REPUBLIC OF NAMIBIA




AUDITOR-GENERAL REPORT ON THE

SOCIAL SECURITY COMMISSION, EMPLOYEES' COMPENSATION FUND AND MATERNITY, SICK LEAVE AND DEATH BENEFIT FUND

FOR THE FINANCIAL YEAR 28 February 2014

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TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Social Security Commission, Employees' Compensation Fund and Maternity Leave, Sick Leave and Death Benefit Fund for the financial year ended 28 February 2014, in terms of Article 127(2) of the Namibian Constitution. My report is transmitted to the Commission in terms of Section 19(1) of the Social Security Act, (Act 34 of 1994) to be submitted to the Honourable Minister of Labour in terms of Section 19(2) who shall lay the report upon the Table of the National Assembly in terms of Section 19(3) of the Act.

JUNIAS ETUNA KANDJEKE

WINDHOEK, November 2014 **AUDITOR-GENERAL**

SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS

SOCIAL SECURITY COMMISSION,

MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND

EMPLOYEES' COMPENSATION FUND

DEVELOPMENT FUND

REPORT OF THE AUDITOR-GENERAL

AS AT 28 FEBRUARY 2014

1. INTRODUCTION

The following have been audited for the year ended 28 February 2014:

1.1 The books of accounts of the Social Security Commission kept in terms of Section 18 of the Social Security Act,1994 (Act 34 of 1994) and the relevant books, documents and papers audited in terms of Section 19 of the Act.

1.2 The books of accounts for the Employees' Compensation Fund and Accident Pension Funds kept in terms of Section 22(2) of the Employees' Compensation Act, 1941 (Act 30 of 1941) and the related books, documents and papers have been audited in terms of Section 22(3) of the Act.

1.3 The books of accounts of the Maternity Leave, Sick Leave and Death Benefits Fund, kept in terms of Section 18 of the Social Security Act of 1994 and the relevant books, documents and papers audited in terms of Section 19 of the Act.

1.4 The books of accounts of the Development Fund, kept in terms of Section 18 of the Social Security Act of 1994 and the relevant books, documents and papers have been audited in terms of Section 19 of the Act.

1.5 This report on the accounts is submitted in terms of Section 27(1) of the State Finance Act, 1991. The firm BDO of Windhoek has been appointed in terms of Section 26(2) of the State Finance Act, 1991 (Act 31 of 1991) to audit the accounts on behalf of the Auditor-General and under his supervision. Amounts mentioned in the report have been rounded off to the nearest thousand (N$'000).

SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS

SOCIAL SECURITY COMMISSION,

MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND

EMPLOYEES' COMPENSATION FUND

DEVELOPMENT FUND

REPORT OF THE AUDITOR-GENERAL

AS AT 28 FEBRUARY 2014

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2. FINANCIAL STATEMENTS

The audited financial statements are in agreement with the general ledger and other accounting records and are kept in the Office of the Auditor-General. They are the following and are annexed:

2.1 Social Security Commission ("SSC")

- Statement of Financial Position
- Statement of Comprehensive income
- Statement of Changes in Funds
- Statement of Cash flows
- Notes to the financial statements

2.2 Employees' Compensation Fund ("ECF")

- Statement of Financial Position
- Statement of Comprehensive income
- Statement of Changes in Funds
- Statement of Cash flows
- Notes to the financial statements

2.1 Maternity Leave, Sick Leave and Death Benefit Fund ("MSD")

- Statement of Financial Position
- Statement of Comprehensive income
- Statement of Changes in Funds
- Statement of Cash flows
- Notes to the financial statements

2.4 Development Fund ("DF")

- Statement of Financial Position
- Statement of Comprehensive income
- Statement of Changes in Funds
- Statement of Cash flows
- Notes to the financial statements

3. SCOPE OF THE AUDIT

The Accounting Officer of the Social Security Commission is responsible for the preparation of the financial statements for the Social Security Commission, Employees' Compensation Fund, the Maternity Leave, Sick Leave and Death Benefit Fund and Development Fund and for ensuring the regularity of the financial transactions. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

The audit as carried out by the contracted firm, included:

(a) examination on a test basis of evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements,

(b) assessment of the significant estimates and judgements made by the Accounting Officer of the Commission in the preparation of the financial statements and of whether the accounting policies are appropriate to the Funds' circumstances, consistently applied and adequately disclosed, and

(c) evaluation of the overall adequacy of the presentation of information in the financial statements.

SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS

SOCIAL SECURITY COMMISSION,

MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND

EMPLOYEES' COMPENSATION FUND

DEVELOPMENT FUND

REPORT OF THE AUDITOR-GENERAL

AS AT 28 FEBRUARY 2014

The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

(i) the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;

(ii) in all material respects, the expenditure and income have been applied to the purposes intended by the legislator; and

(iii) the financial transactions conform to the authorities that govern them.

4. AUDIT OBSERVATION

Issues identified during the audit are annexed in the following format:

- Category
- Observation
- Implication
- Recommendation
- Management comment

5. AUDIT OPINION – SOCIAL SECURITY COMMISSION

The accounts of the Fund for the year ended 28 February 2014 were audited by me in terms of the provisions of Section 19 of the Act, read with Section 25(1) (b) of the State Finance Act, 1991.

In my opinion, the annual financial statements present fairly, in all material respects, the financial position of Social Security Commission as at 28 February 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Social Security Act of 1994.

SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS

SOCIAL SECURITY COMMISSION,

MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND

EMPLOYEES' COMPENSATION FUND

DEVELOPMENT FUND

REPORT OF THE AUDITOR-GENERAL

AS AT 28 FEBRUARY 2014

6. QUALIFIED AUDIT OPINION – MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND

The accounts of the Fund for the year ended 28 February 2014 were audited by me in terms of the provisions of Section 19 of the Act, read with Section 25(1) (b) of the State Finance Act, 1991.

Basis for Qualified Opinion

Owing to the nature of the Fund's records, I am unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness, existence, valuation and accuracy of the contribution revenue and accounts receivables.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of Maternity Leave, Sick Leave and Death Benefit Fund as at 28 February 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Social Security Act of 1994.

7. QUALIFIED AUDIT OPINION – EMPLOYEES' COMPENSATION FUND

The accounts of the Fund for the year ended 28 February 2014 were audited by me in terms of the provisions of Section 22 (3) of the Employees' Compensation Act, 1941, read with Section 25(1) (b) of the State Finance Act, 1991.

Basis for Qualified Opinion

Owing to the nature of the fund's records, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness, existence, valuation and accuracy of the assessment revenue and accounts receivables.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of Employees' Compensation Fund as at 28 February 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Social Security Act 34 of 1994.

8. AUDIT OPINION – DEVELOPMENT FUND

The accounts of the Fund for the year ended 28 February 2014 were audited by me in terms of the provisions of Section 19 of the Act, read with Section 25(1) (b) of the State Finance Act, 1991.

