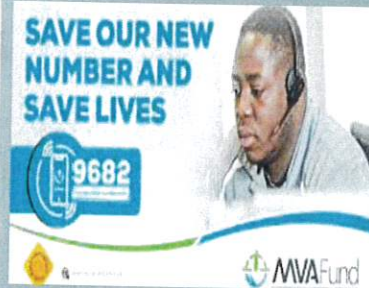




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

# MOTOR VEHICLE ACCIDENT FUND

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021



**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 2021, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister 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.

**WINDHOEK, January 2022**

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

**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 2021**

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**1. UNQUALIFIED AUDIT OPINION**

I have audited the financial statements of Motor Vehicle Accident Fund set out on pages 9 to 46, which comprise the statement of financial position as at 31 March 2021, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Motor Vehicle Accident Fund as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Motor Vehicle Accident Act Number 10 of 2007.

**2. BASIS FOR AUDIT OPINION**

I conducted my audit in accordance with International Standards for Supreme Audit Institutions (ISSAI's). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the audit report. I am independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Namibia. I have fulfilled my other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Namibia. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

**3. KEY AUDIT MATTERS**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the audit 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 as such I have nothing to report in this regard.

**4. OTHER INFORMATION**

The directors are responsible for the other information. The other information does not include the financial statements and the audit report thereon. My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon. In connection with the 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. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

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

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with suitable reporting framework and the requirements of the Motor Vehicle Accident Act Number 10 of 2007, and for such internal control as the directors determine 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, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **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 audit report that includes the audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

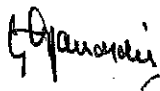
As part of an audit in accordance with International Standards for Supreme Audit Institutions, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 the audit 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 control.
- 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 company's internal control. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the audit opinion. My conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the company 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 the directors 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 the 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 the audit 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 the audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

WINDHOEK, January 2022

  
**JUNIAS ETUNA KANDJEKE**  
**AUDITOR-GENERAL**

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA  
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021**

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The Directors present their annual report, which forms part of the audited financial statements of the Fund for the year ended 31 March 2021.

**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 dependents 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**

	<b>2021</b>	<b>2020</b>
	N\$	N\$
Fuel levy Income	503 434 694	544 742 005
Income from investments	107 196 109	64 823 500
Claim expense	Note 12 (208 803 066)	(285 426 958)
Rental Income and Other income	2 758 966	3 346 410
Movement in claims provisions and reserve	(15 793 319)	17 838 655
Operating expenses	(192 900 778)	(197 302 812)

**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 2021 (continued)**

ANNEXURE A

**Summary of financial position**

	<b>2021</b>	<b>2020</b>
	N\$	N\$
Total assets	1 720 180 467	1 544 171 074
Total liabilities	930 515 172	948 544 329
Accumulated Fund Surplus / (deficit)	745 589 976	549 697 370
Ratio of total assets to Fund surplus / (deficit)	2.31:1	2.81:1
Ratio of total assets to Fund surplus / (deficit) %	231%	281%

**Fuel sales in liters**

	<b>Liters</b>	<b>Liters</b>
Diesel	674 195 275	738 173 019
Petrol	381 223 371	403 843 762
	1 055 418 646	1 142 016 781
(Decrease)/Increase in litres sold	<b>(86 598 135)</b>	<b>(13 155 672)</b>

**Cash and investments**

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

	<b>2021</b>	<b>2020</b>
	N\$	N\$
<b>Cash and investments</b>		
Funds held with asset managers	643 596 832	385 344 937
Fixed term investments	794 186 377	872 828 980
Call account investments	713 470	6 924 208
Bank balances	27 289 458	25 272 372
Cash on hand	64 988	67 906
	<b>1 465 851 125</b>	<b>1 290 438 403</b>

**2. Going concern - COVID-19**

In March 2020, the World Health Organisation declared a COVID-19 pandemic and the Namibian president in turn declared a state of emergency which introduced measures such as the closure of all borders, suspension of gatherings and economic related resolutions, to curb the spread of the virus.

The impact of the COVID-19 pandemic and the measures put in place to control the virus spreading, negatively influenced the Fund's overall investment performance. The restriction on tourism and traveling activities had negatively impacted the fuel consumption in the country thus, the Fund recorded a decrease in fuel levy revenue received. Rental income was also not spared as the tenants could not fulfil their contractual payment obligation timely.

