



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MOTOR VEHICLE ACCIDENT FUND
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

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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 2019, 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, September 2019

**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 2019**

1. UNQUALIFIED AUDIT OPINION

I have audited the financial statements of the Motor Vehicle Accident Fund for the financial year ended 31 March 2019. These financial statement comprise the Report of the Directors, Statement of financial position, Statement of comprehensive income, Statement of changes in equity, Statement of Cash flows for the year then ended and notes to the financial annual statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Motor Vehicle Accident Fund as at 31 March 2019 and its financial performance and their receipts and payments and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Motor Vehicle Accident Act, 2007(Act 10 of 2007).

2. BASIS FOR AUDIT OPINION

I conducted my audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. No key audit matters were observed during the year under review and in such I have nothing to report in this regard.

4. OTHER INFORMATION

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. I have nothing to report in this regard.

5. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with legislation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements management is responsible for assessing the Entity's ability to continue as a going concern disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

6. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions I exercise professional scepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion forgery intentional omissions misrepresentations or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists I am required to

draw attention in my report to the related disclosures in the financial statements or if such disclosures are inadequate to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation structure and content of the financial statements including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding among other matters the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable related safeguards.

From the matters communicated with those charged with governance I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

WINDHOEK, September 2019



JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
DIRECTOR'S 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 2019.

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:

	2019	2018
	N\$	N\$
Summary of income statement		
Fuel levy income	551 017 259	559 971 911
Income from investments	81 991 966	69 757 599
Claim expense	(288 845 619)	(311 045 323)
Rental Income and Other income	4 241 029	2 895 689
Movement in claims provisions and reserves	(29 138 622)	(60 362 000)
Operating expenses	(172 246 1154)	(156 332 393)

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

The fuel 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 2019**

Summary of financial position

	2019	2018
	N\$	N\$
Total assets	1 424 791 767	1 223 874 389
Total liabilities	975 615 382	925 927 055
Accumulated Fund surplus / (deficit)	400 920 471	253 688 012
Ratio of total assets to Fund surplus / (deficit)	3.55:1	4.82:1
Ratio of total assets to Fund surplus / (deficit) %	355%	482%
Fuel sales in litres	Liters	Liters
Diesel	730 600 408	733 415 207
Petrol	424 572 045	441 187 797
	1 155 172 453	1 174 603 004
(Decrease)/Increase in litres sold	(19 430 551)	(1 769 203)

Cash and investments

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

	2019	2018
	N\$	N\$
Cash and investments		
Funds held with asset managers	828 388 362	649 763 602
Fixed term investments	318 991 332	309 502 594
Call account investments	2 889 050	4 429 482
Bank balances	19 995 259	3 833 253
Cash on hand	37 756	30 444
	1 170 301 759	967 559 375

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 2019**

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
Dr. S Herman	Namibian
A. Titus	Namibian
S. Nambinga	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
P. Nghifitikeko	Chief Operations Officer
J. Kurz	Chief Legal Services
L. Ndjamba	Chief Financial Officer
S. Gaomas-Guchu	Chief Corporate Affairs
J. Haikali	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 2019

	Note	2019 N\$	2018 N\$
Assets			
Non-Current Assets			
Investment property	3	48 815 000	48 680 000
Property plant and equipment	4	119 626 856	115 660 479
		1 256 349 911	1 059 533 910
Current Assets			
Investments	5	1 147 379 694	959 266 196
Trade and other receivables	6	86 048 152	91 974 535
Cash and cash equivalents	7	22 922 065	8 293 179
		1 424 791 767	1 223 874 389
Total Assets			
Equity and Liabilities			
Equity			
Accumulated surplus		400 920 471	253 688 012
Reserves		48 255 914	44 259 322
Liabilities			
Non-Current Liabilities			
Long term liabilities	8	-	11 419 768
Retirement benefit obligation	9	8 668 000	7 773 000
Deferred income	10	-	2 065 716
Claims provisions and reserves	11	922 264 000	865 393 000
		44 683 382	39 275 571
Current Liabilities			
Short term liabilities	8	11 419 768	10 414 516
Trade and other payables	12	32 783 382	28 861 055
Deferred income	10	480 232	
		975 615 382	925 927 055
Total Liabilities		975 615 382	925 927 055
Total Equity and Liabilities		1 424 791 767	1 223 874 389

