REPUBLIC OF NAMIBIA

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MOTOR VEHICLE ACCIDENT FUND

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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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 2014, 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, December 2014

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE MOTOR VEHICLE ACCIDENT FUND FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

1. INTRODUCTION

The annual financial statements of the Motor Vehicle Accident Fund (the Fund) for the year ended 31 March 2014 are being reported on 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 BDO Chartered Accountants (Namibia) has been appointed in terms of Section 26 (2) of the State Finance Act, 1991, to audit the annual financial statements of The Motor Vehicle Accident Fund of Namibia on behalf of the Auditor-General and under his supervision.

The figures in the annual financial statements are rounded off to the nearest Namibia Dollar and deficits are indicated in brackets.

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 annual financial statements 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.

The financial statements also include:

Annexure A: Report of the Directors
Annexure B: Statement of financial position
Annexure C: Statement of comprehensive income
Annexure D: Statement of changes in equity
Annexure E: Statement of cash flows
Annexure F: Notes to the financial statements

4. SCOPE OF THE AUDIT

Management's Responsibility for the Annual Financial Statements

The Chief Executive Officer of the Fund is responsible for the preparation and fair presentation of these annual financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor-General's Responsibility

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 of to the National Assembly. The said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm complies with ethical requirements and plan and performs the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the Auditor-General considers internal control relevant to the entity’s preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

5. AUDIT OBSERVATION AND COMMENTS

5.1 Going concern

At the statement of financial position date, the Funds liabilities exceeded assets by N$ 217 774 468 (N$ 361 052 044). Measures introduced during the previous financial year yielded some satisfactory results. The following initiatives are still in the process of being pursued:

Obtaining approval from the line ministry to implement measures to seek alternative funding sources; and

Actively pursuing fuel levy increases in line with the recommendation made by the actuaries.

6. ACKNOWLEDGEMENT

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

7. AUDIT OPINION

The financial statements of the Motor Vehicle Accident Fund for the financial year ended 31 March 2013 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).

In my opinion these financial statements fairly present the net assets of the Motor Vehicle Accident Fund at 31 March 2013, its net costs of operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

8. EMPHASIS OF MATTER

At the balance sheet date the fund's total liabilities exceeded its total assets by N$ 217 774 468 (2013: N$ 361 052 044). The condition indicates the existence of a material uncertainty which may cast significant doubt on the fund's ability to continue as a going concern.

WINDHOEK, December 2014

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

Motor Vehicle Accident Fund
Annual Financial Statements for the year ended 31 March 2014
Directors Report

The directors present their annual report, which forms part of the audited financial statements of the Fund for the year ended 31 March 2014.

1. Activities of the Fund

Main business and operations

The Fund is statutorily mandated to design, promote and implement crash and injury prevention measures. It provides assistance and benefits to all people injured and the dependants of those killed in motor vehicle crashes in accordance with the Motor Vehicle Accident Fund Act, 2007 and operates principally in Namibia.

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:

Summary of income statement

	2014	2013
	N$	N$
Fuel levy income	448 413 340	390 438 243
Income from investments	19 289 597	6 445 386
Sundry income	43 942	65 202
Claim expense	(195 512 944)	(206 983 687)
Movement in claims provisions and reserves	17 826 000	(78 279 515)

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

The fuel levy rate increased from 39,7 cents to 47,7 cents per litre for petrol and from 43,7 cents to 47,7 cents per litre for diesel with effect from 1 September 2013.

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:

Motor Vehicle Accident Fund
Annual Financial Statements for the year ended 31 March 2014
Directors Report

Summary of financial position

	2014	2013
	N$	N$
Total assets	507 946 403	345 405 636
Total liabilities	725 720 871	706 457 680
Fund deficit	(217 774 468)	(361 052 044)
Ratio of total assets to Fund deficit	2.33:1	0.96:1
Ratio of total assets to Fund deficit %	233%	96%
Fuel sales in litres		
Diesel	602 233 461	569 088 948
Petrol	387 116 998	369 638 982
	989 350 459	**938 727 930**
Increase in litres sold	**50 622 529**	**50 079 785**

Cash and investments

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

	2014	2013
	N$	N$
Cash and investments		
Funds held with asset managers	228 984 391	99 796 870
Fixed term investments	118 399 252	66 045 608
Call account investments	253 144	10 194 312
Bank balances	4 666 449	27 875 524
Cash on hand	24 028	49 586
	352 327 264	**203 961 900**

2. Going concern

The auditors draw attention to the fact that at 31 March 2014, the Fund had accumulated deficits of N$ 217 774 468 (2013: N$ 361 052 044) and that the Fund's total liabilities exceed its assets by N$ 217 774 468 (2013: N$ 361 052 044).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Fund to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations of the Fund. The fact that the total liabilities exceed the assets has not hindered the Fund's ability to pay its debts as they become due in the normal course of business.