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA  
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

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Given the uncertainty regarding the duration, extent and ultimate impact of the COVID-19 pandemic, the Fund cannot estimate with any precision the impact on its prospective financial performance. As at the date of this report, the global outlook as a result of COVID-19 is uncertain and the extent of potential outcomes is wide-ranging and unknown. In particular, should the impacts of the pandemic on trading conditions be more prolonged or severe than currently forecasted by the Directors, the Fund's going concern status would be dependent on its ability to access additional liquidity. In conclusion, COVID-19 is having a significant impact on global markets driven by supply chain and production disruptions, workforce restrictions, travel restrictions, reduced consumer spending and sentiment, amongst other factors, which are negatively affecting companies' financial performance, liquidity and cash flow projections.

### **3. Events after the reporting period**

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

### **4. Directors of the Motor Vehicle Accident Fund**

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

<b>Name</b>	<b>Nationality</b>
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:

<b>Name</b>	<b>Title</b>
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 OF NAMIBIA**  
**STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 N\$	2020 N\$
<b>Assets</b>			
<b>Non-Current Assets</b>		<b>164 985 200</b>	<b>172 086 653</b>
Investment property	3	46 555 000	47 980 000
Property, plant and equipment	4	118 430 200	124 106 653
<b>Current Assets</b>		<b>1 555 195 267</b>	<b>1 372 084 421</b>
Investments	5	1 437 783 209	1 258 173 917
Trade and other receivables	6	89 344 142	81 646 018
Cash and cash equivalents	7	28 067 916	32 264 486
<b>Total Assets</b>		<b>1 720 180 467</b>	<b>1 544 171 074</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>		<b>789 665 295</b>	<b>595 626 745</b>
Accumulated surplus		745 589 976	549 697 370
Reserves		44 075 319	49 929 375
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>		<b>892 364 000</b>	<b>914 527 000</b>
Retirement benefit obligation	8	9 208 000	7 341 000
Claims provisions and reserves	9	883 156 000	907 186 000
<b>Current Liabilities</b>		<b>38 151 172</b>	<b>34 017 329</b>
Trade and other payables	10	38 151 172	34 017 329
<b>Total Liabilities</b>		<b>930 515 172</b>	<b>948 544 329</b>
<b>Total Equity and Liabilities</b>		<b>1 720 180 467</b>	<b>1 544 171 074</b>

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 N\$	2020 N\$
Revenue	11	613 389 769	612 911 914
Claims paid	12	(224 596 385)	(267 588 303)
<b>Gross surplus</b>		<b>388 793 384</b>	<b>345 323 611</b>
Other income		-	756 100
Operating expenses		(192 900 778)	(197 302 812)
<b>Surplus for the year</b>		<b>195 892 606</b>	<b>148 776 899</b>

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021**

	<b>Revaluation Reserve</b>	<b>Accumulated surplus / (deficit)</b>	<b>Total equity</b>
	N\$	N\$	N\$
<b>Balance at 01 April 2019</b>	<b>48 255 914</b>	<b>400 920 471</b>	<b>449 176 385</b>
Revaluation deficit	(2 326 539)	-	(2 326 539)
Surplus for the year	-	148 776 899	148 776 899
<b>Balance at 01 April 2020</b>	<b>45 929 375</b>	<b>549 697 370</b>	<b>595 626 745</b>
Revaluation deficit	(1 854 056)	-	(1 854 056)
Surplus for the year	-	195 892 606	195 892 606
<b>Balance at 31 March 2021</b>	<b>44 075 319</b>	<b>745 589 976</b>	<b>789 665 295</b>

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 N\$	2020 N\$
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	181 173 785	146 760 634
<b>Net cash from operating activities</b>		<b>181 173 785</b>	<b>146 760 634</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(6 132 941)	(15 838 158)
Sale of property, plant and equipment		761 560	756 100
Purchase of investment property	3	(389 682)	(122 163)
Movement in investments		(179 609 292)	(117 394 476)
<b>Net cash from investing activities</b>		<b>(185 370 355)</b>	<b>(132 598 697)</b>
<b>Cash flows from financing activities</b>			
Movement in long term liabilities		-	(11 419 768)
<b>Net cash from financing activities</b>		-	<b>(11 419 768)</b>
<b>Total cash movement for the year</b>		<b>(4 196 570)</b>	<b>2 742 169</b>
Cash at the beginning of the year		32 264 486	29 522 317
<b>Total cash at end of the year</b>	7	<b>28 067 916</b>	<b>32 264 486</b>

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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## **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 including:

##### **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 2021**  
**(continued)**

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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 8 - 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 2021**  
**(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:

<b>Item</b>	<b>Average useful life</b>
Buildings	50 years
Motor vehicles	3 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**  
**2021(continued)**

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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 recognized 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 recognized in profit or loss.

