and liabilities.

Investments

Investments in debt and equity securities are classified in the following four categories: Available-for-sale, held-to-maturity, loans and receivables and at fair value through profit and loss. The classification is dependant on the purpose for which the investments were acquired. Management determines the classification on its investments at the time of purchase and re-evaluates such designation on a regular basis.

Available-for-sale investments

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are included in non-current assets unless management has the express intention of holding the investments for less than twelve months from the balance sheet date or unless they will be sold to raise operating capital, in which case they are included in current assets. Available-for-sale investments include unlisted shares.

Held-to-maturity investments

Investments with a fixed-maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets except for maturities within twelve months from the balance sheet date which are classified as current assets. Held-to-maturity investments include government stock, debentures and treasury bills.

Loans and receivables

Money, goods or services provided to a debtor by the Fund that creates a financial asset in the Fund is classified as loans and receivables. Loans and receivables include mortgages, loans and receivables and staff bonds.

Fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term.

Recognition and measurement

Financial instrument purchases and disposals are initially measured at cost which includes transaction costs and are recognised using trade date accounting. The trade date is the date that the Fund commits to purchase or sell the asset. Subsequently to initial measurement available-for-sale investments are carried at fair value while originated loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest yield method. Financial liabilities are measured at amortised cost.

Gains and losses

Realised and unrealised gains and losses arising from changes in the fair value of investments are included in the income statement in the period in which they arise. Gains and losses on available-for-sale assets are recorded directly to equity.

Fair value

The fair value of unlisted investments is the amount that could be realised in an arms length transaction, between willing and knowledgeable parties. Where no active market exists, unlisted investments are valued at directors' valuation.

Off-set

Where a legally enforceable right to off-set exists for recognised financial assets and financial liabilities and there is an intention to settle the liability and realise the asset simultaneously or to settle on a net basis, all related financial effects are off-set.

1.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at fair value. Cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in money market instruments. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

1.10 Leased assets

Leases of property, plant and equipment where the Fund assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance charge is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the lesser of the useful life of the assets or the lease term of the assets.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

1.11 Revenue recognition

Revenue comprises mainly fuel levies and investment income and are recognized as follows:

Fuel levies

The main income received by the Fund is a levy that is based on fuel sales, known as the Motor Vehicle Accident Fund Levy. The Motor Vehicle Accident Fund Levy is a charge levied on fuel throughout the country and the quantum of the Fund Levy per litre is determined by the Ministry of Mines and Energy.

The Fund recognizes revenue from the fuel levies when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Fund.

Revenue is measured at the fair value of the consideration received or receivable.

Investment income

Investment income comprises interest income on funds invested. Interest income for financial assets not classified as at fair value through profit or loss is recognized on a time-proportion basis, using the effective interest method.

1.12 Post balance sheet events

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note.

1.13 Expenses

All expenses are accounted for as incurred. Appropriate portions of expenses are allocated to underwriting expenses, claims incurred and investment expenses.

MOTOR VEHICLE ACCIDENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008 (continued)

1.14 New and Revised International Financial Reporting Standards

International Financial Reporting Standards and amendments issued, but not effective for the March 2008 year-end, which might have an impact on the financial statements of the Fund in future, are as follows:

Number	Title	Effective date
IAS 1	Presentation of financial statements *[amendments to structure of financial statements]*	01 January 2009
IAS 8	Accounting policies, changes in accounting estimates and errors	01 January 2009
IAS 16	Property, plant and equipment	01 January 2009
IAS 32	Financial instruments: Presentation *[Revised]*	01 January 2009
IAS 36	Impairment of assets *[Revised]*	01 January 2009
IAS 39	Financial instruments: Recognition and measurement *[Revised]*	01 January 2009

2. INVESTMENT INCOME

	2008 N$	2007 N$
Interest received	4 523 412	4 087 201
Interest paid on short-term borrowings	(97 915)	(24 709)
	4 425 497	**4 062 492**

3. GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses include the following:

Depreciation of fixed assets	908 662	512 052
Auditors' remuneration		
- Previous year	320 000	114 514
Staff costs	26 120 037	16 128 172
Remuneration for managerial, technical, administrative or secretarial services other than to bona fide employees	3 029 097	2 325 544

