



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MOTOR VEHICLE ACCIDENT FUND
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

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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 2016, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Transport in terms of Section 8 of the Motor Vehicle Accident Fund Act, 2007 (Act 10 of 2007) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

WINDHOEK, November 2016

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MOTOR VEHICLE ACCIDENT FUND
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the Motor Vehicle Accident Fund (the Fund) for the financial year ended 31 March 2016 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and provisions set out in the State Finance Act, 1991(Act 31 of 1991), as amended.

Figures in the report are rounded to the nearest Namibia dollar and deficits are indicated in (brackets).

The firm BDO Chartered Accountants of Windhoek 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.

I certify that I have audited the accompanying financial statements of the Motor Vehicle Accident Fund for the financial year ended 31 March 2016. These financial statements comprise of the following:

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 annual statements; and
Annexure G: Detailed statements of comprehensive income.

The financial statements were submitted on time by the Accounting Officer to the Auditor-General on 21 July 2016 in terms of Section 7 of the Motor Vehicle Accident Fund Act, 2007 (Act 10 of 2007).

The financial statements, notes to the financial statements and general information provided by the Chief Financial Officer are attached as Annexure A- G.

2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 12 & 13 of the State Finance Act, Act 31 of 1991 and relevant legislation, and for such internal control as management determines it necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

3. AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Powers and duties

Section 25(1) (c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- (a) All reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) All reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- (c) The expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1) (b)(iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

4. ACKNOWLEDGEMENT

The assistance and cooperation given by the staff of the Motor Vehicle Accident Fund during the audit is appreciated.

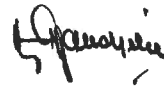
5. KEY AUDIT FINDINGS

No key material findings.

6. UNQUALIFIED AUDIT OPINION

The financial statements of the Motor Vehicle Accident Fund for the financial year ended 31 March 2016 have been audited in accordance with the provisions of Section 7 of the Motor Vehicle Accidents Fund Act, 2007 (Act 10 of 2007).

In my opinion, the annual financial statements published, fairly present, in all material respects, the financial position of the Motor Vehicle Accident Fund of Namibia as at 31 March 2016 and the results of the operations and cash flow for the year ended 31 March 2016 in accordance with the International Financial Reporting Standards and the requirements of the Motor Vehicle Accident Act, 2007 (Act 10 of 2007).



WINDHOEK, November 2016

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH

The Directors present their annual report, which forms part of the audited financial statements of the Fund for the year ended 31 March 2016.

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 Fund Act, 2007 (Act 10 of 2007) Number 10 of 2007 and operates 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 summarized as follows:

Summary of income statement

	2016	2015
	N\$	N\$
Fuel levy income	540 730 010	505 501 642
Income from investments	33 492 727	33 087 154
Claim expense	(243 104 354)	(231 518 731)
Sundry income	-	189 267
Movement in claims provisions and reserves	(72 779 000)	(74 429 000)
Operating expenses	(137 831 788)	(123 636 089)

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

The new levy of 47.7 cents was applied for the full 12 months in the current year.

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:

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH**

Summary of financial position

	2016	2015
	N\$	N\$
Total assets	853 697 084	659 499 147
Total liabilities	828 870 575	766 038 386
Accumulated Fund surplus / (deficit)	25 826 509	(106 539 239)
Ratio of total assets to Fund surplus / (deficit)	33.06:1	(6.19:1)
Ratio of total assets to Fund surplus / (deficit) %	3306%	(619%)

Fuel sales in litres

	Litres	Litres
Diesel	695 303 524	652 209 363
Petrol	438 302 369	407 510 714
	1 133 605 893	1 059 720 077
Increase in litres sold	73 885 816	70 369 618

Cash and investments

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

	2016	2015
	N\$	N\$
Cash and investments		
Funds held with asset managers	389 549 826	316 069 945
Fixed term investments	253 019 523	167 160 582
Call account investments	361 735	604 248
Bank balances	9 854 949	3 901 905
Cash on hand	20 492	32 657
	652 806 525	487 769 337

2. Going concern

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.