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**(continued)**

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**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.

**De-recognition**

Financial assets are de-recognised 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 2021**  
**(continued)**

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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 2021**  
**(continued)**

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### **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 2021**  
**(continued)**

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**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 2021**  
**(continued)**

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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:
  - 1) The business or part of a business concerned;
  - 2) The principal locations affected;
  - 3) The location function and approximate number of employees who will be compensated for terminating their services;
  - 4) The expenditures that will be undertaken;
  - 5) 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 2021**  
**(continued)**

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

Contingent assets and contingent liabilities are not recognised.

### **1.9 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 2021**  
**(continued)**

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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 2021**  
**(continued)**

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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 2021**  
**(continued)**

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**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.

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**(continued)**

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### **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 2021**  
**(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 Related parties**

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

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

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

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

## **2. New Standards and Interpretations**

### **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.

<b>Standard/ Interpretation:</b>	<b>Effective date:</b>	<b>Expected impact:</b>
IFRS 3 Definition of a business - Amendments to IFRS 3	01/01/2020	The impact of the amendment is not material
IAS 1 Presentation of Financial Statements: Disclosure initiative	01/01/2020	The impact of the amendment is not material
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01/01/2020	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 2021**  
**(continued)**

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## 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 January 2022 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date:</b>	<b>Expected impact:</b>
IAS 1 Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01/01/2023	Unlikely there will be a material impact
IFRS 17 IFRS 17 Insurance Contracts	01/01/2023	Unlikely there will be a material impact
IFRS 1 Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01/01/2022	Unlikely there will be a material impact
IFRS 3 Reference to the Conceptual Framework: Amendments to IFRS 3	01/01/2022	Unlikely there will be a material impact
IFRS 9 Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01/01/2022	Unlikely there will be a material impact
IAS 16 Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01/01/2022	Unlikely there will be a material impact
IAS 37 Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01/01/2022	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 2021**  
**(continued)**

**3. Investment property**

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Investment property	46 555 000	-	46 555 000	47 980 000	-	47 980 000

**Reconciliation of investment property - 2021**

	Opening balance	Additions	Transfer in	Fair value adjustments	Total
Investment Property	47 980 000	389 682	-	(1 814 682)	46 555 000

**Reconciliation of investment property - 2020**

	Opening balance	Additions	Transfer in	Fair value adjustments	Total
Investment Property	48 815 000	122 163	-	(957 163)	47 980 000

**Details of property**

	2021	2020
	N\$	N\$
<b>Erf 6436 measuring 960 square meters situated in the Municipality of Windhoek</b>		
-Purchase price: 11 May 2011	4 000 000	4 000 000
- Additions since purchase or valuation	10 000	10 000
- Fair value adjustments	2 965 000	4 030 000
	<b>6 975 000</b>	<b>8 040 000</b>

**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	643 663	643 663
-Fair value adjustments	3 356 337	3 381 337
	<b>5 500 000</b>	<b>5 525 000</b>

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

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

	2021	2020
	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	112 057	652 057
	<b>16 510 000</b>	<b>17 050 000</b>

**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	616 849	227 167
- Fair value adjustment	3 235 446	3 420 128
	<b>17 570 000</b>	<b>17 365 000</b>