3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Directors of the Motor Vehicle Accident Fund

The directors of the Fund during the year and to the date of this report are as follows:

Name	Nationality	Changes
Z. Erkana	Namibian	
C. Kavendjii	Namibian	
P. Amunyela	Namibian	
A. Kapia	Namibian	
M. Nangombe	Namibian	Resigned 20 October 2013
P. Nakathingo	Namibian	Appointed 20 October 2013

5. Executive Management of the Motor Vehicle Fund

The Executive Management of the Fund at the date of this report are as follows:

Name	Title
R. Martins-Hausiku	Chief Executive Officer
J. Nyandoro	Chief Finance Officer
P. Nghifitikeko	Chief Operations Officer
J. Kurz	Chief Legal Services
K. Tjombonde	Chief Corporate Affairs
S. Tjiuoro	Chief Business Strategy
F. Uugwanga	Chief Human Relations

6. Auditor

The Auditor-General will continue in office in accordance with Section 25(1) of the State Finance Act of 1991 and Section 7(4) of the Motor Vehicle Accident Fund Act, 2007.

WINDHOEK
November 2014

Annexure B

The Motor Vehicle Accident Fund
Annual Financial Statements for the year ended 31 March 2014
Statement of Financial Position

	Notes	2014	2013
		N$	N$
Assets			
Non-Current Assets			
Investment property	3	6 123 668	6 123 668
Property, plant and equipment	4	71 441 571	70 537 384
		77 565 239	**76 661 052**
Current Assets			
Investments	5	347 383 643	165 842 478
Trade and other receivables	6	78 053 900	64 782 684
Cash and cash equivalents	7	4 943 621	38 119 422
		430 381 164	**268 744 584**
Total Assets		**507 946 403**	**345 405 636**
Equity and Liabilities			
Equity			
Accumulated deficit		(217 774 468)	(361 052 044)
Liabilities			
Non-Current Liabilities			
Long term liabilities	8	41 701 992	45 757 449
Finance lease obligation	9	-	151 369
Retirement benefit obligation	10	2 942 000	2 188 000
Deferred income	11	48 837 299	50 348 339
Claims provisions and reserves	12	601 399 000	583 573 000
		694 880 291	**682 018 157**
Current Liabilities			
Long term liabilities	8	4 137 465	4 036 383
Finance lease obligation	9	-	668 370
Trade and other payables	13	26 703 115	19 734 770
		30 840 580	**24 439 523**
Total Liabilities		**725 720 871**	**706 457 680**
Total Equity and Liabilities		**507 946 403**	**345 405 636**

The Motor Vehicle Accident Fund
Annual Financial Statements for the year ended 31 March 2014
Statement of Comprehensive Income

	Notes	2014	2013
		N$	N$
Revenue	14	469 848 174	400 963 523
Claims paid	15	(213 339 144)	(128 704 172)
Gross surplus		**256 509 230**	**272 259 351**
Other income	16	77 258	26 129
Operating expenses		(111 274 838)	(98 283 705)
Surplus before finance costs	17	**145 311 650**	**174 001 775**
Finance costs	19	(2 034 074)	(4 043 054)
Surplus for the year		**143 277 576**	**169 958 721**
Other comprehensive income		-	-
Surplus for the year		**143 277 576**	**169 958 721**

The Motor Vehicle Accident Fund
Annual Financial Statements for the year ended 31 March 2014
Statement of Changes in Equity

	Accumulated deficit	Total equity
	N$	N$
Balance at 01 April 2012	**(531 010 765)**	**(531 010 765)**
Surplus for the year	169 958 721	169 958 721
Balance at 01 April 2013	**(361 052 044)**	**(361 052 044)**
Surplus for the year	143 277 576	143 277 576
Balance at 31 March 2014	**(217 774 468)**	**(217 774 468)**

The Motor Vehicle Accident Fund
Annual Financial Statements for the year ended 31 March 2014
Statement of Cash Flows

	Notes	2014	2013
		N$	N$
Cash flows from operating activities			
Cash generated from operations	21	166 806 465	121 195 240
Finance costs		(2 034 074)	(4 043 054)
Net cash from operating activities		**164 772 391**	**117 152 186**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(11 768 413)	(11 828 483)
Sale of property, plant and equipment	4	135,500	541 601
Movement in investments		(181 541 165)	(114 158 376)
Net cash from investing activities		**(193 174 078)**	**(125 445 258)**
Cash flows from financing activities			
Movement in long term liabilities		(3 954 375)	24 161 273
Movement in finance lease obligations		(819 739)	(919 682)
Net cash from financing activities		**(4 774 114)**	**23 241 591**
Total cash movement for the year		**(33 175 801)**	**14 948 519**
Cash at the beginning of the year		38 119 422	23 170 902
Total cash at end of the year	7	**4 943 621**	**38 119 421**

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Motor Vehicle Accident Act Number 10 of 2007. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables, held to maturity investments and loans and receivables

The Fund assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, 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.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The Fund reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Outstanding claims provision

Post-retirement benefit

The Fund provides a defined benefit plan to its employees. The measurement of the obligations and or assets in respect of this liability requires actuarial estimates and valuations. An actuary is engaged to perform these calculations. Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 10 - Retirement benefit obligation.

Allowance for doubtful debts

On receivables an impairment loss is recognised in surplus or deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivable carrying amount and the present value of estimated future cash flow discounted at the effective interest rate, computed at initial recognition.