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019	2018
		N\$	N\$
Revenue	13	637 250 254	632 625 200
Claims paid	14	(317 984 241)	(371 407 323)
Gross surplus		319 266 013	261 217 877
Other income	15	212 600	1 414 352
Operating expenses		(172 246 154)	(156 332 393)
Surplus before finance costs	16	147 232 459	106 299 836
Fair value gains on investment property	3	-	2 381 653
Finance costs	18	-	-
Surplus for the year		147 232 459	108 681 489
Other comprehensive income		-	-
Surplus for the year		147 232 459	108 681 489

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Revaluation Reserve	Accumulated surplus / (deficit)	Total equity
	N\$	N\$	N\$
Balance at 01 April 2017	35 267 210	145 006 523	180 273 733
Revaluation surplus	8 992 112		8 992 112
Surplus for the year	-	108 681 489	108 681 489
Balance at 01 April 2018	44 259 322	253 688 012	297 947 334
Revaluation surplus	3 996 592		3 996 592
Surplus for the year		147 232 459	147 232 459
Balance at 31 March 2019	48 255 914	400 920 471	449 176 385

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 N\$	2018 N\$
Cash flows from operating activities			
Cash generated from operations	20	220 489 192	168 108 812
Finance costs		-	-
Net cash from operating activities		220 489 192	168 108 812
Cash flows from investing activities			
Purchase of property plant and equipment	4	(6 738 226)	(17 383 166)
Sale of property plant and equipment	4	678 184	2 636 989
Purchase of investment property	3	(1 272 250)	(130 642)
Movement in investments		(188 113 498)	(151 298 226)
Net cash from investing activities		(195 445 790)	(166 175 045)
Cash flows from financing activities			
Movement in long term liabilities		(10 414 516)	(9 497 753)
Net cash from financing activities		(10 414 516)	(9 497 753)
Total cash movement for the year		14 628 886	(7 563 986)
Cash at the beginning of the year		8 293 179	15 857 165
Total cash at end of the year	7	22 922 065	8 293 179

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

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

2019 (Continued)

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 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 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
2019 (Continued)

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****2019 (Continued)**

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
2019 (Continued)

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****2019 (Continued)**

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****2019 (Continued)**

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 income 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
2019 (Continued)

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****2019 (Continued)**

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****2019 (Continued)**

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
2019 (Continued)

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
2019 (Continued)

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
2019 (Continued)

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
2019 (Continued)

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
2019 (Continued)

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
2019 (Continued)

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:	Expected impact:
		Years beginning on or after
• IFRS 9 Financial Instruments	01 January 2018	The impact of the amendment is not material
• Transfer to investment property Amendment to IAS 40:	01 January 2018	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
2019 (Continued)

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 2017 or later periods:

Standard/ Interpretation:	Effective date: Expected impact:	Years beginning on or after
• IFRS 16 Leases	01 January 2019	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
2019 (Continued)

3. Investment property

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Investment property	48 815 000	-	48 815 000	48 680 000	-	48 680 000

Reconciliation of investment property - 2019

	Opening balance	Additions	Transfer in	Fair value adjustments	Total
Investment Property	48 680 000	130 642	-	4 358	48 815 000

Reconciliation of investment property - 2018

	Opening balance	Additions	Transfer in	Fair value adjustments	Total
Investment Property	32 450 000	130 642	13 717 705	2 381 653	48 680 000

Details of property

	2019 N\$	2018 N\$
Erf 6436 measuring 960 square meters situated in the Municipality of Windhoek		
-Purchase price: 11 May 2011	4 000 000	4 000 000
- Additions since purchase or valuation	10 000	-
- Fair value adjustments	4 250 000	4 250 000
	8 260 000	8 250 000
Erf 6441 measuring 1340 square meters 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	3 776 332	3 776 332
	5 900 000	5 900 000