In my opinion, the annual financial statements present fairly, in all material respects, the financial position of Development Fund as at 28 February 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Social Security Act 34 of 1994.

WINDHOEK, November 2014

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

Republic of Namibia

SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED

28 FEBRUARY 2014

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	The Social Security Commission's principal activity is to contribute to the social and economic development of Namibia. The Commission performs the administrative tasks of the Maternity, Sick and Death Benefit Fund, the Employers Compensation Fund and the Development Fund. The Commission was established under the Social Security Act 34 of 1994.
Board of Commissioners	Bishop Dr. Z. Kameeta (Chairperson) Mr. M. Hill Ms. H.N. Nandago Adv. D.L. Sauls Mr. E.S. Maswahu Ms. J. Jonas Ms. T.V.P. Nauyoma Ms. L. Tjiho Ms. R.P. Iyambo Dr. S.C. Herman
Registered office	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Business address	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Postal address	Private Bag 13223 Windhoek Namibia
Bankers	Bank Windhoek
Auditors	The Auditor General
Secretary	Emma Kantema Gaomas

SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED

28 FEBRUARY 2014

The reports and statements set out below comprise the annual financial statements presented to the National Assembly:

Index	**Page**

COMMISSIONERS' RESPONSIBILITIES AND APPROVAL

The commissioners are required in terms of the Social Security Act of 1994 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the commission as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The commissioners acknowledge that they are ultimately responsible for the system of internal financial control established by the commission and place considerable importance on maintaining a strong control environment. To enable the commissioners to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the commission and all employees are required to maintain the highest ethical standards in ensuring the commission's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the commission is on identifying, assessing, managing and monitoring all known forms of risk across the commission. While operating risk cannot be fully eliminated, the commission endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The commissioners are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The commissioners have reviewed the commission's cash flow forecast for the year to 28 February 2015 and, in the light of this review and the current financial position, they are satisfied that the commission has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the commission's annual financial statements. The annual financial statements have been examined by the independent auditors' and their report is presented on pages 1 to 6

The annual financial statements set out on pages 7 to 34, which have been prepared on the going concern basis, were approved by the board on 29 August 2014 and were signed on its behalf by:

Commissioner	**Commissioner**
Windhoek, 29 August 2014	

COMMISSIONERS' REPORT

The commissioners submit their report for the year ended 28 February 2014.

1. Incorporation

The commission was incorporated through an Act of Parliament, the Social Security Act of 1994.

2. Review of activities

Main business and operations

The Social Security Commission's principal activity is to contribute to the social and economic development of Namibia. The commission performs the administrative tasks of the maternity, sick and death benefit fund, the employers' compensation fund and the development fund. The commission was established under the Social Security Act 34 of 1994 and operates in Namibia.

The operating results and state of affairs of the commission are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net deficit of the commission was N$ 2 820 000 (2013: Surplus N$ 1 779 000).

3. Events after the reporting period

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

4. Commissioners' interest in contracts

The commissioners did not have any interests in contracts entered into by the commission during the year.

5. Commissioners

The commissioners of the commission during the year and to the date of this report are as follows:

Name	Changes
Mr B R R Kukuri (Chairman)	Resigned 01 November 2013
Mr A E Biwa	Resigned 01 November 2013
Ms A Zamuee	Resigned 01 November 2013
Ms C U Pandeni	Resigned 01 November 2013
Mr D Wright	Resigned 01 November 2013
Ms E Breuer	Resigned 01 November 2013
Ms H Kapenda	Resigned 01 November 2013
Mr H Shikongo	Resigned 01 November 2013
Mr J T //Garoeb	Resigned 01 November 2013
Ms O M L M Kutenda	Resigned 01 November 2013
Bishop Dr. Z. Kameeta (Chairperson)	Appointed 22 January 2014
Mr. M. Hill	Appointed 22 January 2014
Ms. H.N. Nandago	Appointed 22 January 2014
Adv. D.L. Sauls	Appointed 22 January 2014
Mr. E.S. Maswahu	Appointed 22 January 2014
Ms. J. Jonas	Appointed 22 January 2014
Ms. T.V.P. Nauyoma	Appointed 22 January 2014
Ms. L. Tjiho	Appointed 22 January 2014
Ms. R.P. Iyambo	Appointed 22 January 2014
Dr. S.C. Herman	Appointed 22 January 2014

6. Secretary

The secretary of the commission is Emma Kantema Gaomas of:

Business address	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Postal address	Private Bag 13323 Windhoek Namibia

7. Auditors

The Auditor General will continue in office in accordance with Social Security Act of 1994.

SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

STATEMENT OF FINANCIAL POSITION

	NOTES	2014 N$'000	2013 N$'000
Assets			
Non-Current Assets			
Loans to related funds	3	-	4 138
Current Assets			
Loans to related funds	3	14 136	6 837
Investments	4	17 779	16 213
Trade and other receivables	5	7 643	570
Cash and cash equivalents	6	2 910	2 984
		42 468	**26 604**
Total Assets		**42 468**	**30 742**
Funds and Liabilities			
Funds			
Accumulated funds		22 110	24 930
Liabilities			
Current Liabilities			
Loans from related funds	3	19 801	5 399
Trade and other payables	7	557	413
		20 358	**5 812**
Total Funds and Liabilities		**42 468**	**30 742**

SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

STATEMENT OF COMPREHENSIVE INCOME

		2014	**2013**
	NOTES	N$'000	N$'000
Other income		289	377
Operating expenses		(4 887)	(246)
(Deficit) / Surplus before investment income	8	**(4 598)**	**131**
Investment income	9	1 778	1 648
(Deficit) / Surplus for the year		**(2 820)**	**1 779**
Other comprehensive income		-	-
Total comprehensive (deficit) / Income		**(2 820)**	**1 779**

SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

STATEMENT OF CHANGES IN FUNDS

	Accumulated Funds	Total Funds
	N$'000	N$'000
Balance at 01 March 2012	**23 151**	**23 151**
Changes in funds		
Total comprehensive income for the year	1 779	1 779
Total changes	1 779	1 779
Balance at 01 March 2013	**24 930**	**24 930**
Changes in funds		
Total comprehensive deficit for the year	(2 820)	(2 820)
Total changes	(2 820)	(2 820)
Balance at 28 February 2014	**22 110**	**22 110**

SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

STATEMENT OF CASH FLOWS

	Notes	2014	2013
		N$'000	N$'000
Cash flows from operating activities			
Cash used in operations	11	(11 527)	(312)
Interest income		1 778	1 648
Net cash from operating activities		**(9 749)**	**1 336**
Cash flows from investing activities			
Proceeds / (repayment of loans) from related funds		11 241	(1 184)
Sale / (purchase) of financial assets		(1 566)	1 087
Net cash from investing activities		**9 675**	**(97)**
Total cash movement for the year		**(74)**	**1 239**
Cash at the beginning of the year		2 984	1 745
Total cash at end of the year	6	**2 910**	**2 984**

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Social Security Act of 1994. 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 judgments and sources of estimation uncertainty

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

Trade receivables, Held to maturity investments and Loans and receivables

The commission 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 commission makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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

Impairment testing

The commission reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note - Provisions.