MOTOR VEHICLE ACCIDENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008 (continued)

5. PROPERTY, PLANT AND EQUIPMENT

31 March 2008	Land and buildings N$	Motor vehicles N$	Office equipment & furniture N$	Computer equipment N$	TOTAL N$
Opening net book value	**390 915**	**-**	**1 224 173**	**746 738**	**2 361 826**
- Cost	390 915	-	1 506 874	1 666 368	3 564 157
- Accumulated depreciation	-	-	(282 701)	(919 630)	(1 202 331)
Additions	17 730 402	2 022 851	1 784 273	424 459	21 961 985
Depreciation	-	(68 045)	(276 174)	(564 443)	(908 662)
Closing net book value	**18 121 317**	**1 954 806**	**2 732 272**	**606 754**	**23 415 149**
- Cost	18 121 317	2 022 851	3 291 147	2 090 827	25 526 142
- Accumulated depreciation *	-	(68 045)	(558 875)	(1 484 073)	(2 110 993)

* (restated)

31 March 2007	Land and buildings N$	Motor vehicles N$	Office equipment & furniture N$	Computer equipment N$	TOTAL N$
Opening net book value	**-**	**-**	**746 371**	**656 658**	**1 403 029**
- Cost	-	-	925 331	1 167 977	2 093 308
- Accumulated depreciation	-	-	(178 960)	(511 319)	(690 279)
Additions	390 915	-	581 543	498 391	1 470 849
Depreciation	-	-	(103 741)	(408 311)	(512 052)
Closing net book value	**390 915**	**-**	**1 224 173**	**746 738**	**2 361 826**
- Cost	390 915	-	1 506 874	1 666 368	3 564 157
- Accumulated depreciation	-	-	(282 701)	(919 630)	(1 202 331)

Land and buildings consist of:

- Erf 6326, measuring 2 795m², situated in the municipal area of Ongwediva
- Erf 8495, measuring 5 768m², situated in the municipal area of Windhoek

6. ACCOUNTS RECEIVABLE

	2008 N$	2007 N$
Fuel levies receivable	26 074 052	21 960 449
Staff loans	1 298 131	-
Customer Control Account	1 147 076	44 100
Other	1 553 467	30 601
	30 072 726	**22 035 150**

6. ACCOUNTS RECEIVABLE (continued)

Trade and other receivables past due but not impaired

At 31 March 2008, N$ 30 072 726 (2007: N$ 22 035 150) were past due, but not impaired. The ageing of amounts past due, but not impaired are as follows:

	2008 N$	2007 N$
Less than 1 year	30 028 626	22 035 150
2-3 years	44 100	-
More than 3 years	-	-
	30 072 726	**22 035 150**

7. CASH AND CASH EQUIVALENTS

	2008 N$	2007 N$
Standard Bank		
- Current account	(77 355)	(3 342 758)
- Call account Serial 1	1 121 602	22 623 871
- Call account Serial 2	15 619 883	-
First National Bank		
- Call account	2 833	1 592 296
- Current account	2 140 860	(403 883)
- Current account – Xupifa	413 139	-
- Petty cash	1 461	(8 040)
Bank Windhoek		
- Call account	-	22 365
Petty cash	4 841	4 841
Cash on hand	9 500	2 500
	19 236 764	**20 491 192**

8. SHORT-TERM INVESTMENTS

	2008 N$	2007 N$
Nampost	13 974 008	10 445 385
Bank Windhoek	-	10 287 620
Treasury Bills	-	11 544 684
Nedbank Namibia	11 382 629	-
	25 356 637	**32 277 689**

9. ACCOUNTS PAYABLE

	2008 N$	2007 N$
Accrued expenses	7 776 943	2 769 852
Suppliers Control Account	1 869 495	919 662
Other payables	1 952 124	476 954
VAT	699 156	699 156
	12 297 718	**4 865 624**

10. CLAIM PROVISIONS AND RESERVES

10.1 Methodology used in determining the provision for outstanding claims

The following methodology was used to estimate the outstanding claim provision:

	2008	2007
	N$	N$
Incurred but not reported claims	19 837 000	157 000 000
Outstanding reported claims	20 645 000	20 000 000
Claims undertakings	154 147 000	81 700 000
Claims handling expenses	2 429 000	15 500 000
Contingency Reserve	30 000 000	10 000 000
	227 058 000	**284 200 000**

