REPUBLIC OF NAMIBIA

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MOTOR VEHICLE ACCIDENT FUND

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

Published by authority

Price (Vat excluded) N$ 34.52
Report no: 877

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 2009, 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, August 2010

REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE MOTOR VEHICLE ACCIDENT FUND
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

1. INTRODUCTION

The accounts of the Motor Vehicle Accident Fund (the Fund) for the year ended 31 March 2009 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, 2007 (Act 10 of 2007) 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.

3. FINANCIAL STATEMENTS

The Fund's statements of account referred to in section 7(3) of the Act and other statements in respect of the financial year were audited in terms of section 7(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 judgement 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$ 458 341 362 (2008: N$ 141 274 442). The management of the Fund is in the process of taking steps to manage the technical insolvency and going-concern status of the Fund. The following initiatives are in the process of being pursued:

- Amendments to the MVA Fund Act, which will seek to remove the general damages/injury grant. Savings of N$ 40 million is expected to be generated by this initiative.
- Obtaining approval from the line Ministry to implement measures to seek alternative funding sources.
- Seeking assistance from Government to contribute towards settlement of the Belgium's case, which is essentially responsible for the huge increase in the actuarial liability. If successful, the actuarial liability will significally decrease and the solvency ratio of the Fund will improve.
- Actively pursuing fuel levy increases in line with the recommendation made by the actuaries. In the 2009 actuarial report, the recommendation has been made that the deficit is to be liquidated over a 5-, 10- or 15 year period respectively, which would result in fuel price increases of between 3,8 cents and 11,5 cents per liter.
- Manage its overheads responsibly. General expenses increased from N$ 18,9 million to N$ 28,8 million, which is 51,6%. The fund will have to bring expenses within acceptable limits.

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 2009 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 2009, its net costs of operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

WINDHOEK, August 2010

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

ANNEXURE A

MOTOR VEHICLE ACCIDENT FUND

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

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 2009.

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:

	2009	**2008**
	N$	**N$**
Fuel levy income	161 252 859	148 127 488
Interest income	2 990 757	4 523 412
Sundry income	360 197	136 108
Claim expenses	103 965 256	47 826 254
Movement in claims provision and reserves	319 512 533	(18 456 622)

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

The fuel levy rate increased from 0.197 to 0.217 per litre of petrol and diesel with effect from 15 October 2008.

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:

	2009	**2008**
	N$	**N$**
Total assets	92 637 356	98 158 631
Total liabilities	550 978 718	239 433 073
Fund deficit	(458 341 362)	(141 274 442)
Ratio of total assets to Fund deficit	0.20:1	0.69:1
Ratio of total assets to Fund deficit %	20%	69%

ANNEXURE A

MOTOR VEHICLE ACCIDENT FUND

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

REPORT OF THE DIRECTORS (continued)

	2009	2008
	N$	N$
Fuel sales in litres		
Diesel	484 910 167	456 114 198
Petrol	308 565 691	320 602 312
	793 475 858	**776 716 510**
Increase/(decrease) in litres sold	**16 759 348**	**25 605 433**

CASH AND INVESTMENTS

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

	2009	2008
	N$	N$
Short term investments – held to Maturity	977 052	25 356 637
Call account investments	11 797 205	19 298 317
Total short-term cash investments	**12 774 257**	**44 654 954**
Overdraft facility - current account	(3 656 972)	(77 355)
Cash on hand	12 914	15 802
Total cash and cash equivalents as per statements	**9 130 199**	**44 593 401**
Total cash and Investments	**9 130 199**	**44 593 401**

STAFF COSTS

Staff costs increased by 13,9% due to the annual salary increase in the current financial year.

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, 01 October 2007
C. Kavendjii (Namibian)	Appointed, 01 April 2008

WINDHOEK, August 2010

ANNEXURE B

MOTOR VEHICLE ACCIDENT FUND

BALANCE SHEET AS AT 31 MARCH

	Notes	2009	2008
ASSETS		N$	N$
Non-current assets			
Property, plant and equipment	4	56 200 940	23 415 149
Current assets		36 436 416	74 743 482
Accounts receivable	5	23 649 245	30 072 726
Cash and cash equivalents	6	11 810 119	19 314 119
Investments	7	977 052	25 356 637
Total assets		**92 637 356**	**98 158 631**
EQUITY AND LIABILITIES			
Funds and reserves			
Accumulated (deficit)/funds		(458 341 362)	(141 274 442)
Non-current liabilities		534 943 887	227 598 129
Long-term borrowings	9.1	26 327 583	-
Claim provisions and reserves	12	506 239 000	227 058 000
HP – lease borrowings	9.2	1 777 304	540 129
Severance benefit obligation	10	600 000	-
Non-current liabilities		16 034 831	11 834 944
Accounts payable	8	9 594 496	10 372 713
Borrowings due within one year	9	2 783 363	1 384 876
Bank overdraft	6	3 656 972	77 355
Total equity and liabilities		**92 637 356**	**98 158 631**