1.2 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 amortised cost

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

Initial recognition and measurement

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

The commission classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

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 commission has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

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

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to / (from) associated funds

These include loans to and from associated funds and these are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

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.

1.3 Provisions and contingencies

Provisions are recognised when:

- the commission 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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 12.

1.4 Employee benefits

Short-term employee benefits

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

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

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

Defined benefit plans

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

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

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

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

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

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the commission 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.

1.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Investment income

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the Commission's right to receive payment has been established.

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The following standards and interpretations have been published and are mandatory for the Commission's accounting periods beginning on or after 01 March 2014 or later periods but are not relevant to its operations:

IFRS 7: Financial Instruments - Disclosures - amendments - transition disclosures (effective for annual periods on or after 01 January 2015). No significant impact on the commission.

IFRS 9: Financial Instruments - Classification and measurement of financial assets (effective for annual periods beginning on or after 01 January 2015). No significant impact on the commission.

IFRS 9: Financial Instruments - Accounting for financial liabilities and derecognition (effective for annual periods beginning on or after 01 January 2015). No significant impact on the commission.

IFRS 7 - Disclosures (amendments - transition disclosures). Applicable for financial years beginning on/after 01January 2015. No significant impact on the commission.

IFRS 14 Regulatory Deferred Accounts (effective 1 January 2016). No significant impact on the commission.

AIP IFRS 13 Fair Value Measurement — Short-term receivables and payables (effective 1 July 2014). No significant impact on the commission.

AIP IFRS 1 First-time Adoption of International Financial Reporting Standards — Meaning of 'effective IFRSs'(effective 1 July 2014). No significant impact on the commission.

3. Loans to / (from) related funds

Related funds

	2014	2013
	N$'000	N$'000
Maternity Leave, Sick Leave and Death Benefit Fund	9 664	3 561
Maternity Leave, Sick Leave and Death Benefit Fund	(15 810)	(3 015)
Employees' Compensation Fund	(3 991)	(2 384)
Development Fund	803	503
Accident Pension Fund	71	71
Employees' Compensation Fund	3 598	2 702
National Medical Benefit Fund	1 985	1 479
National Pension Fund	2 691	2 659
	(989)	5 576
Impairment of loans to subsidiaries	(4 676)	-
	(5 665)	**5 576**

The loans due from National Pension Fund and National Medial Benefit Fund are repayable upon formation of these Funds. There are no repayment terms, but repayment is not expected within the next twelve months. The loans are unsecured and bears no interest. The other related fund balances are unsecured, interest free and have no fixed term terms of repayment.

Non-current assets	-	4 138
Current assets	14 136	6 837
Current liabilities	(19 801)	(5 399)
	(5 665)	**5 576**

Loans to related funds impaired

As of 28 February 2014, loans to related funds of N$ 4 676 000- (2013: N$ -) were impaired and provided for.

The amount of the provision was N$ 4 676 000 as of 28 February 2014 (2013: N$ -).

4. Investments

At fair value through profit or loss - designated

Funds held with investment managers	16 300	14 794

Funds held with investment managers are fair valued by investment managers at year end.

	2014	2013
	N$'000	N$'000
Fixed term investments	1 479	1 419

Short term deposits are held with financial institutions. The average investment period is 1 to 3 months from the statement of financial position date and the interest rates are between 4%and 5% per annum.

Total other financial assets	**17 779**	**16 213**

Current assets		
At fair value through profit or loss	16 300	14 794
Held to maturity	1 479	1 419
	17 779	**16 213**

Fair value information

Financial assets at fair value through profit or loss are recognised at fair value, which is therefore equal to their carrying amounts.

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

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

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

Level 1		
Financial assets held at fair value through profit or loss	16 300	14 794

5. Trade and other receivables

	2014	2013
	N$'000	N$'000
Trade receivables	448	305
Prepayments	12	-
Value Added Tax	-	510
Impairment of trade receivables	(245)	(245)
	7 643	**570**

Trade and other receivables impaired

As of 28 February 2014, trade receivables of N$ 245 000 (2013: N$ 245 000) were impaired and provided for.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	12	6
Bank balances	2 898	2 978
	2 910	**2 984**

7. Trade and other payables

Accruals	495	351
Deposits received	62	62
	557	**413**

8. (Deficit) / Surplus before investment income

(Deficit) / Surplus before investment income for the year is stated after accounting for the following:

Employee costs	-	(5)

9. Investment income

Interest income

Fixed term investments	1 778	1 648

10. Auditors' remuneration

Fees	(19)	19

11. Cash used in operations

	2014	2013
	N$'000	N$'000
Profit/ (loss) before taxation	(2 820)	1 779
Adjustments for:		
Investment income	(1 778)	(1 648)
Changes in working capital:		
Trade and other receivables	(7 073)	(341)
Trade and other payables	144	(102)
	(11 527)	**(312)**

12. Contingencies

1. This matter relates to a complaint of unfair dismissal filed by Mr. Mulder, an erstwhile employee of the Commission. Mr. Mulder was dismissed from the employment of the Commission on 20 May 2005 following his conviction on charges of gross negligence and insubordination relating to the investment of amounts totaling N$ 120 million in respect whereof the Commission suffered considerable losses.

Mr. Mulder filed a complaint in the District Labour Court in which he allege that he was dismissed substantively and procedurally unfair because, amongst others, he was found guilty of the charges of gross negligence and insubordination; whilst there was no evidence presented on which he should have been found guilty. After numerous postponements, the hearing of this matter commenced on 4 to 7 February 2014 and was postponed to 8 to 18 April 2014 and 29 April 2014 to 2 May 2014 for continuation of the hearing. The claimant is claiming a reinstatement and payment of damages from date of dismissal being 20 May 2005 to date, the total amount of damages amounts to N$ 4 931 173 15. The Commission has incurred N$ 82 225.00 paid in respect of legal fees for the period under review.

2. Mr. Spanneberg, an employee of the Commission defrauded the Commission. He was charged with fraud and served a prison term. A letter was written to GIPF requesting the GIPF to withdraw the Mr. Spanneberg's pension benefits of N$ 440 470 83 in favour of the Commission as compensation in terms of section 37 D (b) (ii) (aa) of the Pension Act. GIPF advised that the benefits cannot be withdrawn in favour of the SSC. Mr. Marcus was instructed to institute legal proceedings in this matter. Legal will revert back to Board for the signing of a resolution authorizing Nixon Marcus Public Law Office to act on behalf of the Commission. The Commission did not incur costs in this regard.