1.2 Investment property

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

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

Subsequent to initial measurement investment property is measured at fair value.
A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Fund; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life**
Buildings	50 years
Motor vehicles	2-4 years
Office equipment and furniture	7-10 years
IT equipment	3 years

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Financial instruments

Classification

The Fund classifies financial assets and financial liabilities into the following categories:
- Held-to-maturity investment
- Loans and receivables
- Financial liabilities measured at fair value
- Financial liabilities measured at amortised cost

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

Initial recognition and measurement

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

The Fund classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.
Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.
For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.
Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

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

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

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

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

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Fair value determination

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

Impairment of financial assets

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

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

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.
Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Held to maturity

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

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

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

1.5 Tax

The Fund is exempt from taxation in terms of the provision of Section 6 of the Motor Vehicle and Accident Fund Act Number 10 of 2007.

1.6 Leases

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

Finance leases – Lessee

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

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

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

Operating leases – Lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.
Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.
Income for leases is disclosed under revenue in profit or loss.

Operating leases – Lessee

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

1.7 Impairment of assets

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

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

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

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

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.
An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit.

- Pro rata on the basis of the carrying amount of each asset in the unit.

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss.

1.8 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised.

1.9 Employee benefits

Short-term employee benefits

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

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

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

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in profit or loss over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income. Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the Fund is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.10 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Fund will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or deficits already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

1.11 Revenue

Fund 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 recognises revenue from the fuel levies when the amount of revenue can be easily 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 statement of comprehensive income is recognised on a time-proportion basis, using the effective interest rate method.

Rental income

The Fund receives income from rent on properties leased out to third parties. Rental income is measured at fair value of the consideration received or receivable.

1.12 Claims paid

An insurance contract is defined as a contract under which the insurer accepts significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholder if a specified uncertain future event, insured event, adversely affects the policyholder. The Fund does not have any insurance contracts, but it accepts insurance risk as it is mandated by legislation to compensate victims of road accidents for injuries suffered as a result of motor vehicle accidents.

The Fund covers the following claims:
1. Medical expenses
2. Funeral grants
3. Loss of income
4. Loss of support
5. Injury grant

Claims incurred

Claims incurred comprise claims related expenses incurred during the year and changes in the provisions for outstanding claims, including related external expenses together with any other adjustments to claims from previous years.

Outstanding claims provision

Provision is made at year end for the estimated cost of claims incurred but not yet settled at the reporting date. Claims outstanding are determined as accurately as possible on the basis of a number of factors, including previous experience in claims patterns, claim settlement patterns and trends in claim frequency. Further, the outstanding claims provision is calculated taking the following elements into account:

- estimates of additional claims payments that may be required on claims that have already been reported to the fund and are still open;
- estimates of additional claims payments that may be required on claims that have already been reported to the fund and are closed, but could be reopened in the future; and
- estimates of external claim-handling expenses such as legal and medical experts, assessors and other experts excluding the fund overhead administrative costs.

The estimates of the outstanding claims provision were produced on a going-concern basis, and the outstanding claims estimate is reflected in the financial statements at a discounted value, based on expected monetary values at the expected time of the payment of those claims. Reserves for the internal or indirect claim-handling expenses are specifically excluded from the estimates, for example administrative costs.

Contingent liability for claims IBNR

The cost of claims incurred but not yet reported (commonly referred to as IBNR) to the fund will be disclosed as a contingent liability, as the obligating event, in terms of lodging and ascertaining the merit of the claim, has not yet happened.

1.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.
Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.14 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.
Cash flows arising from transactions in a foreign currency are recorded in Namibia Dollars by applying to the foreign currency amount the exchange rate between the Namibia Dollar and the foreign currency at the date of the cash flow.

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.16 Related parties

The fund operates in an economic sector currently dominated by entities directly or indirectly owned by the Namibian Government. These entities are considered related parties.

Management comprises those persons responsible for planning, directing and controlling the activities of the fund; as well as those charged with governance of the fund in accordance with legislation in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, management in their dealings with the Fund.

Only transactions with related parties, not at arm's length and not in the ordinary course of business, are disclosed.

2. New Standards and Interpretations

IFRS 10 Consolidated Financial Statements

Standard replaces the consolidation sections of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The standard sets out a new definition of control, which exists only when an entity is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to effect those returns through power over the investee.

The effective date of the standard is for years beginning on or after 01 January 2013.

IAS 27 Separate Financial Statements

Consequential amendment as a result of IFRS 10. The amended Standard now only deals with separate financial statements.

The effective date of the amendment is for years beginning on or after 01 January 2013.

IFRS 11 Joint Arrangements

The standard replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non Monetary Contributions by Venturers. The standard defines a Joint arrangement as existing only when decisions about relevant activities requires the unanimous consent of the parties sharing joint control in terms of a contractual arrangement. The standard identifies two types of joint arrangements as:

- Joint operations which exist when the entities sharing joint control have direct rights to the assets and obligations for the liabilities of the joint arrangements. In such cases the joint operators recognise their share of the assets and liabilities and profits and losses of the joint arrangements in their financial statements.

- Joint ventures which exist when the entities sharing joint control only have rights to the net assets of the joint arrangements. Joint venturers account for their interest in joint ventures using the equity method of accounting.