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

2019 (Continued)

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

	2019	2018
	N\$	N\$
- Purchase price: 16 November 2007	228 858	228 858
-Additions since purchase or valuation	16 169 085	16 169 085
-Fair value adjustment	962 057	962 057
	17 360 000	17 360 000

ERF 2542 measuring 2 887 square meters situated in the Municipality of Rundu

- Transfer in from PPE	13 717 705	13 717 705
-Additions since purchase or valuation	125 000	-
- Fair value adjustment	3 452 295	3 452 295
	17 295 000	17 170 000

4. Property, plant and equipment

	2019			2018		
	Cost	Accumulated revaluation depreciation	Carrying value	Cost	Accumulated revaluation depreciation	Carrying value
Land and buildings	114 038 086	(11 098 086)	102 940 000	112 133 243	(9 457 283)	102 675 960
Motor vehicles	19 352 639	(10 103 773)	9 248 866	17 626 926	(9 006 906)	8 620 020
Office equipment and furniture	14 348 568	(12 245 315)	2 103 253	13 804 023	(11 491 786)	2 312 237
IT equipment	35 328 133	(34 495 351)	832 782	34 949 127	(32 896 865)	2 052 262
Buildings - Work in progress	4 501 955	-	4 501 955	-	-	-
Total	187 569 381	(67 942 525)	119 626 856	178 513 319	(62 852 840)	115 660 479

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

2019 (Continued)

Reconciliation of property plant and equipment – 2019

	Opening balance	Additions	Transfers In(Out)/Disposal	Revaluation n	Depreciation	Total
Land and buildings	102 675 960	299 470	(2 391 218)	3 996 592	(1 640 804)	102 940 000
Motor vehicles	8 620 020	4 546 119	(465 584)		(3 451 689)	9 248 866
Office equipment and furniture	2 312 237	540 143	-		(749 127)	2 103 253
IT equipment	2 052 262	379 006	-		(1 598 486)	832 782
Buildings - Work in progress	-	973 488	3 528 467			4 501 955
	115 660 479	6 738 226	671 665	3 996 592	(7 440 106)	119 626 856

Reconciliation of property plant and equipment – 2018

	Opening balance	Additions	Transfers In(Out)	Revaluation n	Depreciation	Total
Land and buildings	86 353 069	6 105 994	2 406 932	8 992 112	(1 182 147)	102 675 960
Motor vehicles	6 379 617	6 857 405	(1 222 637)		(3 394 365)	8 620 020
Office equipment and furniture	2 915 513	393 699	-		(996 975)	2 312 237
IT equipment	3 468 657	755 844	-		(2 172 239)	2 052 262
Buildings - Work in progress	12 854 413	3 270 224	(16 124 637)			-
	111 971 269	17 383 166	(14 940 342)	8 992 112	(7 745 726)	115 660 479

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2019 (Continued)

Details of properties	2019	2018
	N\$	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	23 257 182	22 857 182
	23 400 000	23 000 000
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	54 117 513	53 617 513
	57 000 000	56 500 000
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	4 085 000	3 425 000
	5 085 000	4 425 000
ERF 2542 measuring 2 887 square meters situated in the Municipality of Rundu		
- Purchase price: 1 December 2005	-	125 220
- Additions since purchase or valuation	-	13 592 485
- Transfer out to Investment Property	-	(13 717 705)
	-	-
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	4 770 000	4 765 000
	5 170 000	5 165 000
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	8 085 000	8 050 000
	12 285 000	12 250 000
	102 940 000	101 340 000

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2019 (Continued)

5. Investments	2019	2018
	N\$	N\$
At fair value through profit or loss		
Funds held with asset managers	828 388 362	649 763 602
Funds held with professional managers are fair valued by professional managers at year end.		
Held to maturity		
Fixed term investments	318 991 332	309 502 594
Fixed term deposits are held with financial institutions.		
Total other financial assets	1 147 379 694	959 266 196
Current assets		
At fair value through profit or loss	828 388 362	649 763 602
Held to maturity	318 991 332	309 502 594
	1 147 379 694	959 266 196

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	85 588 001	91 700 830
Deposits	45 668	45 668
Other receivables	414 483	228 037
	86 048 152	91 974 535

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2019 (Continued)

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 2019 N\$ 86 048 152 (2018: N\$ 91 974 535) were past due but not impaired.