3. Events after the reporting period

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

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH**

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
Z. Erkana	Namibian
C. Kavendjii	Namibian
A. Kapia	Namibian
P. Nakathingo	Namibian
A. Tierspoor	Namibian

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 7(4) of the Motor Vehicle Accident Act Number 10 of 2007.

THE MOTOR VEHICLE ACCIDENT FUND NAMIBIA

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH

	Note	2016 N\$	2015 N\$
Assets			
Non-Current Assets		101 333 502	82 464 810
Investment property	3	30 230 000	6 123 668
Property plant and equipment	4	71 103 502	76 341 142
		752 363 582	577 034 337
Current Assets			
Investments	5	642 569 349	483 230 527
Trade and other receivables	6	99 557 057	89 265 000
Cash and cash equivalents	7	10 237 176	4 538 810
Total Assets		853 697 084	659 499 147
Equity and Liabilities			
Equity		25 826 509	(106 539 239)
Accumulated surplus / (deficit)		25 826 509	(106 539 239)
Liabilities		792 669 309	740 438 403
Non-Current Liabilities			
Long term liabilities	8	31 332 037	22 605 397
Retirement benefit obligation	9	4 824 000	3 859 000
Deferred income	10	7 906 272	38 146 006
Claims provisions and reserves	11	748 607 000	675 828 000
		35 201 266	25 599 983
Current Liabilities			
Long term liabilities	8	8 661 691	148 597
Trade and other payables	12	26 539 575	25 451 386
Total Equity and Liabilities		853 697 084	659 499 147

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH

	Note	2016 N\$	2015 N\$
Revenue	13	577 214 669	541 091 304
Claims paid	14	(315 883 354)	(305 947 731)
		261 331 315	235 143 573
Gross surplus			
Other income	15	1 174 112	210 000
Operating expenses		(137 831 788)	(123 636 089)
Surplus before finance costs	16	124 673 639	111 717 484
Fair value gains on investment property		7 708 389	
Finance costs	18	(16 280)	(482 255)
Surplus for the year		132 365 748	111 235 229
Other comprehensive income		-	-
Surplus for the year		132 365 748	111 235 229

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH

	Accumulated surplus / (deficit)	Total equity
	N\$	N\$
Balance at 01 April 2014	(217 774 468)	(217 774 468)
Surplus for the year	111 235 229	111 235 229
Balance at 01 April 2015	(106 539 239)	(106 539 239)
Surplus for the year	132 365 748	133 764 474
Balance at 31 March 2016	25 826 509	27 225 235

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH

	Note	2016 N\$	2015 N\$
Cash flows from operating activities			
Cash generated from operations	20	166 441 956	174 279 842
Finance costs		(16 280)	(482 255)
Net cash from operating activities		166 425 676	173 797 587
Cash flows from investing activities			
Purchase of property plant and equipment	4	(19 802 334)	(15 480 051)
Sale of property plant and equipment	4	1 174 112	210 000
Movement in investments		(159 338 822)	(135 846 884)
Net cash from investing activities		(177 967 044)	(151 116 935)
Cash flows from financing activities			
Movement in long term liabilities		(17 239 734)	(23 085 463)
Net cash from financing activities		(17 239 734)	(23 085 463)
Total cash movement for the year		5 698 366	(404 811)
Cash at the beginning of the year		4 538 810	4 943 621
Total cash at end of the year	7	10 237 176	4 538 810

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Accounting Policies**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 judgment 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 judgment's 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 judgments 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 MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

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

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 estimation of the liability 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. Additional disclosure of these estimates of provisions are included in Note 11 - Provisions.

Post- retirement benefit

The Fund provides a defined benefit plan to its employees. The measurement of the obligations and 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 9 - Retirement benefit obligation.