ANNEXURE C

MOTOR VEHICLE ACCIDENT FUND

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH

	Notes	2009 N$	2008 N$
Income		**164 953 695**	**152 787 008**
Fuel levy revenue		161 252 859	148 127 488
Interest received		2 990 757	4 523 412
(Loss)/profit on sale of assets		(7 068)	-
Rental income		356 950	-
Sundry income		360 197	136 108
Expenditure		**482 020 615**	**82 161 683**
Claims paid		103 965 256	47 826 254
General administrative expenses		57 942 826	52 792 051
Severance pay IAS19 provision	10	600 000	-
Movement in claims provision	11	319 512 533	(18 456 622)
(DEFICIT)/SURPLUS FOR THE YEAR		**(317 066 920)**	**70 625 325**

ANNEXURE D

MOTOR VEHICLE ACCIDENT FUND

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH

	2009	2008
	N$	N$
ACCUMULATED FUNDS		
Balance at the beginning of the year	(141 274 442)	(211 899 767)
Net (deficit)/surplus for the year	(317 066 920)	70 625 325
Balance at the end of the year	**(458 341 362)**	**(141 274 442)**

ANNEXURE E

MOTOR VEHICLE ACCIDENT FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH

	Notes	2009	2008
		N$	N$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts		168 393 487	140 323 935
Cash payments		(197 893 336)	(130 962 927)
Cash generated/(utilized) by operations	12	(29 499 849)	9 361 008
Investment income	2	604 710	4 425 497
Net cash flow from operating activities		(28 895 139)	13 786 505
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of fixed assets		(36 049 896)	(21 961 985)
Proceeds from disposal of asset	14.4	518 587	-
Movement in short-term investments		24 379 585	6 921 052
Net cash flow from investing activities		(11 151 724)	(15 040 933)
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term borrowings raised - vehicles		1 054 573	-
Long-term borrowings raised - buildings		27 908 673	-
Net cash flow from financing activities		28 963 246	-
Net increase/(decrease) in cash and cash equivalents		(11 083 617)	(1 254 428)
Cash and cash equivalents at the beginning of the year		19 236 764	20 491 192
Cash and cash equivalents at the end of the year	6	**8 153 147**	**19 236 764**

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. 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 is depreciated over its 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 11.

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
Buildings	50 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 markets 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 sale, 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.

1.14 Actuarial gains and losses

The company has elected to apply the corridor method relating to the severance benefit obligation in terms of which the portion of actuarial gains and losses recognized is the excess over the greater of:

(i) 10% of the present value of the defined benefit obligation at the end of the previous reporting period (before deducting plan assets) and;
(ii) 10% of the fair value of any plan assets at the same date.

1.15 New and Revised International Financial Reporting Standards

International Financial Reporting Standards and amendments issued, but not effective for March 2009 year-end, which might have an impact on the financial statements of the Fund in future.

Number	Title	Effective date
IAS 1	Presentation of financial statements (Revised)	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 23	Borrowing costs (Revised)	01 January 2009
IAS 32	Financial instruments: Presentation (Revised)	01 January 2009
IAS 36	Impairment of Assets (Revised)	01 January 2009
IAS 27	Consolidated and Separate Financial Statements: Amendment of determining cost of investment in the separate financial statements on first time adoption.	01 January 2009
IAS 28	Investments in Associate – Consolidated and Separate Financial Statements (Amended)	01 July 2009
IAS 31	Interest in Joint Ventures – Consolidated and Separate Financial Statements (Amended)	01 July 2009
IAS 39	Financial instruments: Recognition and Measurement – for eligible hedged items (Revised)	01 July 2009
IFRS 2	Share-based Payment: Vesting conditions and Cancellations (Amended)	01 January 2009
IFRS 3	Business Combinations (Revised)	01 July 2009
IFRS 7	Reclassification of Financial Assets (Amended)	01 July 2009
IFRS 8	Operating Segments	01 January 2009
IFRIC 13	Customer loyalty Programmes	01 July 2009
IFRIC 15	Agreements for the Construction of Real Estates	01 January 2009
IFRIC 16	Hedges of Net Investment in a Foreign Operation	01 October 2008