	2019	2018
	N\$	N\$
The ageing of amounts past due but not impaired is as follows:		
Less than 1 year past due	86 048 152	91 974 535
	86 048 152	91 974 535

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	37 756	30 444
Bank balances	19 995 259	3 833 253
Short-term deposits	2 889 050	4 429 482
	22 922 065	8 293 179

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 37 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.

11 419 768 21 834 284

11 419 768 21 834 284

Non-current liabilities

At amortised cost - 11 419 768

Current liabilities

At amortised cost 11 419 768 10 414 516

11 419 768 21 834 284

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2019 (Continued)

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.

	2019	2018
	N\$	N\$
Carrying value		
Present value of the defined benefit obligation wholly unfunded	(7 773 000)	(5 289 000)
Net actuarial gains or losses not recognised	(895 000)	(2 484 000)
	(8 668 000)	(7 773 000)
Opening balance	(7 773 000)	(5 289 000)
Net expense recognised in profit or loss	(895 000)	(2 484 000)
	(8 668 000)	(7 773 000)
Current service cost	(897 000)	(897 000)
Interest cost	(779 000)	(779 000)
Amortisation	781 000	(808 000)
	(895 000)	(2 484 000)
Assumptions used on last valuation on 06 May 2019.		
Number of employees	170	167
Total annual salaries	96 655 370	72 583 000
Average service (in years)	37.30	36.30
Salary weighted average age (in years)	7.40	6.50
Discount rates used	10.50%	9.00%
Inflation rate	8.40%	7.90%
Expected increase in salaries	9.00%	9.00%

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

2019 (Continued)

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.

	2019	2018
	N\$	N\$
Non-current liabilities	480 232	2 065 716
	480 232	2 065 716

11. Claims provisions and reserves**Reconciliation of claims provisions and reserves - 2019**

	Opening balance	Increase in claims provisions and reserves	Total
Provisions	865 393 000	56 871 000	922 264 000

Reconciliation of claims provisions and reserves - 2018

	Opening balance	Increase in claims provisions and reserves	Total
Provisions	805 030 000	60 363 000	865 393 000

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
2019 (Continued)

Fair value determination of the unreported incurrent claims

	2019	2018
	N\$	N\$
Claims incurred but not reported - Funeral and Injury grants	10 950 000	13 109 000
Claims incurred but not reported - Loss of Income and Loss of Support	35 654 000	35 257 000
Claims incurred but not reported - Medical Undertakings	52 519 000	18 687 000
Claims undertakings - Loss of Income	99 357 000	97 875 000
Claims undertakings - Loss of Support	472 376 000	448 837 000
Claims undertakings - Medical Undertakings	50 705 000	44 545 000
Belgian doctors' claims	109 362 000	105 497 000
Claims handling expenses	24 928 000	22 913 000
Data & Systems reserves	23 619 000	39 336 000
Contingency reserves	42 793 000	39 336 000
	922 263 000	865 392 000

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\$ 16 820 (N\$ 17 445 in 2018 and N\$ 16 676 in 2017 and N\$ 14 608 in 2016) 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 2019 but yet to be reported in subsequent years. The projections were based on total claims undertakings recorded to date.

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.

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2019 (Continued)

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 2019. Calculations were only made in respect of Ms. Carol Clara Cornelis' claim which is the only outstanding claim.

Claims in Litigation

The liability in respect of claims in litigation has been fully extinguished as all cases have been settled.

Claims handling expenses

The actuaries have allowed for claim handling expenses at 3% of outstanding liabilities including IBNR.