Allowance for doubtful debts

On receivables an impairment loss is recognized 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 recognized 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.

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

Fair value

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 recognized 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 recognized in the carrying amount of an item of property plant and equipment the carrying amount of the replaced part is de-recognized.

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 is 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 MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

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

The gain or loss arising from the de-recognition of an item of property plant and equipment is included in profit or loss when the item is de-recognized. The gain or loss arising from the de-recognition 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 amortized 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.

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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 includes 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.

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

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.

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

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.

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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 or liability. 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.

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

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.

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.

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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 is 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.

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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 MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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.

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016****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.

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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.

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the fund has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to the funds operations.

Standard/ Interpretation:	Effective date:	Years beginning on or after
	Expected impact:	
• Amendment to IFRS 8: Operating Segments: Annual improvements project	01 July 2014	The impact of the amendment is not material
• Amendment to IAS 24: Related Party Disclosures: Annual improvements project	01 July 2014	The impact of the amendment is not material
• Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project	01 July 2014	The impact of the amendment is not material
• Amendment to IAS 40: Investment Property: Annual improvements project	01 July 2014	The impact of the amendment is not material
• Amendment to IFRS 13: Fair Value Measurement: Annual improvements project	01 July 2014	The impact of the amendment is not material
• Amendment to IAS 38: Intangible Assets Annual improvements project	01 July 2014	The impact of the amendment is not material

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2.2 Standards and interpretations not yet effective

The fund has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the fund's accounting periods beginning on or after 01 April 2016 or later periods:

Standard/ Interpretation:	Effective date: Expected impact:	Years beginning on or after
• IFRS 9 Financial Instruments	01 January 2018	Unlikely there will be a material impact
• IFRS 15 Revenue from Contracts with Customers	01 January 2017	Unlikely there will be a material impact
• Amendment to IAS 27: Equity Method in Separate Financial Statements	01 January 2016	Unlikely there will be a material impact
• Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project	01 January 2016	Unlikely there will be a material impact
• Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	01 January 2016	Unlikely there will be a material impact
• Amendment to IAS 34: Interim Financial Reporting. Annual Improvements project	01 January 2016	Unlikely there will be a material impact

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

3. Investment property

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Investment property	30 230 000	-	30 230 000	6 123 668	-	6 123 668

Reconciliation of investment property - 2016

	Opening balance	Transfer from property, plant and equipment	Fair value adjustment	Total
Investment property	6 123 668	16 397 943	7 708 389	30 230 000

Reconciliation of investment property - 2015

	Opening balance	Total
Investment property	6 123 668	6 123 668

Details of property

	2016 N\$	2015 N\$
Erf 6436 measuring 960 square meters situated in the Municipality of Windhoek		
- Purchase price: 11 May 2011	4 000 000	4 000 000
- Fair value adjustments	3 830 000	-
	7 830 000	4 000 000
Erf 6441 measuring 1340 square metres situated in the Municipality of Windhoek		
- Purchase price: 23 September 2008	1 500 000	1 500 000
- Additions since purchase or valuation	623 668	623 668
- Fair value adjustments	4 176 332	-
	6 300 000	2 123 668

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

Erf 6326 Service Centre Ongwediva (transferred from property, plant and equipment)

	2016	2015
	N\$	N\$
- Purchase price: 16 November 2007	228 858	-
-Additions since purchase or valuation	16 169 085	-
-Fair value adjustment	(297 943)	-
	16 100 000	-

4. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and buildings	66 921 411	(7 696 037)	59 225 374	71 327 372	(6 421 390)	64 905 982
Motor vehicles	13 359 296	(9 174 683)	4 184 613	12 290 195	(6 491 786)	5 798 409
Office equipment and furniture	12 942 322	(9 725 067)	3 217 255	12 485 872	(8 826 899)	3 658 973
IT equipment	32 979 027	(28 502 767)	4 476 260	28 688 275	(26 710 497)	1 977 778
	126 202 056	(55 098 554)	71 103 502	124 791 714	(48 450 572)	76 341 142