3. On 18 November 2002, the Minister of Labour permanently removed Ms. Onesmus as the Executive Officer of the Commission. Following her removal from office, the Commission instituted civil proceedings against Ms. Onesmus for certain misconduct and claimed N$ 922 759 18. This matter was settled and the Commission paid N$ 350 000.00 towards the costs of Ms. Onesmus. The settlement also provided that the payment in respect of costs referred to above, is made in full and final settlement of any claims arising out of this matter and the parties have no further claims against one another.
Ms. Onesmus was also charged with fraud. The Prosecutor General has indicated that the fraud matter is presently under investigation with the Namibian Police. Once the investigation is complete her office would have to consider the matter a fresh and decide whether to prosecute or not. SSC received a request to sign the retirement notification form from Alexander Forbes as Ms. Onesmus, was due to retire in January 2014. Investigations are underway to determine the scope of this settlement agreement, which will determine whether the SSC should sign the notification or not. A total of N$ 350 000 paid to plaintiff as settlement.

4. Hamunyela, an employee of the Commission, defrauded the Commission an amount of N$ 54 430 69 and was charged for fraud as a result. We contacted the prosecutor and were advised that the trial of this matter will be heard de novo (a fresh) because there are parts of the record that are missing. There has been no significant development in this case.

5. This is a petrol card fraud case of N$ 7 154 01 under investigation in Walvis Bay. Employees of the Commission are implicated. There have been no significant developments in this case. Further details will be provided as the case progresses.

6. Mr. Klitzke leased office space from Fund's Keetmanshoop office. This lessee is refusing to pay market related rent. The lease agreement was signed in 2005 and makes no provision for cancellation of the agreement. The lessee was given a year's notice to either pay market related rent or vacate the premises. The notice period expired in December 2013. The matter was referred to external lawyers to institute proceedings for Mr. Klitzke's eviction from the premises. The Commission incurred a total of N$ 6 000.00 in legal costs.

7. Mr. Hendrik Frey, a Compliance Officer employed at the Commission's Keetmanshoop Branch Office leased office space from the SSC's Keetmanshoop office for monthly rental of N$ 6,685 excluding VAT. Mr. Frey owes the Commission over N$ 233 362 22. This matter was referred to external lawyers to issue summonses.

8. Mr. Kabende filed a complaint of unfair dismissal with the Office of the Labour Commissioner 14 May 2014 against the Commission after his dismissal by the Commission on 18 October 2012. He is claiming reinstatement and loss of income from date of dismissal to date of reinstatement. The matter was conciliated in 2013. However, the erstwhile conciliator resigned from the employ of the government and the matter was assigned to a new conciliator/arbitrator. The matter had to be postponed in November 2013 because the new conciliator argued that the parties needed to file new requests for representation because the Requests for Representation at Conciliation or Arbitration filed with the erstwhile conciliator/arbitrator were not allowed by the first conciliator as a result the legal representatives for both parties are not on record and can therefore not represent the parties to the dispute.

Furthermore, even though, the legal representatives may have been on record, they were on record before the ersthwhile conciliator/arbitrator who has now resigned from the MOLSW and not before the new conciliator. Therefore the proceedings have to be heard afresh and a new Request for Representation at the Conciliation or Arbitration must therefore be filed.

Mr. Kabende's legal representative, Mr. Makando of the law firm Conradie & Damaseb also asked the new arbitrator to recuse himself from this matter. The grounds for the request are that the new arbitrator prejudged the matter when he told Mr. Kabende that the matter will be thrown out because of the defective LC21 form. The Commission has no objection to the request for recusal, the reason being that the new arbitrator discussed the matter with Kabende in the absence of the SSC.

The new request for representation have since been filed. The matter was postponed and the parties await the outcome of the request for recusal. The Commission has incurred N$ 23 225 94 paid in respect of legal fees for the period under review.

9. This is also a labour related matter, where Mr. Simasiku was dismissed on 19 December 2012 from the employ of the Commission for misconduct, in that he had absented himself without an excuse for more than two days (29 consecutive days to be exact). On 13 June 2013, he lodged a complaint of unfair dismissal with the Office of the Labour Commissioner claiming reinstatement and loss of income from date of dismissal to date of reinstatement. The matter had to be postponed twice to allow Mr. Simasiku to secure legal representation.

The Commission has incurred a total of N$ 14 380 50 paid in respect of legal fees for the period under review.

10. Mrs. Mutwa filed an unfair labour practice complaint with the Office of the Labour Commissioner in October 2013, on the ground that she is entitled to a promotional increase when she was promoted in December 2009, from the position of Branch Accountant Luderitz to Branch Manager: Walvisbay Office as provided for in the Human Resources Policy of the Commission.

The Commission's position is that Mrs. Mutwa's claim is unenforceable as it prescribed, in that the claim arose in December 2009 and she had until December 2010 to file a complaint. Alternatively, she in fact received a promotional increase because her remuneration/salary increased with the car allowance that she receives. At conciliation, the conciliator ruled that the issue is one for legal interpretation of the policy and the arbitrator must rule as to whether the increase in salary of Mrs. Mutwa constitutes a promotional increase or not and the matter was thus postponed for decision. Mrs. Mutwa's claims a retrospective increase, which must be paid on the medium and not on the minimum scale. The Commission incurred a total of N$ 24 143 00 paid in respect of legal fees for the period under review.

11. This matter relates to an employee's compensation claim that was repudiated by the Commission because it was brought outside the prescribed period. The High Court referred this matter for a hearing in terms of section 56 of the Employees Compensation Act. However, the Commission appealed the High Court's judgment to the Supreme Court of Namibia.

The matter was heard in July 2011 and judgment was reserved. This matter will provide guidance as to how the Commission can deal with cases that are brought outside the prescription period (section 54 cases). We are still awaiting judgment in this matter. The Commission incurred a total of N$ 466 953 08 paid in legal costs during theyear under review.

12. This matter relates to the failed investment of N$ 30 million of the Fund. Criminal charges have since been levelled against the directors of Avid Investments (Pty) Ltd. A letter was written to the Prosecutor General's office on 17 December 2013; (a) to request for information on the hearing dates in the criminal matter and (b) the imposition of a suspensive condition (when the accused are convicted) in an attempt to ensure that the Commission is compensated in the amount owed to the Commission. We are still waiting for the PG's response in this matter. No legals costs were incurred during the year under review.

13. Related parties

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Relationships

Administered funds	Maternity Leave, Sick Leave and Death Benefit Fund Development Fund Employees Compensation Fund National Pension Fund National Medical Benefit Fund Accident Pension Fund
Commissioners	Bishop Dr. Z. Kameeta (Chairperson) Mr. M. Hill Ms. H.N. Nandago Adv. D.L. Sauls Mr. E.S. Maswahu Ms. J. Jonas Ms. T.V.P. Nauyoma Ms. L. Tjiho Ms. R.P. Iyambo Dr. S.C. Herman

Related party balances

	2014	2013
	N$'000	N$'000
Loan accounts - Owed (to) / by related funds		
Maternity Leave, Sick Leave and Death Benefit Fund	(15 810)	(3 015)
Employees' Compensation Fund	(3 991)	(2 384)
Maternity Leave, Sick Leave and Death Benefit Fund	9 664	3 561
Employees' Compensation Fund	3 598	2 702
Nationa Pension Fund	2 691	2 659
Development Fund	803	503
National Medical Benefit Fund	1 985	1 479
Accident Pension Fund	71	71

14. Risk management

Financial risk management

The primary objective in the investment of the Commission is to balance the safety needs, liquidity and return objectives of the Fund against the liability structure and the general objectives of each fund.