The carrying amount of provision and reserves can be reconciled as follows:

	2008	2007
Opening balance	284 200 000	223 300 000
Movement for the year	(18 456 622)	106 413 318
Paid during the year	(38 685 378)	(45 513 318)
Closing balance	**227 058 000**	**284 200 000**

The Provision for Outstanding claims includes **(1)**.
Notified Outstanding Claims Reserve (NOCR) and **(2).**
Claims incurred but not Reported Reserve (IBNR)

11. CASH GENERATED/(UTILISED) BY OPERATIONS

		2008	2007
(Deficit)/ Net surplus for the year		70 625 325	(48 819 241)
Adjusted for:			
Allocation to Provisions/Reserves		-	60 900 000
Depreciation	5	908 662	512 052
Investment Income	2	(4 425 497)	(4 062 491)
Changes in working capital		(57 747 482)	(3 722 369)
Increase/(decrease) in Accounts Payable		(49 709 906)	1 684 390
(Increase) in Accounts Receivable		(8 037 576)	(5 406 759)
Cash generated/(utilised) by operations		**9 361 008**	**4 807 951**

12. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Available for sale N$	Held to maturity N$	Loans and receivables N$	Fair value through profit and loss N$
Financial assets				
Cash and cash equivalents	-	-	-	19 314 119
Trade and other receivables	-	-	30 072 726	-
Investments	-	25 356 637	-	-
Total	-	25 356 637	30 072 726	19 314 119

	Others N$	Fair value through profit and loss N$
Financial liabilities		
Trade and other payables	12 297 718	-
Bank overdraft	-	77 355
Total	12 297 718	77 355

13. CAPITAL COMMITMENTS

	2008 N$	2007 N$
Authorised by the Board but not yet contracted:		
Property, plant and equipment	18 121 318	28 700 000

14. IFRS

14.1 First time adoption of International Financial Reporting Standards

The Fund has applied IFRS1, first time adoption of International Reporting Standards, to provide a starting point for the reporting under International Reporting and Accounting Standards. On principle, these standards have been applied retrospectively and the 2007 comparatives contained in these annual financial statements differ from the annual financial statements for the year ended 31 March 2008.

Reconciliation of equity on transition date 01 April 2006:

	Note	As reported under previous GAAP	Effect of transition to IFRS	IFRS
		N$	N$	N$
Property, plant and equipment	5	1 415 730	12 701	1 403 029
Trade and other receivables		16 628 390	-	16 628 390
Investments		47 296 143	-	47 296 143
Total assets		**65 340 263**	**(12 701)**	**65 327 562**

	Note	As reported under previous GAAP	Effect of transition to IFRS	IFRS
		N$	N$	N$
Claims provisions and reserves	5	223 300 000	-	223 300 000
Trade and other payables		3 181 234	-	3 181 234
Bank overdrafts		1 926 854	-	1 926 854
Total liabilities		**228 408 088**	**-**	**228 408 088**
Total assets less total liabilities		(163 067 825)	(12 701)	(163 080 526)
Total equity		(163 067 825)	(12 701)	(163 080 526)

MOTOR VEHICLE ACCIDENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008 (continued)

Reconciliation of equity on transition date 31 March 2007:

	Note	As reported under previous GAAP	Effect of transition to IFRS	IFRS
		N$	N$	N$
Property, plant and equipment	5	2 321 809	40 017	2 361 826
Trade and other receivables		22 035 150	-	22 035 150
Cash and cash equivalents		24 245 873	-	24 245 873
Investments		32 277 689	-	32 277 689
Total assets		**80 880 521**	**40 017**	**80 920 538**

	Note	As reported under previous GAAP	Effect of transition to IFRS	IFRS
		N$	N$	N$
Claims provisions and reserves	5	284 200 000	-	284 200 000
Trade and other payables		4 865 624	-	4 865 624
Bank overdrafts		3 754 681	-	3 754 681
Total liabilities		**292 820 305**	**-**	**292 820 305**
Total assets less total liabilities		(211 939 784)	40 017	(211 899 767)
Total equity		(211 939 784)	40 017	(211 899 767)