Reconciliation of property plant and equipment - 2016

	Opening balance	Additions	Transfer to investment property	Depreciation	Total
Land and buildings	64 905 982	12 335 164	(16 397 943)	(1 617 829)	59 225 374
Motor vehicles	5 798 409	2 719 967	-	(4 333 763)	4 184 613
Office equipment and furniture	3 658 973	456 450	-	(898 168)	3 217 255
IT equipment	1 977 778	4 290 753	-	(1 792 271)	4 476 260
	76 341 142	19 802 334	(16 397 943)	(8 642 031)	71 103 502

Reconciliation of property plant and equipment – 2015

	Opening balance	Additions	Depreciation	Total
Land and buildings	55 188 091	11 034 224	(1 316 333)	64 905 982
Motor vehicles	5 361 057	2 904 586	(2 467 234)	5 798 409
Office equipment and furniture	3 921 989	630 435	(893 451)	3 658 973
IT equipment	6 970 434	910 806	(5 903 462)	1 977 778
	71 441 571	15 480 051	(10 580 480)	76 341 142

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

Details of properties	2016 N\$	2015 N\$
ERF 6325 measuring 4 084 square meters situated in the Municipality of Ongwediva		
- Purchase price: 16 November 2007	142 818	142 818
- Additions since purchase or valuation	20 456 193	16 729 138
	20 599 011	16 871 956
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	26 026 901	29 395 924
	28 909 388	32 278 411
ERF 1771 (Portion of 1760) measuring 1 193 square meters situated in the Municipality of Otjiwarongo		
- Purchase price: 05 February 2013	1 000 000	1 000 000
- Additions since purchase or valuation	3 487 791	1 349 963
	4 487 791	2 349 963
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	5 453 936	998 942
	5 579 156	1 124 162
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	1 851 625	1 859 493
	2 251 625	2 259 493
ERF 6326 measuring 2 975 square meters situated in the Municipality of Ongwediva (transferred to investment property)		
- Purchase price: 16 November 2007	-	98 321
- Additions since purchase or valuation	-	27 979 764
	-	28 078 085
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	894 440	894 440
	5 094 440	5 094 440
	66 921 411	71 327 372

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

5. Investments	2016	2015
	N\$	N\$
At fair value through profit or loss		
Funds held with asset managers	389 549 826	316 069 945
Funds held with professional managers are fair valued by professional managers at year end.		
Held to maturity		
Fixed term investments	253 019 523	167 160 582
Fixed term deposits are held with financial institutions.		
Total other financial assets	642 569 349	483 230 527
Current assets		
At fair value through profit or loss	389 549 826	316 069 945
Held to maturity	253 019 523	167 160 582
	642 569 349	483 230 527

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

Fuel levies receivable	88 846 773	84 250 657
Deposits	45 668	45 668
Value Added Tax	-	133 138
Accruals	10 664 616	4 835 537
	99 557 057	89 265 000

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

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 2016 N\$ 99 557 057(2015: N\$ 89 265 000) were past due but not impaired.

	2016	2015
	N\$	N\$
The ageing of amounts past due but not impaired is as follows:		
Less than 1 year past due	99 557 057	89 265 000
	99 557 057	89 265 000

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	20 492	32 657
Bank balances	9 854 949	3 901 905
Short-term deposits	361 735	604 248
	10 237 176	4 538 810

8. Long term liabilities

Ministry of Mines and Energy

The loan is interest free, however, it was amortized at an effective prime interest rate of 9.25% per annum and is repayable in 49 monthly installments of N\$ 1,000,000 each. The difference between the remaining nominal loan amount and the amortized cost is recognised as deferred income as disclosed on note 10 to the annual financial statements. The finance costs for the year is set-off against the movement in the deferred income in the statement of profit and loss and other comprehensive income. There are no securities on the loan.