The investment portfolio shall be diversified to minimise the risk of loss resulting from concentration of assets in a specific maturity, specific issuer or a specific class of securities. Further diversification will be provided by employing more than one asset manager with relatively low correlation in their investment performance based on investment styles.

The Commissioners recognise that investment management is a long term process and there will be fluctuations in the short-term. However, the long-term objective will only be met if they are consistently achieved over a shorter period.

Real returns (i.e. returns in excess of inflation) are required across the range of portfolios, which compensate adequately for the levels of risk inherent in the portfolio. The requirement for real returns shall not apply to the working capital portfolio.

Preservation of capital in real terms and absolute terms is an important consideration for the Commission in the longer term.

Financial Instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements. Refer to note 1 for additional details.

At 28 February 2014	**Loans and other receivables**	**Financial liabilities amortised at Cost**
	N$ ‘000	N$ ‘000
Trade and other receivables	7 643	-
Loans from related funds	-	(5 665)
Cash and cash equivalents	2 910	-
Investments	17 779	-
Trade and other payables	-	(557)

At 28 February 2013	**Loans and other receivables**	**Financial liabilities amortised at cost**
Trade and other receivables	570	-
Loans to related funds	5 576	-
Cash and cash equivalents	2 984	-
Investments	16 213	-
Trade and other payables	-	(413)

Liquidity risk management

Liquidity risk is the risk that the Commission will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk arises when there is mismatching between the maturity of liabilities and assets.

The Commission is exposed to daily calls on its available cash resources from claims. Liquidity is the risk that cash may not be available to pay obligations when due at a reasonable cost. The board sets limits on the minimum proportion of maturity funds available to meet such calls.

The Commission actively manages its cash resources, split between short-term and long-term to ensure sufficient cash is at hand to settle claims liabilities, based on monthly float projections. The Commission has significant liquid resources to cover its obligations.

Cash flow interest rate risk

2014	**Current interest rate**	**Due in less than a year**
Trade and other receivables	-%	7 643
Loans from related funds	-%	(5 665)
Fixed term investments	4.25%	1 479
Funds held at fair value through profit or loss	-%	16 300
Cash and cash equivalents	5.00%	2 910
Trade and other payables	-%	(557)

2013	**Current interest rate**	**Due in less than a year**	**Due in one to two years**
Trade and other receivables	-%	570	-
Loans to related funds	-%	1 438	4 138
Cash and cash equivalents	4.25%	3 114	-
Fixed term investments	4.25%	1 479	-
Trade and other payables	-%	(413)	-
Funds held at fair value through profit or loss	-%	14 794	-

Interest rate risk management

Interest rate risk arises primarily from the Commission investments in fixed income securities, which are exposed to fluctuations in interest rates. Exposure to interest rate risk is monitored through several measures that include monitoring of returns and switching investments to take advantage of high returns in certain instruments.

An increase or decrease of 1% in the respective interest rates would result in the following changes in the fair value or amortised costs of these financial instruments.

Interest rate sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in interest rate on cash and cash equivalents affected. The impact is as follows:

Effect on surplus for the year		
Increase / (decrease) of 1% in interest rates	15	14

Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations.

Key areas where the fund is exposed to credit risk are: accounts receivables investments and cash equivalents

Credit risk management trade and other receivables

The Commission's maximum exposure to credit risk at the reporting date is the carrying value of financial assets disclosed in note 5. The fund does not hold any collateral as security. Receivables are presented net of the provision for impairment losses.

Investments and cash and cash equivalents

The Commission's cash and cash equivalents and investments are placed with high credit quality financial institutions. The Commission has a policy of limiting the amount of credit exposure to any one financial institution. The maximum exposure at the reporting date is the carrying value of cash and cash equivalents disclosed in note 6 and the carrying value of investments in note 4. The Commission deposits only with reputable financial institutions and the credit quality of financial assets are therefore good.

Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in the interest rate and equity prices. Financial assets are disclosed in the following classes based on their similar characteristics:

Loans and receivables- Held for trading at fair value through profit and loss

- Held to maturity

Market risk arises in the Commission due to fluctuations in both the value of liabilities and value of investments held.

Management has established a policy on market risk which sets out principles that the Commission is expected to adopt in respect of management of the key market risks to which the Commission is exposed. The board monitors adherence to this market risk policy and regularly reviews how management is managing these risks through the investment committee and audit and risk committee. For each of the major components of market risk, described in risk management note, the management has put in place additional policies and procedures to set out how risk should be managed and monitored, and the approach to setting an appropriate risk appetite.

Price risk

The Commission is subject to price risk due to the daily changes in the market values of its investments held by asset managers.

The Commission's objective is to earn competitive relative returns by investing in a diverse portfolio of high-quality, liquid securities. Portfolio characteristics are analysed regularly and equity price risk is actively managed through a variety of modeling methods by asset managers. The commission's holdings are diversified across industries, and concentration in any one company or industry is limited by parameters established by asset managers and statutory requirements. The commission's exposure to movement in equities is 32% for domestic equities on the funds held by asset managers.

Equity price sensitivity analyses

At 28 February 2014, the Commission's listed equities were recorded at their fair value of N$ 16.3 million (2013: N$ 14.8 million). A hypothetical 10% decline or increase in each individual share price would decrease/increase the surplus for the year by N$ 1.63 million (2013: N$ 1.48 million).

15. Events after the reporting period

There are no events which occurred after the year end which warrant disclosure.

SOCIAL SECURITY COMMISSION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

Detailed Statement of Comprehensive Income

	Notes	2014	2013
		N$ '000	N$ '000
Other income			
Other income		289	377
Interest received	9	1 778	1 648
		2 067	**2 025**
Operating expenses			
Auditors remuneration	10	19	(19)
Bad debts		(4 676)	-
Bank charges		(63)	(63)
Employee costs		-	5
SSC cards		(167)	(174)
Staff bond repayment		-	5
		(4 887)	**(246)**
(Deficit) / surplus for the year		**(2 820)**	**1 779**

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	The Maternity, Sick and Death Benefit Fund's principal activity is to provide a short-term social insurance scheme for all persons who work and receive a basic wage in Namibia. The Fund was established under the Social Security Act 34 of 1994.
Board of Commissioners	Bishop Dr Z Kameeta (Chairperson) Mr. M Hill Ms. H N Nandago Adv. D L Sauls Mr. E S Maswahu Ms. J Jonas Ms. T V P Nauyoma Ms. L Tjiho Ms. R P Iyambo Dr. S C Herman
Registered office	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Business address	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Postal address	Private Bag 13323 Windhoek Namibia
Bankers	Bank Windhoek
Auditors	The Auditor-General
Secretary	Emma Kantema-Gaomas