Reconciliation of surplus and deficits for 2007

	As reported under previous GAAP	Effect of transition to IFRS	IFRS
	N$	N$	N$
Income/revenue	112 618 081	-	112 618 081
Expenditure	**161 490 049**	**(52 727)**	**161 437 322**
Personnel and related costs	16 128 172	-	16 128 172
Administration and other	38 383 780	-	38 383 780
Movement in claims provision	106 413 318	-	106 413 318
Depreciation	564 779	(52 727)	512 052
(Deficit)/profit for the year	(48 871 968)	52 727	(48 819 241)

15. FINANCIAL RISK MANAGEMENT

Overview

The Fund is exposed to a range of financial risks through its financial assets and financial liabilities. The most important components of this financial risk are credit risk, liquidity risk and market risk (which comprises of interest rate risk, currency risk and other price risks). The risks that the Fund primarily faces due to the nature of its assets and liabilities are liquidity risk, interest risk, currency risk and insurance risk.

Credit risk

The Fund has exposure to credit risk, which is the risk that the counterparty will be unable to pay amounts in full when due. Key areas where the Fund is exposed to credit risk are:

- Amounts due within respect of motor finance scheme loans
- Amounts due from fuel levy debtor (Income receivable).

Management manages the credit risk as follows:

The debtors of the Fund's motor vehicle scheme are at executive and management levels. The Fund is the registered titleholder to all the vehicles involved and all the vehicles are comprehensively insured. Monthly installments are deducted directly from payroll.

The provision of the Petroleum Act does not allow the Fund to collect fuel levies directly from the different fuel companies, but instead awards receipt of the levy through the Ministry of Mines and Energy. The Fund is constantly communicating with the Ministry, through the office of the Minister and the Permanent Secretary, to find ways to reduce the period of payment.

Liquidity risk

The Fund has exposure to liquidity risk, which is the risk that the Fund will encounter difficulty in meeting its obligations associated with financial liabilities.

Ultimate responsibility for liquidity risk management rests within the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the MVA's short-, medium- and long-term funding and liquidity management requirements.

The Fund manages liquidity risk by preparing cash flow projections on a monthly basis to ensure adequate funding is available to meet its obligations. Furthermore, the Fund invests surplus funds on a short-term basis.

MOTOR VEHICLE ACCIDENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008 (continued)

Liquidity risk analysis – 2008

	On demand	1-3 months	1-5 years	Total
Financial liabilities				
Trade and other payables	-	12 297 718	-	12 297 718
Bank overdraft	77 355	-	-	77 355
Total	77 355	12 297 718	-	12 237 073
Financial assets				
Cash and cash equivalents	19 314 119	-	-	19 314 119
Investments	11 382 629	13 974 008	-	25 356 637
Trade and other receivables	28 774 595	-	1 298 131	30 072 726
Total	59 471 343	13 974 008	1 298 131	74 743 482

Liquidity risk analysis – 2007

	On demand	1-3 months	1-5 years	Total
Financial liabilities				
Trade and other payables	-	4 865 624	-	4 865 624
Bank overdraft	3 754 681	-	-	3 754 681
Total	3 754 681	4 865 624	-	8 620 305
Financial assets				
Cash and cash equivalents	24 245 873	-	-	24 245 873
Investments	10 287 620	21 990 069	-	32 277 689
Trade and other receivables	22 035 150	-		22 035 150
Total	56 568 643	21 990 069	-	78 558 712

Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates. Interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures, within acceptable parameters, while optimizing the return on risk.

The Fund's activities expose it primarily to the financial risks of changes in interest rates.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is exposed to interest rate risk as it invests funds in the money market at a floating interest rate.

All liquid funds are invested within registered Namibian banking institutions with maturities of 90 days or less, thereby minimizing interest rate risk.

Insurance risk

Contracts, under which the Fund accepts significant insurance risk from another party, i.e. (the claimant) by agreeing to compensate the claimant if a specified uncertain future event (the insured event) adversely affects the claimant, are classified as insurance contracts.

The Fund accepts insurance risk as it is mandated by the legislation to compensate victims of road accidents for injuries suffered as a result of motor vehicle accidents.

Insurance risk is significant if, and only if, an insured event could cause the Fund to pay significant additional benefits once a contract is classified as an insurance contract until all rights and obligations are extinguished or expire.