39 993 728 22 753 994

39 993 728 22 753 994

Non-current liabilities

At amortised cost

31 332 037 22 605 397

Current liabilities

At amortised cost

8 661 691 148 597
39 993 728 22 753 994

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

9. 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.

	2016	2015
	N\$	N\$
Carrying value		
Present value of the defined benefit obligation wholly unfunded	(3 859 000)	(2 942 000)
Net actuarial gains or losses not recognised	(965 000)	(917 000)
	(4 824 000)	(3 859 000)
Opening balance	(3 859 000)	(2 942 000)
Net expense recognised in profit or loss	(965 000)	(917 000)
	(4 824 000)	(3 859 000)
Current service cost	(561 000)	(466 000)
Interest cost	(385 000)	(317 000)
Amortisation	(19 000)	(134 000)
	(965 000)	(917 000)
Assumptions used on last valuation on 01 June 2016.		
Number of employees	156	146
Total annual salaries	60 402 000	50 619 000
Average service (in years)	37	37
Salary weighted average age (in years)	6	6
Discount rates used	10.10%	8.70%
Inflation rate	7.60%	6.40%
Expected increase in salaries	8.60%	7.40%

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.

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

10. Deferred income

Deferred income relates to unamortized deferred interest income on the interest free loan from the Ministry of Mines and Energy. The unamortized deferred interest income is recognised as a form of government assistance and it represents the difference between the nominal amount of the loan and the amortised loan amount as disclosed on note 8 to the annual financial statements. The movement in the deferred income is set-off against the finance costs in the statement of profit and loss and other comprehensive income.

	<u>2016</u>	<u>2015</u>
	N\$	N\$
Non-current liabilities	7 906 272	38 146 006
	<u>7 906 272</u>	<u>38 146 006</u>

11. Claims provisions and reserves**Reconciliation of claims provisions and reserves - 2016**

	Opening balance	Increase in claims provisions and reserves	Total
Provisions	<u>675 828 000</u>	<u>72 779 000</u>	<u>748 607 000</u>

Reconciliation of claims provisions and reserves - 2015

	Opening balance	Decrease in claims provisions and reserves	Total
Provisions	<u>601 399 000</u>	<u>74 429 000</u>	<u>675 828 000</u>

Provisions include:

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

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

Fair value determination of the unreported incurrent claims

	<u>2016</u>	<u>2015</u>
	N\$	N\$
Claims incurred but not reported - Funeral and Injury grants	37 512 000	46 565 000
Claims incurred but not reported - Loss of Income and Loss of Support	43 609 000	38 579 000
Claims incurred but not reported - Medical Undertakings	28 587 000	25 377 000
Claims undertakings - Loss of Income	73 579 000	70 267 000
Claims undertakings - Loss of Support	300 158 000	268 000 000
Claims undertakings - Medical Undertakings	68 143 000	60 491 000
Belgian doctors' claims	110 272 000	85 836 000
Claims in litigation	17 149 000	17 881 000
Claims handling expenses	33 950 000	30 650 000
Contingency reserves	35 648 000	32 182 000
	<u>748 607 000</u>	<u>675 828 000</u>

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\$ 14 608 (N\$ 14 089 in 2015 and N\$ 11 922 in 2014 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 we also used development patterns derived from the claims data provided. The development factors were used to project claims undertaking amounts in respect of accidents prior to 31 March 2016 but yet to be reported in subsequent years. The projections were based on total claims undertakings recorded to date.

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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 2016 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.

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 at 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 2016. Calculations were only made in respect of Ms. Carol Clara Cornelis' claim which is the only outstanding claim.

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

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\$ 17.8 million and this amount 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.