**4. Property, plant and equipment**

	2021			2020		
	Cost	Accumulated revaluation depreciation	Carrying value	Cost	Accumulated revaluation depreciation	Carrying value
	N\$	N\$	N\$	N\$	N\$	N\$
Land and buildings	111 879 146	(14 475 146)	97 404 000	113 398 706	(12 803 706)	100 595 000
Motor vehicles	22 993 779	(14 163 665)	8 830 114	20 469 594	(12 507 758)	7 961 836
Office equipment and furniture	15 871 012	(13 360 891)	2 510 121	15 782 145	(12 830 487)	2 951 658
IT equipment	43 582 850	(39 303 607)	4 279 243	42 860 201	(36 391 451)	6 468 750
Work in progress- Buildings	5 406 722	-	5 406 722	5 193 779	-	5 193 779
Work in progress- Motor vehicles	-	-	-	935 630	-	935 630
<b>Total</b>	<b>199 733 509</b>	<b>(81 303 309)</b>	<b>118 430 200</b>	<b>198 640 055</b>	<b>(74 533 402)</b>	<b>124 106 653</b>



**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**(continued)**

**Reconciliation of property plant and equipment – 2021**

	<b>Opening balance</b>	<b>Additions</b>	<b>Transfers In (Out)/Disposal</b>	<b>Revaluation</b>	<b>Depreciation</b>	<b>Total</b>
	N\$	N\$	N\$	N\$	N\$	N\$
Land and buildings	100 595 000	334 495	-	(1 854 055)	(1 671 440)	97 404 000
Motor vehicles	8 897 466	4 516 123	(836 406)	-	(3 747 069)	8 830 114
Office equipment and furniture	2 951 658	297 449	(240)	-	(738 746)	2 510 121
IT equipment	6 468 750	771 931	(19 258)	-	(2 942 180)	4 279 243
Work in progress- Buildings	5 193 779	212 943	-	-	-	5 406 772
	<b>124 106 653</b>	<b>6 132 941</b>	<b>(855 904)</b>	<b>(1 854 055)</b>	<b>(9 099 435)</b>	<b>118 430 200</b>

**Reconciliation of property plant and equipment – 2020**

	<b>Opening balance</b>	<b>Additions</b>	<b>Revaluation</b>	<b>Depreciation</b>	<b>Total</b>
	N\$	N\$	N\$	N\$	N\$
Land and buildings	102 940 000	1 687 159	(2 326 539)	(1 705 620)	100 595 000
Motor vehicles	9 248 866	3 112 763	-	(4 399 793)	7 961 836
Office equipment and furniture	2 103 253	1 433 577	-	(585 172)	2 951 658
IT equipment	832 782	7 977 205	-	(2 341 237)	6 468 750
Work in progress- Buildings	4 501 955	691 824	-	-	5 193 779
Work in progress- Motor vehicles	-	935 630	-	-	935 630
	<b>119 626 856</b>	<b>15 838 158</b>	<b>(2 326 539)</b>	<b>(9 031 822)</b>	<b>124 106 653</b>

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
(continued)

<b>Details of properties</b>	<b>2021</b>	<b>2020</b>
	N\$	N\$
<b>ERF 6325 measuring 4 084 square meters situated in the Municipality of Ongwediva</b>		
- Purchase price: 16 November 2007	142 818	142 818
- Additions since purchase or valuation	21 657 182	22 657 182
	<b>21 800 000</b>	<b>22 800 000</b>
<b>ERF 8730 measuring 6 747 square meters situated in the Municipality of Windhoek</b>		
- Purchase price: 30 November 2010	2 882 487	2 882 487
- Additions since purchase or valuation	49 792 513	52 617 513
	<b>52 675 000</b>	<b>55 500 000</b>
<b>ERF 1771 (Portion of 1760) measuring 1 193 square meters situated in the Municipality of Otjiwarongo</b>		
- Purchase price: 05 February 2013	1 000 000	1 000 000
- Additions since purchase or valuation	4 345 000	4 250 000
	<b>5 345 000</b>	<b>5 250 000</b>
<b>ERF 1370 (Portion of ERF 1368) 1 514 measuring square meters situated in the Municipality of Keetmanshoop</b>		
- Purchase price: 1 December 2005	400 000	400 000
- Additions since purchase or valuation	4 695 000	4 775 000
	<b>5 095 000</b>	<b>5 175 000</b>
<b>ERF 879 measuring 1 250 square meters situated in the Municipality of Walvis Bay</b>		
- Purchase price: 16 March 2012	4 200 000	4 200 000
- Additions since purchase or valuation	7 695 000	7 670 000
	<b>11 895 000</b>	<b>11 870 000</b>
<b>ERF 78 measuring 1 980 square meters situated in the Municipality of Katima Mulilo</b>		
- Purchase price: 20 November 2020	334 495	-
- Additions since purchase or valuation	259 505	-
	<b>594 000</b>	-
	<b>97 404 000</b>	<b>100 595 000</b>