INDEX

The reports and statements set out below comprise the annual financial statements presented to the National Assembly:

The following supplementary information does not form part of the annual financial statements and is unaudited:

COMMISSIONERS RESPONSIBILITIES AND APPROVAL

The commissioners are required in terms of the Social Security Act of 1994 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The commissioners acknowledge that they are ultimately responsible for the system of internal financial control established by the fund and place considerable importance on maintaining a strong control environment. To enable the commissioners to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the fund and all employees are required to maintain the highest ethical standards in ensuring the fund’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the fund is on identifying, assessing, managing and monitoring all known forms of risk across the fund. While operating risk cannot be fully eliminated, the fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The commissioners are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The commissioners have reviewed the fund’s cash flow forecast for the year to 28 February 2015 and, in the light of this review and the current financial position, they are satisfied that the fund has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the fund's annual financial statements. The annual financial statements have been examined by the fund's external auditors and their report is presented on pages 39 to 69.The annual financial statements set out on pages 39 to 71, which have been prepared on the going concern basis, were approved by the board on 29 August 2014 and were signed on its behalf by:

……………………………………………..	………………………………………………
Commissioner	Commissioner
Windhoek, 29 August 2014	

Commissioners' Report

The commissioners submit their report for the year ended 28 February 2014.

1. Review of activities

Main business and operations

The maternity, sick and death benefit fund's principal activity is to provide a short-term social insurance scheme for all persons who work and receive a basic wage in Namibia. The fund was established under the Social Security Act 34 of 1994 and operates in Namibia.

The operating results and state of affairs of the fund are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the fund was N$ 184 618 000 (2013: N$ 157 207 000).

2. Events after the reporting period

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

3. Commissioners' interest in contracts

The commissioners did not have any interests in the contracts entered into by the fund during the year.

4. Non-current assets

There were additions to Property, plant and equipment amounting to N$ 48 261 000 (2013: N$ 6 404 000) during the year under review, and disposals with a carrying amount of N$ nil (2013: N$ 124 000) were made.

There were additions to Intangibles amounting to N$ 218 000 (2013: N$ 1 558 000) during the year under review.

5. Transfer To Development Fund

The distributions already declared and paid to Development Fund during the year are as reflected in the attached statement of changes in equity, and the appropriate approval was granted by the Minister of Labour and Social Welfare.

6. Commissioners

The commissioners of the fund during the year and to the date of this report are as follows:

Name	Changes
Mr. B R R Kukuri (Chairperson)	Resigned 31 October 2013
Mr. A E Biwa	Resigned 31 October 2013
Ms. A Zamuee	Resigned 31 October 2013
Ms. C U Pandeni	Resigned 31 October 2013
Mr. D Wright	Resigned 31 October 2013
Ms. E Breuer	Resigned 31 October 2013
Ms. H Kapenda	Resigned 31 October 2013
Mr. H Shikongo	Resigned 31 October 2013
Mr. J T //Garoeb	Resigned 31 October 2013
Ms. O M L M Kutenda	Resigned 31 October 2013
Bishop Dr. Z. Kameeta (Chairperson)	Appointed 01 November 2013
Mr. M. Hill	Appointed 01 November 2013
Ms. H. N. Nandago	Appointed 01 November 2013
Adv. D. N. Sauls	Appointed 01 November 2013
Mr. E. S. Maswahu	Appointed 01 November 2013
Ms. J. Jonas	Appointed 01 November 2013
Ms. T. V. P. Nauyoma	Appointed 01 November 2013
Ms. L. Tjiho	Appointed 01 November 2013
Ms. R. P. Iyambo	Appointed 01 November 2013
Dr. S. C. Herman	Appointed 01 November 2013

7. Secretary

The secretary of the fund is Emma Kantema-Gaomas of:

Business address

Cnr. A. Kloppers & Haupt Streets
Khomasdal
Windhoek

Postal address

Private Bag 13223
Windhoek
Namibia

8. Auditors

The Auditor-General will continue in office in accordance with section 19 of the Social Security Act of 1994.

Statement of Financial Position

	Notes	2014 N$'000	2013 N$'000
Assets			
Non-Current Assets			
Investment property	3	5 961	5 961
Property, plant and equipment	4	80 487	35 781
Intangible assets	5	1 181	1 735
		87 629	**43 477**
Current Assets			
Loans to related funds	6	16 021	3 064
Investments	7	1 620 953	1 514 346
Trade and other receivables	8	35 388	12 900
Cash and cash equivalents	9	7 370	11 583
		1 679 732	**1 541 893**
Total Assets		**1 767 361**	**1 585 370**
Funds and Liabilities			
Funds			
Accumulated Funds		1 643 550	1 487 923
Liabilities			
Non-Current Liabilities			
Provisions	10	1 131	943
Current Liabilities			
Loans from related funds	6	12 327	6 161
Trade and other payables	11	53 961	28 472
Provisions	10	56 392	61 871
		122 680	**96 504**
Total Liabilities		**123 811**	**97 447**
Total Funds and Liabilities		**1 767 361**	**1 585 370**

Statement of Comprehensive Income

	Notes	2014 N$ '000	2013 N$ '000
Revenue	12	363 582	280 127
Claims	13	(168 062)	(148 054)
Gross surplus		**195 520**	**132 073**
Other income	14	2 388	1 642
Operating expenses		(133 142)	(135 999)
Surplus before investment income and finance costs	15	**64 766**	**(2 284)**
Investment income	16	119 852	157 105
Fair value adjustments	17	-	2 386
Surplus for the year		**184 618**	**157 207**
Other comprehensive income		-	-
Total comprehensive income		**184 618**	**157 207**

Statement of Changes in Funds

	Accumulated Funds	Total funds
	N$ '000	N$ '000
Balance at 01 March 2012	**1 356 442**	**1 356 442**
Changes in funds		
Total comprehensive income for the year	157 207	157 207
Transfer to Development Fund	(25 726)	(25 726)
Total changes	131 481	131 481
Balance at 01 March 2013	**1 487,923**	**1 487 923**
Changes in funds		
Total comprehensive income for the year	184 618	184 618
Transfer to Development Fund	(28 991)	(28 991)
Total changes	155 627	155 627
Balance at 28 February 2014	**1 643 550**	**1 643 550**

Statement of Cash Flows

	Notes	2014 N$ '000	2013 N$ '000
Cash flows from operating activities			
Cash generated from operations	19	66 250	(3 084)
Investment income		119 852	157 105
Net cash from operating activities		**186 102**	**154 021**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(48 261)	(6 404)
Sale of property, plant and equipment	4	-	98
Purchase of intangible assets	5	(218)	(1 558)
Loans (advanced to) / repaid by related funds		(6 791)	286
Purchases of financial assets		(106 607)	(114 458)
Other non-cash item	25	553	1 046
Net cash from investing activities		**(161 324)**	**(120 990)**
Cash flows from financing activities			
Distribution to Development Fund		(28 991)	(25 726)
Total cash movement for the year		**(4 213)**	**7 305**
Cash at the beginning of the year		11 583	4 278
Total cash at end of the year	9	**7 370**	**11 583**

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Social Security Act of 1994. 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 judgments and sources of estimation uncertainty

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

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the fund is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The fund uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the fund for similar financial instruments.