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%	(2015: 8%)
- Valuation discount rate	7.5%	(2015: 7.5%)
- Annual future inflation	5%	(2015: 5%)
- Expected future exchange rate (Euro vs N\$)	N\$ 16.78	(2015:N\$13.11)

ANNEXURE F (Continued)

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

	2016	2015
	N\$	N\$
12. Trade and other payables		
Trade payables	5 000 444	3 552 649
Value Added Tax	131 126	-
Other payables	4 422 397	5 274 831
Accrued leave pay	2 857 753	2 168 218
Accrued bonus	13 591 039	13 853 724
Other accrued expenses	536 816	601 964
	26 539 575	25 451 386
13. Revenue		
Fuel levy income	540 730 010	505 501 642
Xupifa Eemwenyo revenue	251 250	336 238
Rental Income	2 622 674	1 977 003
Investment income	33 492 727	33 087 154
Miscellaneous other revenue	118 008	189 267
	577 214 669	541 091 304
14. Claims		
Claims paid	243 104 354	231 518 731
Movement in actuarial liability	72 779 000	74 429 000
	315 883 354	305 947 731
15. Other income		
Profit and loss on sale of property plant and equipment	1 174 112	210 000
	1 174 112	210 000

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

16. Surplus before finance costs

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

	2016	2015
	N\$	N\$
Operating lease charges		
Premises		
□ Contractual amounts	1 033 437	1 189 946
Profit on sale of property plant and equipment	1 174 112	210 000
Depreciation on property plant and equipment	8 642 031	10 580 480
Employee costs	91 959 930	82 814 580
17. Employee costs		
Indirect employee costs		
Employee costs	83 872 634	74 905 714
Leave pay provision charge	908 514	460 851
Employee wellness	2 215 470	2 762 009
Staff development and training	3 998 312	3 769 006
Post-employment benefits - Pension - Defined benefit plan	965 000	917 000
	91 959 930	82 814 580
Total employee costs		
Indirect employee costs	91 959 930	82 814 580
18. Finance costs		
Banking Institutions	16 280	482 255
19. Auditor's remuneration		
Fees (external and internal audit fees)	1 108 134	1 195 390

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

	2016	2015
	N\$	N\$
20. Cash generated from operations		
Surplus for the year	132 365 748	111 235 229
Adjustments for:		
Depreciation and amortisation	8 642 031	10 580 480
Profit on sale of property plant and equipment	(1 174 112)	(210 000)
Finance costs	16 280	482 255
Fair value adjustments	(7 708 389)	
Movements in retirement benefit liabilities	965 000	917 000
Movements in provisions	72 779 000	74 429 000
Changes in working capital:		
Trade and other receivables	(10 887 980)	(11 211 100)
Trade and other payables	1 560 889	(1 251 729)
Deferred income	(30 239 734)	(10 691 293)
	166 441 956	174 279 842

21. 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.

22. Directors' fees**Non-executive
2016**

	Directors'	Total
	fees	
	N\$	N\$
Directors fees	1 510 447	1 510 447

2015

	Directors'	Total
	fees	
	N\$	N\$
Directors fees	1 245 864	1 245 864

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

23. 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.

24. 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 MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

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 2016

	Trade and other receivables	Held at fair value through profit or loss	Held to maturity	Financial liabilities at amortised cost
	N\$	N\$	N\$	N\$
Investments	-	389 549 826	253 019 523	-
Trade and other receivables	99 557 057	-	-	-
Cash and cash equivalents	10 237 176	-	-	-
Trade and other payables	-	-	-	(26 549 492)
Long term liabilities	-	-	-	(39 993 728)
Provisions	-	(748 607 000)	-	-
Retirement benefit obligation	-	-	-	(4 842 000)

At 31 March 2015

	Trade and other receivables	Held at fair value through profit or loss	Held to maturity	Financial liabilities at amortised cost
	N\$	N\$	N\$	N\$
Investments	-	316 069 945	167 160 582	-
Trade and other receivables	89 265 000	-	-	-
Cash and cash equivalents	4 538 810	-	-	-
Trade and other payables	-	-	-	(25 451 386)
Long term liabilities	-	-	-	(22 753 994)
Provisions	-	(675 828 000)	-	-
Retirement benefit obligation	-	-	-	(3 859 000)

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

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 optimizing 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 2016 and 2015 the Fund's borrowings at variable rate were denominated in the Namibia Dollar.