Claims incurred

Claims incurred comprise claims and related expenses incurred during the year and changes in the provisions for outstanding claims, including provision for claims incurred but not reported and related external expenses, together with any other adjustments to claims from previous years.

Management manages the Insurance risk as follows:

The Fund has approached reinsurers to negotiate reinsurance to cover medical claims incurred by the Fund. This is in line with the provisions of the new MVA Fund Act, which came into operation as from 02 May 2008. Initial proposals received indicated that reinsurance will not be cost effective and to the benefit of the Fund, thus the Fund has resolved to put the reinsurance option on hold.

16. KEY MANAGEMENT PERSONNEL

The following members held office as executive management during the year under review:	2008 N$	2007 N$
Mr. J. Muadinohamba (CEO)		
Mr. S. Tjiuoro (Chief Operations Officer)		
Mrs. R. M. Hausiku (Chief Corporate Affairs)		
Mr. T. Beukes (Chief Financial Officer)		
Mr. F. Uugwanga (Chief Risk Officer)		
Ms. I. Mainga (Chief Legal Advisor)		
Remuneration paid to management	7 268 070	4 186 278

17. BOARD MEMBERS EMOLUMENTS

P. Amunyela	21 850	22 600
Dr. Z. Erkana	23 250	19 700
N. Nangombe	7 900	-
E. Angula	12 300	22 000
W. Enssle	30 400	17 600
T. Mulunga	7 900	22 000
Total income	**103 600**	**103 900**

ANNEXURE G

MOTOR VEHICLE ACCIDENT FUND

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

DETAILED INCOME STATEMENT

	2008	2007
	N$	N$
INCOME		
Fuel levy revenue	148 127 488	108 230 553
Interest received	4 523 412	4 087 201
Reinsurance recoveries	-	298 670
Sundry income	136 108	1 657
Total income	**152 787 008**	**112 618 081**
EXPENDITURE		
Claims paid	**47 826 254**	**25 021 945**
Compensation payments	36 800 651	17 682 549
Hospital & Medical fees	10 808 459	5 772 081
Other payments i.r.o. claims	217 144	1 567 315

ANNEXURE G

MOTOR VEHICLE ACCIDENT FUND

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

EXPENDITURE

	2008	2007
	N$	N$
General expenses	**26 672 014**	**13 873 887**
Accident and injury prevention	2 461 110	-
Audit fees	320 000	114 514
Actuarial fees	341 700	245 406
Bank charges	350 803	110 949
Backlog Project	-	76 602
Bursaries	1 658 389	461 372
Cleaning expenses	113 261	73 941
Computer expenses	445 760	264 569
Consulting fees	3 029 097	2 325 544
Courier and postage	79 646	20 941
Corporate Communications	1 503 482	-
Depreciation	908 662	512 052
Electricity and Water	173 734	97 343
Entertainment expenses	49 856	26 727
Corporate social investments	534 641	165 551
Insurance and licenses	373 833	127 023
Interest Paid	97 915	24 709
Medical management	1 658 133	384 159
Leasing Charges	1 073 673	659 230
Legal fees	1 594 435	-
License fees TV	5 964	-
Membership Fees	6 129	12 520
Motor Vehicle expenses	510 197	283 783
Plants & Decorations	50 574	22 640
Public Education	3 560 040	2 418 407
Relocation of Office	50 240	21 253
Rent - Premises	1 524 723	746 050
Repairs and Maintenance	37 219	28 591
Security costs	72 714	35 832
Stationary and printing	517 356	271 179
Study Loans & Internship	-	84 299
Subscriptions	70 578	51 153
Directors fees	197 626	314 969
Telecommunication costs	922 557	608 365
Traveling and accommodation	2 222 169	968 371
VAT expense	155 798	2 315 843
Salary costs	**26 120 037**	**16 128 172**
Payroll costs	23 915 160	14 640 974
Training expenses	1 159 388	506 038
Staff welfare	760 708	437 684
Leave pay provision	284 781	543 476
Total expenditure	**100 618 305**	**55 024 004**
Movement in capital and reserves	**(18 456 622)**	**106 413 318**
NET SURPLUS (DEFICIT) FOR THE YEAR	**70 625 325**	**(48 819 241)**