The effective date of the standard is for years beginning on or after 01 January 2013.

IFRS 12 Disclosure of Interests in Other Entities

The standard sets out disclosure requirements for investments in Subsidiaries, associates, joint ventures and unconsolidated structured entities. The disclosures are aimed to provide information about the significance and exposure to risks of such interests. The most significant impact is the disclosure requirement for unconsolidated structured entities or off balance sheet vehicles.

The effective date of the standard is for years beginning on or after 01 January 2013.

IFRS 13 Fair Value Measurement

New standard setting out guidance on the measurement and disclosure of items measured at fair value or required to be disclosed at fair value in terms of other IFRS's.

The effective date of the standard is for years beginning on or after 01 January 2013.

IAS 19 Employee Benefits Revised

- Require recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements
- Introduce enhanced disclosures about defined benefit plans
- Modify accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits
- Clarification of miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features.

The effective date of the amendment is for years beginning on or after 01 January 2013.

IAS 28 Investments in Associates and joint ventures

The standard supersedes IAS 28, Investment in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The standated defines significant influence and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.

The effective date of the standard is for years beginning on or after 01 January 2013.

Amendments to IFRS 1 First time adoption on government grants

Amends IFRS 1, First-time adoption of International Financial Reporting Standards to address how a first time adopter would account for a government loan with a below market rate of interest when transitioning to IFRSs.

The effective date of the standard is for years beginning on or after 01 January 2013.

The impact of the setout in note Changes in Accounting Policy.

Amendments to IFRS 10,11 and 12 on transition guidance

Amends IFRS 10, Consolidated Financial Statements, IFRS 12, Disclosure of Interests in other entities and IFRS 11, Joint arrangements.
The effective date of the standard is for years beginning on or after 01 January 2013.
The impact of the is set out in note Changes in Accounting Policy.

IFRIC 20 Stripping costs in the production phase of a surface mine

Clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised, and subsequent measurement.
The effective date of the standard is for years beginning on or after 01 January 2013

3. Investment property

	2014			2013		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	N$	N$	N$	N$	N$	N$
Investment property	6 123 668	-	6 123 668	6 123 668	-	6 123 668

Reconciliation of investment property - 2014

	Opening balance	Total
	N$	N$
Investment property	6 123 668	6 123 668

Reconciliation of investment property - 2013

	Opening balance	Total
	N$	N$
Investment property	6 123 668	6 123 668

Details of property

Erf 6436, measuring 960 square metres, situated in the Municipality of Windhoek		
Terms and conditions		
- Purchase price: 11 May 2011	4 000 000	4 000 000

Erf 6441, measuring 1340 square metres, situated in the Municipality of Windhoek		
Terms and conditions		
- Purchase price: 23 September 2008	1 500 000	1 500 000
- Additions since purchase or valuation	623 668	623 668
	2 123 668	**2 123 668**

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4. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
	N$	N$	N$	N$	N$	N$
Land and buildings	60 293 148	(5 105 057)	55 188 091	53 937 897	(3 850 647)	50 087 250
Motor vehicles	10 467 576	(5 106 519)	5 361 057	7 653 423	(3 301 776)	4 351 647
Office equipment and furniture	11 856 249	(7 934 260)	3 921 989	11 669 470	(7 177 280)	4 492 190
IT equipment	27 777 469	(20 807 035)	6 970 434	25 500 493	(13 894 196)	11 606 297
Total	**110 394 442**	**(38 952 871)**	**71 441 571**	**98 761 283**	**(28 223 899)**	**70 537 384**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
	N$	N$	N$	N$
Land and buildings	50 087 250	6 355 251	(1 254 410)	55 188 091
Motor vehicles	4 351 647	2,821 420	(1 812 010)	5 361 057
Office equipment and furniture	4 492 190	314 766	(884 967)	3 921 989
IT equipment	11 606,297	2 276 976	(6 912 839)	6 970 434
	70 537 384	**11 768 413**	**(10 864 226)**	**71 441 571**

Reconciliation of property, plant and equipment – 2013

	Opening balance	Additions	Disposals	Depreciation	Total
	N$	N$	N$	N$	N$
Land and buildings	44 837 201	6 356 849	-	(1 106 800)	50 087 250
Motor vehicles	3 040 714	3 153 862	(228 873)	(1 614 056)	4 351 647
Office equipment and furniture	5 527 345	373 059	-	(1 408 214)	4 492 190
IT equipment	15 280 857	1 944 713	(286 599)	(5 332 674)	11 606 297
	68 686 117	**11 828 483**	**(515 472)**	**(9 461 744)**	**70 537 384**