Cash flow interest rate risk

At 31 March 2016

Financial instrument	Current	Due in less	Due in one to	Due after
	interest rate	than a year	five years	five years
		N\$	N\$	N\$
Investments	-%	-	642 569 349	-
Trade and other receivables	-%	99 557 057	-	-
Cash and cash equivalent	-%	10 237 176	-	-
Long term liabilities	-%	8 661 691	31 332 037	-
Retirement benefit obligation	-%	-	-	4 824 000
Provisions	-%	-	-	748 607 000
Trade and other payables	-%	26 549 492	-	-

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

At 31 March 2015

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	-%	-	483 230 527	-
Trade and other receivables	-%	89 265 000	-	-
Cash and cash equivalent	-%	4 538 810	-	-
Long term liabilities	-%	148 597	22 605 397	-
Retirement benefit obligation	-%	-	-	3 859 000
Provisions	-%	-	-	675 828 000
Trade and other payables	-%	25 451 386	-	-

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 title holder to all the vehicles involved and 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 different fuel companies but instead from 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 cash flows 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 MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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.

25. Going concern

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 MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH**

	Note	2016 N\$	2016 N\$
Revenue			
Fuel levy revenue		540 730 010	505 501 642
Xupifa Eemwenyo revenue		251 250	336 238
Rental Income		2 622 674	1 977 003
Miscellaneous other revenue		118 008	189 267
Income from investments		33 492 727	33 087 154
	13	577 214 669	541 091 304
Cost of sales			
Claims paid		(315 883 354)	(305 947 731)
Gross surplus		261 331 315	235 143 573
Other income			
Gains on disposal of assets		1 174 112	210 000
Fair value adjustments		7 708 389	-
		8 882 501	210 000
Expenses (Refer to page 42)		(137 831 88)	(123 636 89)
Operating surplus		132 383 028	111 717 484
Finance costs	18	(16 280)	(482 255)
Surplus for the year		132 365 748	111 235 229

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH**

	Note	2016 N\$	2015 N\$
Operating expenses			
Accounting fees		487 630	390 350
Auditor remuneration	19	1 108 134	1 195 390
Bad debts		-	1 430 546
Bank charges		262 713	246 318
Cleaning		878 903	695 964
Computer expenses		347 981	619 166
Consulting and professional fees		4 641 777	5 697 327
Corporate communication		195 857	246 315
Corporate social investments		6 622 553	4 736 891
Depreciation amortisation and impairments		8 642 031	10 580 480
Employee and directors costs		91 959 930	82 814 580
Entertainment		171 487	188 367
Fines and penalties		-	(2 559 470)
General expenses		35 042	60 950
Gifts		-	150 508
Insurance		956 025	1 006 165
Lease rentals on operating lease		1 033 437	1 189 946
Leasing charges		300 356	163 763
Legal expenses		621 422	730 964
Licence fees		4 388 300	854 710
Magazines books and periodicals		292 933	73 506
Motor vehicle expenses		1 854 074	1 748 078
Organisational development		478 176	686 365
Postage		420 667	289 650
Printing and stationery		346 325	354 069
Property management expenses		1 804 679	1 925 170
Relocation of offices		69 372	83 998
Repairs and maintenance		354 994	178 519
Security		1 205 767	861 604
Subscriptions		150 792	219 924
Telephone and fax		2 156 677	2 171 119
Travel - local		3 732 577	2 643 138
Utilities		2 311 177	1 961 719
		137 831 788	123 636 089