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**(continued)**

<b>5. Investments</b>	<b>2021</b>	<b>2020</b>
	N\$	N\$
<b>At fair value through profit or loss</b>		
Funds held with asset managers	643 596 832	385 344 937
Funds held with professional managers are fair valued by professional managers at year end.		
<b>Held to maturity</b>		
Fixed term investments	794 186 377	872 828 980
Fixed term deposits are held with financial institutions.		
<b>Total other financial assets</b>	<b>1 437 783 209</b>	<b>1 258 173 917</b>
<b>Current assets</b>		
At fair value through profit or loss	643 596 832	385 344 937
Held to maturity	794 186 377	872 828 980
	<b>1 437 783 209</b>	<b>1 258 173 917</b>

**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	87 269 565	79 923 545
Deposits	50 702	50 702
Other receivables	2 023 875	1 671 771
	<b>89 344 142</b>	<b>81 646 018</b>

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**(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 2021 N\$ 89 344 142 (2020: N\$ 81 646 018) were past due but not impaired.

	<u>2021</u>	<u>2020</u>
	N\$	N\$
<b>The ageing of amounts past due but not impaired is as follows:</b>		
Less than 1 year past due	89 344 142	81 646 018
	<b>89 344 142</b>	<b>81 646 018</b>

**7. Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand	64 988	67 906
Bank balance	27 289 458	25 272 372
Short-term deposits	713 470	6 924 208
	<b>28 067 916</b>	<b>32 264 486</b>

**8. 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 wage for each completed year of service if the employee is dismissed; dies while employed; or resigns or retire on reaching the age of 65 years.

The retirement benefit obligation has been determined through Actuarial valuation.

**Carrying value**

Present value of the defined benefit obligation wholly unfunded	(7 341 000)	(8 668 000)
Net actuarial gains or losses not recognised	(1 867 000)	1 327 000
	<b>(9 208 000)</b>	<b>(7 341 000)</b>
Opening balance	(7 341 000)	(8 668 000)
Net expense recognised in profit or loss	(1 867 000)	1 327 000
	<b>(9 208 000)</b>	<b>(7 341 000)</b>
Current service cost	(706 000)	(923 000)
Interest cost	(1 046 000)	(1 007 000)
Amortisation	(115 000)	3 257 000
	<b>(1 867 000)</b>	<b>1 327 000</b>

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**(continued)**

Assumptions used on last valuation on 26 April 2021.

Number of employees	175	168
Total annual salaries	80 227 000	78 853 000
Average service (in years)	40.6	39.0
Salary weighted average age (in years)	10	8.3
Discount rates used	12.60%	13.00%
Inflation rate	7.50%	7.10%
Expected increase in salaries	9.50%	9.10%

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.

**9. Claims provisions and reserves**

**Reconciliation of claims provisions and reserves – 2021**

	<b>Opening balance</b>	<b>(Decrease) in claims provisions and reserves</b>	<b>Total</b>
Provisions	907 186 000	(24 030 000)	883 156 000

**Reconciliation of claims provisions and reserves – 2020**

	<b>Opening balance</b>	<b>Increase in claims provisions and reserves</b>	<b>Total</b>
Provisions	922 264 000	(15 078 000)	907 186 000

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**(continued)**

**Provisions include:**

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

	<u>2021</u>	<u>2020</u>
	N\$	N\$
Claims incurred but not reported - Funeral and Injury grants	41 164 000	39 871 000
Claims incurred but not reported - Loss of Income and Loss of Support	11 399 000	4 902 000
Claims incurred but not reported - Medical Undertakings	30 837 000	37 533 000
Claims undertakings - Loss of Income	67 767 000	71 001 000
Claims undertakings - Loss of Support	488 984 000	479 468 000
Claims undertakings - Medical Undertakings	40 970 000	49 928 000
Belgian doctors' claims	112 874 000	133 952 000
Claims handling expenses	23 821 000	24 500 000
Data & Systems reserves	24 449 000	23 973 000
Contingency reserves	40 891 000	42 058 000
	<u>883 156 000</u>	<u>907 186 000</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\$ 16 928 (N\$ 16 914 in 2020 and N\$ 16 820 in 2019 and N\$ 17 445 in 2018) 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 2021 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 2021**  
**(continued)**