	2014	2013
Details of properties	N$	N$
ERF 6325, measuring 4,084 square meters, situated in the Municipality of Ongwediva		
- Purchase price: 16 November 2007	142 818	142 818
ERF 8596, measuring 6,747 square meters, situated in the Municipality of Windhoek		
- Purchase price: 30 November 2010	2 882 487	2 882 487
- Additions since purchase or valuation	29 395 924	29 247 879
	32 278 411	**32 130 366**
ERF 1771 (Portion of 1760), measuring 1,193 square meters, situated in the Municipality of Otjiwarongo		
- Purchase price: 05 February 2013	1 000 000	-
- Additions since purchase or valuation	41 750	-
	1 041 750	**-**
ERF 2542, measuring 2,887 square meters, situated in the Municipality of Rundu		
- Purchase price: 1 December 2005	125 220	125 220
- Additions since purchase or valuation	134 282	8 431
	259 502	**133 651**
ERF 1370 (Portion of ERF 1368) 1,514 measuring square meters, situated in the Municipality of Keetmanshoop		
- Purchase price: 1 December 2005	400 000	400 000
- Additions since purchase or valuation	1 280 186	16 861
	1 680 186	**416 861**
ERF 6326, measuring 2,975 square meters, situated in the Municipality of Ongwediva		
- Purchase price: 16 November 2007	98 321	98 321
- Additions since purchase or valuation	19 788 365	17 004 726
	19 886 686	**17 103 047**

	2014	2013
	N$	N$
ERF 879, measuring 1,250 square meters, situated in the Municipality of Walvis Bay		
- Purchase price: 16 March 2012	4 200 000	4 200 000
- Additions since purchase or valuation	803 795	-
	5 003 795	**4 200 000**
Total cost of the properties	**60 293 148**	**53 937 897**

Certain properties are encumbered as per note 8.

5. Investments

	2014	2013
At fair value through profit or loss		
Funds held with asset managers	228 984 391	99 796 870
Funds held with professional managers are fair valued by professional managers at year end.		
Held to maturity		
Fixed term investments	118 399 252	66 045 608
Fixed term deposits are held with financial institutions.		
Total other financial assets	**347 383 643**	**165 842 478**

	2014	2013
Current assets		
At fair value through profit or loss	228 984 391	99 796 870
Held to maturity	118 399 252	66 045 608
	347 383 643	**165 842 478**

Fair value information

Funds held with professional managers are fairly valued by asset managers as at year end.

The fair value of the financial assets was determined as follows:
- The fair value of listed or quoted investments are based on quoted market price.
The fair values are determined annually at statement of financial position date.

Fair value hierarchy of financial assets at fair value through profit or loss

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

6. Trade and other receivables

	2014	2013
	N$	N$
Fuel levies receivable	75 365 592	62 965 994
Deposits	30 668	30 668
Value Added Tax	123 758	-
Staff loans	(2 815)	(2 815)
Customer control account	2 536 697	1 788 837
	78 053 900	**64 782 684**

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2014, N$ 78 053 900 (2013: N$ 64 782 683) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Less than 1 year past due	78 053 900	64 498 354
2 - 3 years past due	-	284 329
	78 053 900	**64 782 683**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

	2014	2013
	N$	N$
Cash on hand	24 028	49 586
Bank balances	4 666 449	27 875 524
Short-term deposits	253 144	10 194 312
	4 943 621	**38 119 422**

8. Long term liabilities

	2014	2013
Held at amortised cost		
	12 474 094	14 512 388
First National Bank 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 2014, the prime rate was 9.25%. First National Bank holds a bond on the property at Erf 8596, Windhoek.		
First National Bank 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 less 2%. At 31 March 2014, the prime rate was 9.25%. First National Bank holds a bond on the property at Erf 6325, Ongwediva.	4 158 029	4 837 460
Fuel Levy Advance The Fund requested a further fuel levy advance from the Ministry of Mines and Energy to cover operational expenditure and future fund obligations. The loan is interest-free and repayable as follows: - repayable at N$ 200 000 per month - interest free	23 062 701	23 751 661
Bank Windhoek The Fund requested a loan from Bank Windhoek for the purchase of Erf 6436 in Windhoek. The loan is repayable in 120 equal instalments and bears interest at prime lending rates. The prime lending rate at 31 March 2014 was 9,25%. The loan is secured by a mortgage bond over Erf 6436 in Windhoek.	3 205 042	3 506 504

	2014	2013
	N$	N$
Bank Windhoek	2 939 591	3 185 819
On 16 March 2012, a loan to purchase Erf 879, Walvis Bay was acquired from Bank Windhoek. The loan is for a period of 120 months at an annual interest rate prime plus 0,5%. At 31 March 2014, the prime rate was 9,25%.		
	45 839 457	**49 793 832**
Non-current liabilities		
At amortised cost	41 701 992	45 757 449
Current liabilities		
At amortised cost	4 137 465	4 036 383
	45 839 457	**49 793 832**

9. Finance lease obligation

Minimum lease payments due		
- within one year	-	668 370
Non-current liabilities	-	151 369
Current liabilities	-	668 370
	-	**819 739**

10. Retirement benefit obligation

Defined benefit plan

The defined benefit plan consists of the 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 retirement benefit obligation has been determined through Actuarial valuation.