2. INVESTMENT INCOME

	2009 N$	2008 N$
Interest received	2 990 757	4 523 412
Interest paid on short-term borrowings	(2 386 047)	(97 915)
	604 710	**4 425 497**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 (continued)

3. GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses include the following:	2009 N$	2008 N$
Depreciation of fixed assets	2 738 449	908 662
Auditors' remuneration	454 582	320 000
Staff costs	29 747 718	26 120 037
Remuneration for managerial, technical, administrative or secretarial services other than to bona fide employees	2 572 239	3 029 097

4. PROPERTY, PLANT AND EQUIPMENT

31 March 2009	Land and buildings N$	Motor vehicles N$	Office equipment & furniture N$	Computer equipment N$	TOTAL N$
Opening 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)
Additions	23 346 724	2 273 956	8 879 845	1 549 371	36 049 896
Depreciation	-	(599 688)	(1 504 517)	(634 244)	(2 738 449)
Disposals	**-**	**(467 587)**	**(58 069)**	**-**	**(525 656)**
- Cost	-	(586 651)	(104 184)	-	(690 835)
- Accumulated depreciation	-	119 064	46 115	-	165 179
Closing net book value	**41 468 041**	**3 161 487**	**10 049 531**	**1 521 881**	**56 200 940**
- Cost	41 468 041	3 710 156	12 066 808	3 640 198	60 885 203
- Accumulated depreciation	-	(548 669)	(2 017 277)	(2 118 317)	(4 684 263)

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)

Land and buildings consist of:

- Erf 6326, measuring 2795m², situated in the municipal area of Ongwediva
- Erf 6326, measuring 5768m², situated in the municipal area of Windhoek

MOTOR VEHICLE ACCIDENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 (continued)

	2009 N$	2008 N$
5. ACCOUNTS RECEIVABLE		
Fuel levies receivable	21 432 105	26 074 052
Staff loans	747 837	1 298 131
Customer Control Account	1 439 465	1 147 076
Other	29 838	1 553 467
	23 649 245	**30 072 726**

Trade and other receivables past due but not impaired

At 31 March 2009, N$ 23 649 245 (2008: N$ 30 072 726) were past due, but not impaired. The ageing of amounts past due, but not impaired are as follows:

	2009 N$	2008 N$
Less than 1 year	23 350 110	30 028 626
2-3 years	299 135	44 100
	23 649 245	**30 072 726**

6. CASH AND CASH EQUIVALENTS

Standard Bank		
- Current account	(3 025 261)	(77 355)
- Call account Serial 1	135 735	1 121 602
- Call account Serial 2	10 964 274	15 619 883
First National Bank		
- Call account	2 206	2 833
- Current account	(631 711)	2 140 860
- Current account – Xupifa	694 990	413 139
- Petty cash	2 049	1 461
Petty cash	7 865	4 841
Cash on hand	3 000	9 500
	8 153 147	**19 236 764**

7. SHORT-TERM INVESTMENTS

Nampost	977 052	13 974 008
Nedbank Namibia	-	11 382 629
	977 052	**25 356 637**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 (continued)

8. ACCOUNTS PAYABLE

	2009 N$	2008 N$
Accrued expenses	6 933 820	7 776 943
Suppliers Control Account	1 820 761	1 869 495
Other payables	140 759	27 119
VAT	699 156	699 156
	9 594 496	**10 372 713**

9. LONG-TERM BORROWINGS

9.1 MVA FUND – WINDHOEK DEVELOPMENT

	2009 N$	2008 N$
On 24 February 2009, a building loan of N$ 21 million was extended by First National Bank, which financed the construction of MVA Fund Service Centre in Windhoek. The loan is for a period of 10 years and is payable on a monthly basis, starting 31 March 2009. The interest rate on this loan is prime rate less 2%. At 31 March 2009, the prime rate was 13.75%. First National Bank holds a bond on the property at Erf 8495, Windhoek.	20 931 505	-
On 24 February 2009, a building loan of N$ 7 million was extended by First National Bank, which financed the construction of MVA Fund Service Centre in Ongwediva. The loan is for a period of 10 years and is payable on a monthly basis, starting 31 March 2009. The interest rate on this loan is prime rate less 2%. At 31 March 2009, the prime rate was 13.75%. First National Bank holds a bond on the property at Erf 6325, Ongwediva.	6 977 168	-
	27 908 673	
Less: Installments payable within 1 year: - transferred to current liabilities	(1 581 090)	-
Total long-term liabilities	**26 327 583**	**-**

9.2 HP LEASE BORROWINGS

	2009 N$	2008 N$
Secured loans bearing interest at 13.25% p.a., repayable in annual instalments of N$ 959 977, commenced on April 2008. Secured by motor vehicles with a book value of N$ 3 105 489.	2 979 577	1 925 005
Less: Installments payable within 1 year: - transferred to current liabilities	(1 202 273))	(1 384 876)
	1 777 304	**540 129**

10. SEVERANCE BENEFIT OBLIGATION

The defined obligation consists of Severance pay benefit which is governed by Section 35 (1) of the Namibia Labour Act of 2007, which came into effect 01 November 2008. In terms of the Act the Severance benefits are payable to an employee for one (1) week's wages for each completed year of service if the employee is dismissed; dies while employed; or resigns or retire on reaching the age of 65 years.