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**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 2021. 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%	(2020: 8%)
- Valuation discount rate	7.5%	(2020: 7.5%)
- Annual future inflation	6.5%	(2020: 6.5%)
- Expected future exchange rate (Euro vs N\$)	N\$ 17.36	(2020: N\$ 19.68)

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**(continued)**

	<b>2021</b>	<b>2020</b>
	N\$	N\$
<b>10. Trade and other payables</b>		
Trade payables	4 197 226	2 402 013
Value Added Tax	6 241	12 002
Other payables	6 355 745	4 376 677
Accrued leave pay	4 494 979	4 020 365
Accrued bonus	22 593 927	22 664 545
Other accrued expenses	503 054	541 727
	<b>38 151 172</b>	<b>34 017 329</b>
<b>11. Revenue</b>		
Fuel levy income	503 434 694	544 742 005
Rental Income	1 677 478	2 258 023
Investment income	107 196 109	64 823 500
Miscellaneous other revenue	1 081 488	1 088 386
	<b>613 389 769</b>	<b>612 911 914</b>
<b>12. Claims</b>		
Claims paid	208 803 066	285 426 958
Movement in actuarial liability	15 793 319	(17 838 655)
	<b>224 596 385</b>	<b>267 588 303</b>



**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**(continued)**

	<u>2021</u>	<u>2020</u>
	N\$	N\$
<b>13. Surplus before finance costs</b>		
Surplus before finance costs for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
Contractual amounts	1 172 790	963 701
Surplus/(deficit) on sale of property plant and equipment	(94 344)	756 100
Depreciation on property plant and equipment	<b>9 099 435</b>	<b>9 031 822</b>
<b>14. Cash generated from operations</b>		
Surplus for the year	195 892 606	148 776 899
<b>Adjustments for:</b>		
Depreciation	9 099 435	9 031 822
Loss (gains) on sale of property plant and equipment	94 344	(756 100)
Fair value adjustments	1 814 682	957 163
Movements in retirement benefit liabilities	1 867 000	(1 327 000)
Movements in provisions	(24 030 000)	(15 078 000)
<b>Changes in working capital:</b>		
Trade and other receivables	(7 698 124)	4 402 135
Trade and other payables	4 133 842	1 233 947
Deferred income	-	(480 232)
	<b>181 173 785</b>	<b>146 760 634</b>
<b>15. Employee cost</b>		
<b>Indirect employee costs</b>		
Employee costs	140 231 266	137 989 968
Leave pay provision charge	581 311	505 231
Employee wellness	868 426	2 201 464
Staff development and training	1 917 679	3 290 074
Post-employment benefits - Pension - Defined benefit plan	1 867 000	(1 327 000)
	<b>145 465 682</b>	<b>142 659 737</b>
<b>Total employee costs</b>		
Indirect employee costs	<b>145 465 682</b>	<b>142 659 737</b>

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**(continued)**

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.

**16. Directors' fees**

**Non-executive**  
**2021**

	<b>Directors' fees</b>	<b>Total</b>
	N\$	N\$
Directors' fees	1 053 667	1 053 667

**2020**

Directors' fees	1 167 304	1 167 304
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**17. Income tax**

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.

**18. 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.

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**(continued)**

**Liquidity risk**

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

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

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

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

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

**At 31 March 2021**

	<b>Trade and other receivables</b>	<b>Held at fair value through profit or loss</b>	<b>Held to maturity</b>	<b>Financial liabilities at amortised cost</b>
	N\$	N\$	N\$	N\$
Investments	-	643 596 832	794 186 377	-
Trade and other receivables	89 344 142	-	-	-
Cash and cash equivalents	28 067 916	-	-	-
Trade and other payables	-	-	-	(38 151 172)
Provisions	-	(883 156 000)	-	-
Retirement benefit obligation	-	-	-	(9 208 000)

**At 31 March 2020**

	<b>Trade and other receivables</b>	<b>Held at fair value through profit or loss</b>	<b>Held to maturity</b>	<b>Financial liabilities at amortised cost</b>
	N\$	N\$	N\$	N\$
Investments	-	385 344 937	872 828 980	-
Trade and other receivables	81 646 018	-	-	-
Cash and cash equivalents	32 264 486	-	-	-
Trade and other payables	-	-	-	(34 017 329)
Provisions	-	(907 186 000)	-	-
Retirement benefit obligation	-	-	-	(7 341 000)

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**(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.