Carrying value

	2014	2013
	N$	N$
Present value of the defined benefit obligation wholly unfunded	(2 560 000)	(2 560,000)
Net actuarial gains or losses not recognised	(382 000)	372 000
	(2 942 000)	**(2 188 000)**

Movements for the year

Opening balance	(2 188 000)	(1 615 000)
Net expense recognised in profit or loss	(754 000)	(573 000)
	(2 942 000)	**(2 188 000)**

Net expense recognised in profit or loss

Current service cost	(437 000)	(393 000)
Interest cost	(267 000)	(197 000)
Amortisation	(50 000)	(9 000)
Paid to members	-	26 000
	(754 000)	**(573 000)**

Key assumptions used

Assumptions used on last valuation on 01 April 2014.		
Number of employees	137	128
Total annual salaries	43 760,000	39 851 000
Average service (in years)	37	38
Salary weighted average age (in years)	6	5
Discount rates used	9.30%	8.90%
Inflation rate	6.80%	6.60%
Expected increase in salaries	7.80%	7.60%

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

11. Deferred income

Deferred income realized as a result of an interest free loan granted by the Government of the Republic of Namibia to the Fund. Interest free loans are recognized as a form of Government assistance and are recognized as the difference between the initial carrying amount of the loan and the actual proceeds received from the Government.

	2014	2013
	N$	N$
Non-current liabilities	48 837 299	50 348 339
Current liabilities	-	-
	48 837 299	**50 348 339**

12. Claims provisions and reserves

Reconciliation of claims provisions and reserves - 2014

	Opening balance	Increase in claims provisions and reserves	Total
Provisions	583 573 000	17 826 000	601 399 000

Reconciliation of claims provisions and reserves - 2013

	Opening balance	Decrease in claims provisions and reserves	Total
Provisions	613 785 000	(30 212 000)	583 573 000

Provisions include:

Provisions for Outstanding claims including Notified Outstanding Claims Reserve (NOCR) and Claims incurred but not Reported Reserve (IBNR).

	2014	2013
	N$	N$
Fair value determination of the unreported incurrent claims		
Claims incurred but not reported - Funeral and Injury grants	36 700 000	26 606 000
Claims incurred but not reported - Loss of Income and Loss of Support	29 886,000	35 484 000
Claims incurred but not reported - Medical Undertakings	22 673 000	21 330 000
Claims undertakings - Loss of Income	65 903 000	53 978 000
Claims undertakings - Loss of Support	231 372 000	250 055 000
Claims undertakings - Medical Undertakings	56 496 000	50 844 000
Belgian doctors' claims	83 615 000	84 140 000
Claims in litigation	18 842000	6 881 000
Claims handling expenses	27 274 000	26 466 000
Contingency reserves	28 638 000	27 789 000
	601 399 000	**583 573 000**

Claims incurred but not reported – Funeral and Injury Grant

Development patterns as summarised in the actuarial valuation. The report derived from the monthly claims run-off was used to evaluate claims incurred but not yet reported.]

The projected claim numbers were multiplied by the average claim amounts of N$ 7 000 and N$ 11 922 (N$ 7 000 and N$ 11 742 in 2013) for Funeral and Injury Grants respectively to get incurred but not reported liability.

Claims incurred but not reported – Loss of Income, Loss of Support and Medical Undertakings

For undertakings, the actuaries also used development patterns derived from the claims data provided by management. The development factors were used to project claim undertaking amounts in respect of accidents prior to 31 March 2014, but yet to be reported in subsequent years. The projections were based on total claim undertakings recorded to date, with development periods in respect of loss of support being in years and not in months, as for the other classes.

Loss of Income – Excluding the Belgian doctors' claims

The present value of all projected future payments for the remaining term until age 60 or earlier expected death is calculated. Allowance is made for inflation at 5% per annum.

Where no full details of remaining term was provided, initial undertaking amount was rolled up with interest of 7.5% to the end of the 2014 financial year. The annual payments made to date were also rolled up with interest of 7.5% per annum. The value of the outstanding claims was set as the difference between the rolled up undertaking amount and the sum of the payments allowing for interest. The difference was subject to a minimum of zero.

Loss of Support claims

The present value of all projected future payments for the remaining term until age 60 or earlier expected death is calculated. Allowance is made for inflation at 5% per annum.

Where no full details of remaining term was provided, initial undertaking amount was rolled up with interest of 7.5% to the end of the 2014 financial year. The annual payments made to date were also rolled up with interest of 7.5% per annum. The value of the outstanding claims was set as the difference between the rolled up undertaking. Namibia MVA Fund Actuarial Valuation as at 31 March 2014 amount and the sum of the payments allowing for interest. The difference was subject to a minimum of zero.

Medical Undertakings

The actuaries set the liability equal to 100% of the sum of the outstanding balances (subject to a minimum of zero) irrespective of the year the undertaking was made. They however, reviewed all the historical dormant undertakings together with the management of the Fund, and in cases where there is no further future payments expected, the records have been expunged from the system and no liability held.

Since the bulk of medical expenses are expected to be incurred in the short term, we have not applied any discount factor to the outstanding balances.

Belgian Doctors

The schedule of all future remaining payments was set out in court papers drafted in November and December 2009. The actuaries have set the liability as the present value of these future payments, with allowance for mortality, interest and expected future N$/Euro exchange rate movement.

Two cases have been fully settled by the Fund as at 31 March 2014. Calculations were only made in respect of Ms. Carol Clara Cornelis' claim, which is the only outstanding claim.