The Severance benefit obligation has been determined through Actuarial valuation

	2009	2008
Carrying value	N$	N$
(Liability)/asset at the beginning of the year	-	-
Net (expense)/income recognized	(600 000)	-
Benefits paid by the Fund	-	-
(Liability)/asset at the end of the year	(600 000)	-
Analyzed as:		
Present value of the Defined Benefit Obligation:		
- wholly unfunded	(600 000)	-
Fair value of Plan assets	-	-
Surplus/(deficit)	(600 000)	-
Unrecognized net actuarial (gain)/loss	-	-
Unrecognized past service cost	-	-
(Liability)/asset recognized	(600 000)	-
Net expenses recognized		
Current service cost	81 000	-
Interest cost	22 000	-
Amortization		
- Unrecognized net transition obligation/(asset)	-	-
- Unrecognized actuarial (gain)/loss	-	-
- Unrecognized past service cost	497 000	-
(Liability)/asset at the end of the year	600 000	-

10. SEVERANCE BENEFIT ……… (continued)

Key assumptions used	2009 N$	2008 N$
Assumptions used in the valuation:		
Discount rate	9.25%	-
Inflation rate	7.00%	-
Salary increase rate	8.25%	-
Number of employees	77	-
Salary weighted average age	35.5 years	-
Average service	2.7 years	-
Total annual salaries	22 080 000	-

The liability has been calculated using the Projected Unit Credit Method, which accrues uniformity, whilst the member is in service. The normal retirement age for all employees is 60 years.

11. CLAIM PROVISIONS AND RESERVES

11.1 Methodology used in determining the provision for outstanding claims

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

	2009 N$	2008 N$
Incurred but not reported claims	-	19 837 000
Outstanding reported claims	127 688 000	20 645 000
Claims undertakings	204 448 000	154 147 000
Claims handling expenses	7 661 000	2 429 000
Contingency Reserve	30 000 000	30 000 000
Belgium doctor's claim	136 442 000	-
	506 239 000	**227 058 000**

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

Opening balance	227 058 000	284 200 000
Movement for the year	319 512 533	(18 456 622)
Paid during the year	(40 331 533)	(38 685 378)
Closing Balance	**506 239 000**	**227 058 000**

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

12. CASH GENERATED/(UTILISED) BY OPERATIONS

	Notes	2009 N$	2008 N$
(Deficit)/ Net Surplus for the year		(317 066 920)	70 625 325
Adjusted for:			
Profit on disposal of asset		7 068	-
Severance pay expense		600 000	
Depreciation	5	2 738 449	908 662
Investment Income	2	(604 710)	(4 425 497)
Movement in claims provisions		279 181 000	-
Changes in working capital		5 645 264	(57 747 482)
Increase/(decrease) in Accounts Payable		(778 217)	(49 709 906)
(Increase) in Accounts Receivable		6 423 481	(8 037 576)
Cash generated/(utilised) by operations		**(29 499 849)**	**9 361 008**

13. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial assets	Available for sale N$	Held to maturity N$	Loans and receivables N$	Fair value through profit and loss N$
Cash and cash equivalents	-	-	-	11 810 119
Trade and other receivables	-	-	23 649 245	-
Investments	-	-	-	977 052
Total	-	-	23 649 245	12 787 171

Financial liabilities	Others N$	Fair value through profit and loss N$
Trade and other payables	9 594 496	-
Current portion on borrowings	2 783 363	
Bank overdraft	-	3 656 972
Long-term borrowings	26 327 583	-
HP lease borrowings	1 777 304	-
Severance benefit obligations	600 000	-
Total	41 082 746	3 656 972

14. CAPITAL COMMITMENTS

	2009 N$	2008 N$
Authorised by the Board but not yet contracted:		
Property, plant and equipment	4 500 000	18 121 318

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.

Ultimately 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.