**Cash flow interest rate risk**

**At 31 March 2021**

Financial instrument	Current interest rate	Due in less	Due in one to	Due after five
		than a year	five years	years
		N\$	N\$	N\$
Investments	-%	-	1 437 783 209	-
Trade and other receivables	-%	89 344 142	-	-
Cash and cash equivalent	-%	28 067 916	-	-
Retirement benefit obligation	-%	-	-	9 208 000
Provisions	-%	-	-	883 156 000
Trade and other payables	-%	38 151 172	-	-

**At 31 March 2020**

Financial instrument	Current interest rate	Due in less	Due in one to	Due after five
		than a year	five years	years
		N\$	N\$	N\$
Investments	-%	-	1 258 173 917	-
Trade and other receivables	-%	81 646 018	-	-
Cash and cash equivalent	-%	32 264 486	-	-
Retirement benefit obligation	-%	-	-	7 341 000
Provisions	-%	-	-	907 186 000
Trade and other payables	-%	34 017 329	-	-

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**(continued)**

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### **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 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.

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA  
 DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
 31 MARCH 2021**

	Note	2021 N\$	2020 N\$
<b>Revenue</b>			
Fuel levy revenue		503 434 694	544 742 005
Rental Income		1 677 478	2 258 023
Miscellaneous other revenue		1 081 488	1 088 386
Income from investments		107 196 109	64 823 500
	11	<b>613 389 769</b>	<b>612 911 914</b>
<b>Cost of sales</b>			
Claims paid		(224 596 385)	(267 588 303)
		<b>388 793 384</b>	<b>345 323 611</b>
<b>Gross surplus</b>			
<b>Other income</b>			
Gains on disposal of assets		-	756 100
		-	<b>756 100</b>
<b>Expenses (Refer to page 45)</b>		<b>(192 900 778)</b>	<b>(197 302 812)</b>
<b>Surplus for the year</b>		<b>195 892 606</b>	<b>148 776 899</b>

**THE MOTOR VEHICLE ACCIDENT FUND OF NAMIBIA**  
**DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31**  
**MARCH 2021 (continued)**

	Note	2021	2020
		N\$	N\$
<b>Other operating expenses</b>			
Advertising		1 556 727	586 080
Auditors remuneration		1 383 775	1 451 042
Awareness Creation		388 188	878 023
Bank charges		293 800	332 661
Branding		633 262	922 918
Cleaning		1 791 728	1 361 193
Computer expenses		40 381	108 406
Consulting and professional fees		3 932 039	4 784 433
Corporate Communications		-	567 702
Corporate Gifts		32 519	146 062
Corporate Social Investment		4 777 207	5 073 501
Courier & Postage		402 032	424 667
Depreciation		9 099 435	9 031 822
Employee costs	15	145 465 682	142 659 737
Entertainment		39 162	67 199
Far value loss		1 814 682	957 163
Loss on disposal of assets		94 344	-
Health and Safety		23 353	158 958
Insurance		779 801	547 332
Lease rentals on operating lease		1 172 790	963 701
Leasing Charges		2 165 233	2 328 802
Legal Fees		283 922	266 456
License Fees		4 373 728	6 777 551
Newsletters		262 280	417 639
Magazine books & periodicals		57 470	55 820
Motor vehicle expenses		1 545 161	2 529 093
Municipal expenses		2 530 309	2 791 522
Novel Coronavirus (COVID-19) Costs		917 515	-
Organization Development		216 034	237 353
Printing and stationery		192 225	313 772
Promotional Items		132 167	30 846
Property Management Expenses		807 055	1 160 547
Relocation Costs		13 963	-
Repairs and maintenance		19 561	38 386
Security		2 375 179	2 175 023
Special Projects		1 955 140	4 155 456
Subscriptions		295 753	309 728
Telephone and fax		635 614	624 112
Travel and Accommodation		401 562	2 068 106
		<b>192 900 778</b>	<b>197 302 812</b>