Claims in Litigation

Management provided a separate schedule with case estimates of claims in litigation at year end. The total of these amounted to N$ 18.8 mil and has been set aside as the liability.

Claims handling expenses

The actuaries have allowed for claim handling expenses at 5% of outstanding liabilities including IBNR. This is broadly consistent with the ratio of the claim expenses to the outstanding liabilities as at 2013 financial year end.

Contingency reserves

The contingency reserve is set as 5% of the liability for the IBNR and Claims undertakings.

The key financial and demographic assumptions used are:

- Average historic rate 8% (2013: 8%)
- Valuation discount rate 7.5% (2013: 7.5%)
- Annual future inflation 5% (2013: 5%)
- Expected future exchange rate (Euro vs N$) N$ 12.77 (2013: N$ 11.10)

	2014	**2013**
	N$	N$
13. Trade and other payables		
Trade payables	6 802 993	3 709 131
Value Added Tax	-	1 598
Other payables	5 166 607	2 323 736
Accrued leave pay	2 060 227	1 923 366
Accrued bonus	12 159 705	11 022 511
Other accrued expenses	513 583	754 428
	26 703 115	**19 734 770**
14. Revenue		
Fuel levy income	448 413 340	390 438 243
Government grant - released	-	1,905 120
Xupifa Eemwenyo revenue	15 000	83 695
Rental Income	2 086 295	2 025 877
Investment income	19 289 597	6 445 386
Miscellaneous other revenue	43 942	65 202
	469 848 174	**400 963 523**

15. Claims

	2014	2013
	N$	N$
Claims paid	195 512 944	206 983 687
Movement in actuarial liability	17 826 000	(78 279 515)
	213 338 944	**128 704 172**

16. Other income

	2014	2013
Profit and loss on sale of property, plant and equipment	135 500	26 129
Discount received	3 626	-
Unrealised profit and loss on equity	(61 868)	-
	77 258	**26 129**

17. Surplus before finance costs

Surplus before finance costs for the year is stated after accounting for the following:

	2014	2013
	N$	N$
Operating lease charges		
Premises		
Contractual amounts	1 047 730	824 021
Profit on sale of property, plant and equipment	153 500	26 129
Depreciation on property, plant and equipment	10 864 226	9 461 744
Employee costs	71 636 183	63 095 647
Employee costs		

18. Employee costs

	2014	2013
Indirect employee costs		
Employee costs	65 348 616	56 472 326
Leave pay provision charge	265 828	(90 271)
Employee wellness	1 835 557	383 022
Staff development and training	3 432 182	5 757 570
Post-employment benefits - Pension - Defined benefit plan	754 000	573 000
	71 636 183	**63 095 647**
Total employee costs		
Indirect employee costs	71 636 183	63 095 647

	2014	2013
	N$	N$

19. Finance costs

Banking Institutions	**2 034 074**	**4 043 054**

20. Auditor's remuneration

Fees	**434 425**	**2 056 675**

21. Cash generated from operations

Surplus for the year	143 277 576	169 958 721
Adjustments for:		
Depreciation and amortisation	10 864 226	9 461 744
Profit on sale of property, plant and equipment	(135 500)	(26 129)
Finance costs	2 034 074	4 043 054
Movements in retirement benefit liabilities	754 000	573 000
Movements in provisions	17 826 000	(30 212 000)
Changes in working capital:		
Construction contract	-	69 860
Trade and other receivables	(13 271 216)	(8 317 127)
Trade and other payables	6 968 345	1 995 778
Deferred income	(1 511 040)	(26 351 661)
	166 806 465	**121 195 240**

22. Related parties

The Fund is created by statute, with the Minister of Works and Transport being the Executive Authority representing the Government of Namibia. The related parties of the fund mainly consist of departments, state owned enterprises, other public entities in Government and key management personnel of the fund, the directors, its Executive Authority and their close family members.

Non-executive
2014

	Directors' fees	Total
	N$	N$
Directors fees	1 176 354	1 176 354

2013

	Directors' fees	Total
	N$	N$
Directors fees	837 269	837 269

24. Taxation

The Motor Vehicle Accident Fund is exempt from taxation in terms of the section 6 of the Motor Vehicle Accident Fund Act 10 of 2007.

25. Risk management

Financial risk management

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 risk that the Fund primarily faces due to the nature of its assets and liabilities are liquidity risk, interest rate risk, currency risk and insurance risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department under policies approved by the board. Fund treasury identifies, evaluates and hedges financial risks in close co-operation with the Fund's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

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 Fund'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 appropriate instruments.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the Fund’s financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2014	**Trade and other receivables**	**Held at fair value through profit or loss**	**Held at maturity**	**Financial liabilities at amortised cost**
	N$	N$	N$	N$
Investments	-	228 984 391	118 399 252	-
Trade and other receivables	78 053 900	-	-	2 942 000
Cash and cash equivalents	4 943 621	-	-	-
Trade and other payables	-	-	-	(26 703 115)
Long term liabilities	-	-	-	(22 776 756)
Provisions	-	(601 399 000)	-	-

At 31 March 2013	**Trade and other receivables**	**Held at fair value through profit or loss**	**Held at maturity**	**Financial liabilities at amortised cost**
	N$	N$	N$	N$
Investments	-	99 796 870	66 045 608	-
Trade and other receivables	64 782 683	-	-	-
Cash and cash equivalents	38 119 422	-	-	-
Trade and other payables	-	-	-	(19 734 768)
Long term liabilities	-	-	-	(49 793 832)
Provisions	-	(583 573 000)	-	-

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 value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures, within acceptable parameters while optimising return on risk.