Foreign currency risk

Foreign currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Fund is exposed to foreign currency risk arising from Belgium doctor's claims, which is denominated in Euro currency. The responsibility for the foreign exchange risk management rests within the board of directors, which has built an appropriate risk management framework.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 (continued)

Liquidity risk analysis – 2009

	On demand	1-3 months	1-5 years	Total
Financial liabilities				
Long-term borrowings	-	-	26 327 583	26 327 583
Severance benefit obligation	-	-	600 000	600 000
Trade and other payables	-	9 594 496	-	9 594 490
HP lease borrowings	-	-	1 777 304	1 777 304
Current portion on borrowings	-	-	2 783 363	2 783 363
Bank overdraft	3 656 972	-	-	3 656 972
Total	3 656 972	9 594 496	31 488 250	44 739 712
Financial assets				
Cash and cash equivalents	11 810 119	-	-	11 810 119
Investments	977 052	-	-	977 052
Trade and other receivables	23 350 110	-	299 135	23 649 245
Total	36 137 281	-	299 135	36 436 416

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	-	12 375 073
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

Market risk

Market risk is the risk that 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:

Mr. J. Muadinohamba (CEO)
Mr. S. Tjiuoro (Chief Operations Officer)
Mrs. R. M. Hausiku (Chief Corporate Affairs)
Mr. T. Beukes (Chief Financial Officer) (resigned 31 March 2009)
Mr. F. Uugwanga (Chief Risk Officer)
Ms. I. Mainga (Chief Legal Advisor)

	2009	**2008**
	N$	**N$**
Remuneration paid to management	9 149 253	7 268 070

17. BOARD MEMBERS EMOLUMENTS

P. Amunyela	19 400	21 850
Dr. Z. Erkana	9 100	23 250
N. Nangombe	21 200	7 900
E. Angula	-	12 300
C. Kavendjii	15 900	-
W. Enssle	21 200	30 400
T. Mulunga	-	7 900
Total income	**86 800**	**103 600**

MOTOR VEHICLE ACCIDENT FUND

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

DETAILED INCOME STATEMENT

	2009	2008
	N$	N$
INCOME		
Fuel levy revenue	161 252 859	148 127 488
Interest received	2 990 757	4 523 412
Profit/(loss) on sale of assets	(7 068)	-
Rental income	356 950	-
Sundry income	360 197	136 108
Total income	**164 953 695**	**152 787 008**
EXPENDITURE		
Claims paid	**103 965 255**	**55 505 537**
Compensation payments	45 364 372	36 800 651
Hospital & Medical fees	48 106 751	10 808 459
Other payments i.r.o. claims	5 176 839	217 144
Medical management	1 751 859	1 658 133
Accident & injury prevention	2 540 475	2 461 110
Public education	1 024 959	3 560 040

ANNEXURE G

MOTOR VEHICLE ACCIDENT FUND

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

EXPENDITURE	2009	2008
	N$	N$
General expenses	**28 795 109**	**18 992 731**
Audit fees	454 582	320 000
Actuarial fees	456 567	341 700
Bank charges	276 846	350 803
Bursaries	646 318	1 658 389
Cleaning expenses	265 327	113 261
Computer expenses	1 340 864	445 760
Consulting fees	2 572 239	3 029 097
Courier and postage	117 826	79 646
Corporate communications	3 886 775	1 503 482
Corporate social investments	913 301	534 641
Depreciation	2 738 449	908 662
Directors fees	795 008	197 626
Electricity and water	368 013	173 734
Entertainment expenses	36 028	49 856
Insurance and licenses	550 188	373 833
Interest paid	2 386 047	97 915
Leasing charges	589 325	1 073 673
Legal fees	3 156 647	1 594 435
License fees TV	11 056	5 964
Membership fees	241 501	6 129
Motor vehicle expenses	768 773	510 197
Pest control	165	-
Plants and decorations	72 354	50 574
Relocation of office	41 245	50 240
Rent - premises	920 455	1 524 723
Repairs and maintenance	346 853	37 219
Security costs	274 258	72 714
Stationary and printing	564 311	517 356
Subscriptions	209 437	70 578
Telecommunication costs	1 431 414	922 557
Traveling and accommodation	2 362 937	2 222 169
VAT expense	-	155 798
Salary costs	**29 747 718**	**26 120 037**
Payroll costs	27 198 187	23 915 160
Severance pay (IAS 19 provision)	600 000	-
Training expenses	322 470	1 159 388
Staff Welfare	803 261	760 708
Leave pay provision	823 800	284 781
Total expenditure	**162 508 082**	**100 618 305**
Movement in capital and reserves	**319 512 533**	**(18 456 622)**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**(317 066 920)**	**70 625 325**