Data and Systems Reserves

The actuaries have introduced a temporary reserve of 5% of outstanding liabilities in respect of Data and Systems concerns. This reserve is held to act as a cushion against potential adverse findings of the data and system Investigation that we recommended the fund carries out. The reserves are expected to be released over time once data and systems concerns raised have been rectified.

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%	(2018: 8%)
- Valuation discount rate	7.5%	(2018: 7.5%)
- Annual future inflation	5%	(2018: 5%)
- Expected future exchange rate (Euro vs N\$)	N\$ 16.25	(2018:N\$15.02)

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

2019 (Continued)

	2019	2018
	N\$	N\$
12. Trade and other payables		
Trade payables	3 310 906	2 952 966
Value Added Tax	39 942	-
Other payables	4 008 953	2 656 770
Accrued leave pay	3 617 976	3 568 018
Accrued bonus	21 009 157	18 839 278
Other accrued expenses	796 448	844 023
	32 783 382	28 861 055
13. Revenue		
Fuel levy income	551 017 259	559 971 911
Xupifa Eemwenyo revenue	4 500	26 733
Rental Income	2 647 617	2 341 688
Investment income	81 991 966	69 757 599
Miscellaneous other revenue	1 588 912	527 269
	637 250 254	632 625 200
14. Claims		
Claims paid	288 845 619	311 045 323
Movement in actuarial liability	29 138 622	60 362 000
	317 984 241	371 407 323
15. Other income		
Surplus on sale of property plant and equipment	212 600	1 414 352
	212 600	1 414 352

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2019 (Continued)

16. Surplus before finance costs

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

	2019	2018
	N\$	N\$
Operating lease charges		
Premises		
□ Contractual amounts	653 532	702 451
Profit on sale of property plant and equipment	212 600	1 414 352
Depreciation on property plant and equipment	7 440 106	7 745 726
Employee costs	<u>132 344 058</u>	<u>118 643 100</u>
17. Employee costs		
Indirect employee costs		
Employee costs	125 480 098	111 344 779
Leave pay provision charge	127 409	859 759
Employee wellness	2 024 564	1 623 228
Staff development and training	3 846 953	2 331 334
Post-employment benefits - Pension - Defined benefit plan	895 000	2 484 000
	<u>132 374 024</u>	<u>118 643 100</u>
Total employee costs		
Indirect employee costs	<u>132 374 024</u>	<u>118 643 100</u>
18. Finance costs		
Banking Institutions	-	-
19. Auditor's remuneration		
Fees (external and internal audit fees)	<u>872 244</u>	<u>541 862</u>

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2019 (Continued)

	2019	2018
	N\$	N\$
20. Cash generated from operations		
Surplus for the year	147 232 459	108 681 489
Adjustments for:		
Depreciation	7 440 106	7 745 726
Profit on sale of property plant and equipment	(212 600)	(1 414 352)
Finance costs	-	-
Fair value adjustments	-	(2 381 653)
Movements in retirement benefit liabilities	895 000	2 484 000
Movements in provisions	56 871 000	60 363 000
Changes in working capital:		
Trade and other receivables	6 292 974	(2 838 689)
Trade and other payables	3 555 737	(1 928 462)
Deferred income	(1 585 484)	(2 602 247)
	220 489 192	168 108 812

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
2019**

	Directors' fees	Total
	N\$	N\$
Directors fees	1 158 375	1 158 375

2018

	Directors' fees	Total
	N\$	N\$
Directors fees	880 265	880 265

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2019 (Continued)

23. Taxation

The Motor Vehicle Accident Fund is exempt from income 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
2019 (Continued)

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 2019

	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	-	828 388 362	318 991 332	-
Trade and other receivables	86 048 152	-	-	-
Cash and cash equivalents	22 922 065	-	-	-
Trade and other payables	-	-	-	(32 783 382)
Long term liabilities	-	-	-	(11 419 768)
Provisions	-	(922 264 000)	-	-
Retirement benefit obligation	-	-	-	(8 668 000)

At 31 March 2018

	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	-	649 763 602	309 502 594	-
Trade and other receivables	91 974 535	-	-	-
Cash and cash equivalents	8 293 179	-	-	-
Trade and other payables	-	-	-	(28 861 055)
Long term liabilities	-	-	-	(21 834 284)
Provisions	-	(865 393 000)	-	-
Retirement benefit obligation	-	-	-	(7 773 000)

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2019 (Continued)

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 2019 and 2018 the Fund's borrowings at variable rate were denominated in the Namibia Dollar.