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The Fund has interest-bearing assets at market interest rates.

The Fund's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Fund to cash flow interest rate risk. Borrowings issued at fixed rates expose the Fund to fair value interest rate risk. During 2014 and 2013, the Fund's borrowings at variable rate were denominated in the Namibia Dollar.

Cash flow interest rate risk

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Financial instrument	Current interest rate	Due in less than a year	Due in one to five years	Due after five years
		N$	N$	N$
Investments	-%	-	347 383 643	-
Trade and other receivables	-%	78 053 900	-	-
Cash and cash equivalent	-%	4 943 621	-	-
Long term liabilities	7.90%	4 137 465	19 751 373	21 950 619
Retirement benefit obligation	-%	-	-	2 942 000
Provisions	-%	-	-	601 399 000
Trade and other payables	-%	26 703 115	-	-

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 loan
- 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 title holder to all the vehicles involved and the vehicles are comprehensively insured. Monthly instalments are deducted directly from payroll.

The provision of the Petroleum Act does not allow the Fund to collect fuel levies directly from different fuel companies, but instead wards receipts 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.

Foreign exchange risk

Foreign currency risk is defined as the risk that the fair value, future cashflows or a financial instrument will fluctuate because of changes in the market prices. The Fund is exposed to foreign currency risk arising from the Belgium doctor's claims, which are 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.

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

Insurance risk

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. These are classified as insurance contracts.

The Fund accepts insurance risk as it is mandated by legislature 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 related expenses incurred during the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and related external expenses, together with any other adjustments to claims from previous year.

26. Going concern

We draw attention to the fact that at 31 March 2014, the company had accumulated deficits of N$ (217 774 468) and that the company's total liabilities exceed its assets by N$ (217 774 468).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note of these annual financial statements will remain in force for so long as it takes to restore the solvency of the company.

27. Events after the reporting period

On 10 June 2014, the Fund paid off all building loans amounting to N$ 22.3 million which means that all buildings of the Fund are no longer encumbered.

The Motor Vehicle Accident Fund
Annual Financial Statements for the year ended 31 March 2014
Detailed Statement of Comprehensive Income

	Notes	2014	2013
		N$	N$
Revenue			
Fuel levy revenue		448 413 340	390 438 243
Government grant - Released		-	1 905 120
Xupifa Eemwenyo revenue		15,000	83 695
Rental Income		2 086 295	2 025 877
Miscellaneous other revenue		43 942	65 202
Income from investments		19 289 597	6 445 386
	14	**469 848 174**	**400 963 523**
Cost of sales			
Claims paid		(213 338 944)	(128 704,172)
Gross surplus		**256 509 230**	**272 259 351**
Other income			
Discount received		3 626	-
Unrealised profit and loss on equity		(61 868)	-
Gains on disposal of assets		135 500	26 129
		77 258	**26 129**
Expenses (Refer to page 44)		**(111 274,838)**	**(98 283 705)**
Operating surplus	17	**145 311 650**	**174 001 775**
Finance costs	19	(2 034 074)	(4 043 054)
Surplus for the year		**143 277 576**	**169 958 721**
Operating expenses			
Accounting fees		304 141	421 445
Auditor remuneration	20	434 425	2 056 675
Bank charges		253 195	205 592
Cleaning		688 927	526 646
Computer expenses		2 444 189	1 619 000

Annexure G

The Motor Vehicle Accident Fund
Annual Financial Statements for the year ended 31 March 2014
Detailed Statement of Comprehensive Income

	2014	2013
	N$	N$
Consulting and professional fees	4 443 445	5 074 049
Corporate communication	8 870	14 170
Corporate social investments	2 900 396	1 673 783
Depreciation, amortisation and impairments	10 864 226	9 461 744
Employee and directors costs	71 636 183	63 095 647
Entertainment	181 882	254 153
Fines and penalties	2 559 470	-
General expenses	-	29 020
Gifts	56 357	86 182
Gratuity	-	1 490 701
Incentives	709 251	85 742
Insurance	644 606	659 077
Lease rentals on operating lease	1 047 730	824 021
Leasing charges	135 058	98 249
Legal expenses	646 233	504 726
License fees	8 510	27 107
Magazines, books and periodicals	47 420	49 337
Motor vehicle expenses	1 568 769	1 225 728
Organisational development	1 097 187	432 316
Postage	173 685	160 501
Printing and stationery	223 876	166 822
Property management expenses	970 425	505 911
Relocation of offices	37 628	24 585
Repairs and maintenance	405 435	639 916
Security	1 344 575	732 739
Subscriptions	450 566	663 992
Telephone and fax	1 835 790	1 730 977
Travel - Local	1 647 558	2 397 503
Utilities	1 504 830	1 345 649
	111 274 838	**98 283 705**