Cash flow interest rate risk**At 31 March 2019**

Financial instrument	Current interest rate	Due in less than a year N\$	Due in one to five years N\$	Due after five years N\$
Investments	-%	-	1 147 379 694	-
Trade and other receivables	-%	86 048 152	-	-
Cash and cash equivalent	-%	22 922 065	-	-
Long term liabilities	-%	11 419 768	-	-
Retirement benefit obligation	-%	-	-	8 668 000
Provisions	-%	-	-	922 264 000
Trade and other payables	-%	32 783 382	-	-

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2019 (Continued)

At 31 March 2018

Financial instrument	Current interest rate	Due in less	Due in one	Due after
		than a year	to five years	five years
		N\$	N\$	N\$
Investments	-%	-	959 266 196	-
Trade and other receivables	-%	91 974 535	-	-
Cash and cash equivalent	-%	8 293 179	-	-
Long term liabilities	-%	10 414 516	11 419 768	-
Retirement benefit obligation	-%	-	-	7 773 000
Provisions	-%	-	-	865 393 000
Trade and other payables	-%	28 861 055	-	-

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
2019 (Continued)

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 2019

	Note	2019 N\$	2018 N\$
Revenue			
Fuel levy revenue		551 017 259	559 971 911
Xupifa Eemwenyo revenue		4 500	26 733
Rental Income		2 647 617	2 341 688
Miscellaneous other revenue		1 588 912	527 269
Income from investments		81 991 966	69 757 599
	13	637 250 254	632 625 200
Cost of sales			
Claims paid		(317 984 241)	(371 407 323)
		319 266 013	261 217 877
Gross surplus			
Other income			
Gains on disposal of assets		212 600	1 414 352
Fair value adjustments	3	-	2 381 653
		212 600	3 796 005
Expenses (Refer to page 42)			
		(172 246 154)	(156 332 393)
Operating surplus		147 232 459	108 681 489
Finance costs	18	-	-
Surplus for the year		147 232 459	108 681 489

THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019 (Continued)

	Notes	2019 N\$	2018 N\$
Other operating expenses			
Auditors remuneration	16	872 244	541 862
Bank charges		348 506	501 539
Cleaning		1 189 598	1 170 082
Computer expenses		119 555	160 157
Consulting and professional fees		2 196 275	1 934 795
Corporate Communications		244 901	77 797
Corporate Gifts		225 621	276 201
Corporate Social Investment		5 656 546	6 467 697
Courier & Postage		502 723	424 801
Depreciation		7 440 106	7 745 726
Employee costs		132 374 024	118 643 100
Entertainment		100 159	101 033
Health and Safety		151 288	176 834
Insurance		996 949	1 533 689
Lease rentals on operating lease		653 532	702 451
Leasing Charges		2 714 539	2 621 340
Legal Fees		89 479	251 695
License Fees		3 113 204	3 278 332
Magazines books and periodicals		161 966	149 903
Motor vehicle expenses		2 256 493	1 771 780
Municipal expenses		2 811 201	2 242 333
Organization Development		490 741	413 714
Printing and stationery		262 917	293 893
Property Management Expenses		1 915 180	751 749
Relocation Cost		-	31 250
Repairs and maintenance		14 705	95 045
Security		1 763 307	1 584 864
Subscriptions		210 489	170 256
Telephone and fax		754 317	516 790
Travel and Accommodation		2 615 589	1 701 685
		172 246 154	156 332 393