Impairment testing

The fund reviews and tests the carrying value of assets when events or changes in circumstances suggests that the carrying amount may not be recoverable

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

Depreciation rates

The fund is required to assess residual values and the remaining useful lives of its property, plant and equipment on an annual basis. Refer to note 1.3.

1.2 Investment property

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

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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 recognised as an asset when:

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

Property, plant and equipment is initially measured at cost.

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	50 years
Leasehold property	5 years
Furniture and fixtures	10 years
Motor vehicles	8 years
Office equipment	10 years
Computer equipment	5 years

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

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

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

Assets which the fund holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	**Useful life**
Software license	3 years

1.5 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - designated
- Held-to-maturity investment
- Loans and receivables
- Financial liabilities at fair value through profit or loss - designated
- Financial liabilities measured at amortised cost

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

Initial recognition and measurement

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

The fund classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss. Regular way purchases of financial assets are accounted for at settlement date.

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 excludes 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.

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.

Loans to / (from) related funds

These include loans to and from related funds and are recognised initially at fair value plus direct transaction costs.

Loans to related funds are classified as loans and receivables.

Loans from related funds are classified as financial liabilities measured at amortised cost.

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.

Impairment of financial assets

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

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

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.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

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.

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.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

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

Any contingent rents are expensed in the period they are incurred.

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.
- tests goodwill acquired in a business combination for impairment annually.

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. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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 losses.

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.9 Revenue

Contribution revenue is recognised when the right to receive the payment is established, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the fund.

Investment income

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the fund’s right to receive payment has been established.

Rental income

Revenue from rental is recognised on a straight line basis if there is a fixed escalation, otherwise when the rental become due.

When substantially all the risks and rewards of ownership have not been transferred or retained, the financial asset is derecognised if they are no longer controlled. However if control in this situation is retained, the financial assets are recognised only to the extent of continuing involvement in those assets. Initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.10 Employee benefits

Short-term employee benefits

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

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

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

Defined benefit plans

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

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.
Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

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

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

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the fund is demonstrably committed to curtailment or settlement.

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

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

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

1.11 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 employees for maternity leave, sick leave, death benefit, and disability and retirement benefits.

The Fund covers the following claims:

1. Death claims expenses

2. Disability expenses

3. Maternity leave expenses

4. Retirement benefit expenses

5. Sick leave expenses

Claims incurred

Claims incurred consists claims and claims handling expenses paid during the financial year and changes in the provisions for IBNR and reported but not paid claims. These claims are charged to the statement of comprehensive income as incurred.

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 an undiscounted value. Reserves for the internal or indirect claim-handling expenses are specifically excluded from the estimates, for example administrative costs.

2. New Standards and Interpretations

2.1 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 March 2014 or later periods:

IFRS 7: Financial Instruments - Disclosures - amendments - transition disclosures (effective for annual periods on or after 01 January 2015). No significant impact on the fund.

IFRS 9: Financial Instruments - Classification and measurement of financial assets (effective for annual periods
beginning on or after 01 January 2015). No significant impact on the fund.

IFRS 9: Financial Instruments - Accounting for financial liabilities and derecognition (effective for annual periods beginning on or after 01 January 2015). No significant impact on the fund.

IFRS 7 - Disclosures (amendments - transition disclosures). Applicable for financial years beginning on/after 01January 2015. No significant impact on the fund.

IFRS 14 Regulatory Deferred Accounts (effective 1 January 2016). No significant impact on the fund.

AIP IFRS 13 Fair Value Measurement — Short-term receivables and payables (effective 1 July 2014). No significant impact on the fund.

AIP IFRS 1 First-time Adoption of International Financial Reporting Standards — Meaning of 'effective IFRSs' (effective 1 July 2014). No significant impact on the fund.

3. Investment property

	2014			2013		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	5 961	-	5 961	5 961	-	5 961

Reconciliation of investment property - 2014

	Opening balance	Total
Investment property	5 961	5 961

Reconciliation of investment property - 2013

	Opening balance	Fair value adjustments	Total
Investment property	3 575	2 386	5 961

Land and buildings comprise Erf 1983 Keetmanshoop (2624 square meters with office buildings thereon and Erf 1610 Keetmanshoop (1,184 square meters without improvements).

4. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Land	44 132	-	44 132	3 996	-	3 996
Buildings	31 438	(4 538)	26 900	29 329	(3 556)	25 773
Leasehold property	1 008	-	1 008	-	-	-
Furniture and fixtures	3 037	(1 699)	1 338	2 804	(1 450)	1 354
Motor vehicles	4 418	(1 815)	2 603	2 618	(1 261)	1 357
Office equipment	2 287	(1 324)	963	2 024	(1 065)	959
Computer equipment	9 020	(5 477)	3 543	6 861	(4 519)	2 342
Total	**95 340**	**(14 853)**	**80 487**	**47 632**	**(11 851)**	**35 781**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Adjustment	Amortisation	Depreciation	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Land	3 996	40 136	-	-	-	44 132
Buildings	25 773	2 109	-	-	(982)	26 900
Leasehold property	-	1 495	-	(487)	-	1 008
Furniture and fixtures	1 354	298	(65)	-	(249)	1 338
Motor vehicles	1 357	1 800	-	-	(554)	2 603
Office equipment	959	264	-	-	(260)	963
Computer equipment	2 342	2 159	-	-	(958)	3 543
	5 781	**48 261**	**(65)**	**(487)**	**(3 003)**	**80 487**

4. Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Adjustments	Depreciation	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Land	3 936	72	-	(12)	-	3 996
Buildings	23 811	3 239	-	(333)	(944)	25 773
Furniture and fixtures	1 105	570	-	(107)	(214)	1 354
Motor vehicles	1 776	190	(118)	(24)	(467)	1 357
Office equipment	849	603	-	(259)	(234)	959
Computer equipment	1 767	1 730	(6)	(311)	(838)	2 342
	33 244	**6 404**	**(124)**	**(1 046)**	**(2,697)**	**35 781**

Land and buildings comprise of:

Erf 119 Grootfontein (1 329 square meters, registration division f3),
Erf 120 Grootfontein (1 377 square meters with buildings thereon),
Erf 858 Walvis Bay (1 250 square meters with buildings thereon)
Erf 1 589 Oshakati (3 515 square meters without improvements),
Erf 8 769 Windhoek Freedom Square (4 750 square meters)
Erf 644 Luderitz (1 074 square metres)
Erf 1 610 Keetmanshoop (1 185 square meters without improvements),
Erf 1 959 Otjiwarongo (1 081 square meters)
Erf 2 269 Windhoek – Khomasdal (1 0092 meters) and
Erf 1 965 Otjiwarongo (1 310 square meters).

5. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Software license	3 091	(1 910)	1 181	2 873	(1 138)	1 735

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Software license	1 735	218	(772)	1 181

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Software license	779	1 558	(602)	1 735

6. Loans to / (from) related funds

Related funds

	2014	2013
	N$'000	N$'000
Development Fund	(73)	(73)
Employees Compensation Fund	(2 590)	(2 527)
Social Security Commission	(9 664)	(3 561)
Employees Compensation Fund	211	49
Social Security Commission	15 810	3 015
	3 694	**(3 097)**

The above loans are interest free, unsecured and have no fixed terms of repayment.

Current assets	16 021	3 064
Current liabilities	(12 327)	(6 161)
	3 694	**(3 097)**

7. Investments

Held for trading at fair value through profit or loss

Funds held with approved asset managers	1 343 021	1 451 719

Funds held with investment managers are fair valued by investment managers at year end.

Held to maturity

Fixed term deposits	277 932	62 627

Fixed term deposits are held with the financial institutions. The average investment period is 1 to 4 months from the statement of financial position date and interest rates are between 4.25% and 8.61% per annum. The carrying amounts approximate the fair value.

Total investments	**1 620 953**	**1 514 346**

Current assets

At fair value through profit or loss	1 343 021	1 451 719
Held to maturity	277 932	62 627
	1 620 953	**1 514 346**

Fair value information

The fair values of listed or quoted investments are based on quoted market price.

Fair value is determined annually at statement of financial position date.

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

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1		
Financial assets held at fair value through profit or loss	1 343 021	1 451 719

8. Trade and other receivables

Trade receivables	60 791	70 140
Deposits	5 604	-
Other receivables	691	334
Trade debtors (credit balances)	-	(26 665)
Provision for bad debts	(31 698)	(30 909)
	35 388	**12 900**

The Fund's credit period on the contribution income is 30 days. No interest is charged on the trade receivables from the first 30 days from the date of invoicing. Thereafter, interest is charged on the trade receivable at 20% per annum on the outstanding balance. The Fund has a policy of providing for accounts receivable which are outstanding for 12 months or more as potential bad debts. There is not credit scoring system to access the potential customer's credit quality as there is no external credit rating for all the employers in Namibia.

Included in the Fund's trade receivable are debtors with carrying amounts of N$ 6 234 000 (2013: N$ 2 955,000) which are past due at the reporting date for which the Fund has not provided as at year end. The Fund does not hold any collateral over these balances. The average age of these receivable is +60/+90 days (2013: +60/+90 days).

Ageing of past due but not impaired		
90 days	765	206
60 days	5 469	2 749
	6 234	**2 955**
Movement in the allowance for doubtful debts		
Balance at beginning of the year	30 909	29 581
Amount written off as uncollectible	-	(6 141)
Movement in bad debt during the year	789	7 469
	31 698	**30 909**
Ageing of impaired trade receivables		
90 days	-	431
+120 days	31 698	30 478
	31 698	**30 909**

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	7 370	11 583

10. Provisions

Reconciliation of provisions - 2014

	Opening balance	Movements	Total
	N$'000	N$'000	N$'000
Unreported incurred claims	55 553	1 970	57 523
Reported claims	7 111	(7 111)	-
Legal	150	(150)	-
	62 814	**(5 291)**	**57 523**

Reconciliation of provisions - 2013

	Opening balance	Movements	Total
	N$'000	N$'000	N$'000
Unreported incurred claims	53 855	1 698	55 553
Reported claims	18 406	(11 295)	7 111
Legal costs	150	-	150
	72 411	**(9 597)**	**62 814**
Non-current liabilities		1 131	943
Current liabilities		56 392	61 871
		57 523	**62 814**

Fair value determination of the unreported incurrent claims

Death claims	992	709
Maternity leave	20 394	19 614
Retirement benefits	3 152	3 085
Sick leave	6 585	6 645
Claims handling provision	23 300	22 500
Data integrity provision	3 100	3 000
	57 523	**55 553**

10.1 Incurred But Not Reported (IBNR Claims)

The unreported incurred claims represent the management estimate as at 28 February 2014 based on actuarial valuation at that date.

The unreported but incurred claims were determined based on basic chain ladder method. The method involves the following:

The runoff claims for Maternity Leave, Sick Leave and Death Benefit Fund have been grouped into the following subgroups:

i. Death;
ii. Maternity Leave
iii. Sick Leave
iv. Retirement benefit

Runoff triangles for each of these subgroups were performed by grouping the data by accident year and payment year. Development factors based on the accumulated claims paid after each period in respect of claims from same year of accident were used. These development factors were used to project the expected claims during each future period. By using the chain ladder method, the following assumptions were made:

i. The claims development factors will remain stable
ii. Past claims experience is a suitable guide to future claims experience

The IBNR liability as calculated using basic chain ladder method was not discounted resulting in a more prudent estimate of the IBNR.

10.2 Pension Liabilities

The pension liability is the present value of all future expected pension payments calculated by discounting the current pension being paid by a net discount rate and allowing for mortality. The management made the following assumptions to value the pensioner liability:

10.2.1 Post-Retirement Rate of Interest

In order to make some allowance for increasing pensions in the future, the interest rate adopted in the valuation calculations was 3% p.a. in respect of the period after each member's retirement. The fund does not have a formal pension increase policy, but pensions are increased from time to time on an ad-hoc basis.

The effect of this measure is that if in a particular year, for example, the fund earns 10% on its investments then the Fund can grant a 6.7% (1.10/1.03 -1) increase in pension's payable from the Fund without any financial strain on the Fund.

10.2.2 Mortality

Mortality for those in receipt of pension payments was assumed to be in line with the PA (90) mortality table. Disabled members were assumed to experience higher mortality equal to that for a life aged 15 years older. Child mortality was ignored until age 18.

10.2.3 Spouse

All disabled pensioners were assumed to have a spouse to whom a 50% reversionary pension is paid. Male pensioners are assumed to be four years older than their spouses. The constant allowance pensions were valued based on a single life pension only since these pensions will stop on the death of a disabled person.

10.2.4 Claims Handling Provision

Part of the expenses that the commission will be paying in future will be related to handling IBNR claims. A claims handling provision equal to 75% of the IBNR liability for the fund was set up to cover future expenses. These claims handling provisions are the same as used in the previous valuation.

The claims handling provision was calculated as the ratio of expenses paid relative to claims paid in 2013 according to the actuarial valuation. Actuaries applied this ratio to the IBNR liabilities to arrive at an estimate of the claims handling provision. These assumptions will be used for the next year and will be updated when the next statutory actuarial valuation is performed.

10.2.5 Data Integrity

The IBNR liability and Pension liability as discussed above depend on the accuracy of the data provided. Actuaries left the data integrity provisions unchanged from the previous valuation for the fund at 10% of the IBNR liability. This assumption will be monitored and updated when the next statutory actuarial valuation is performed. Given that the data has improved significantly in the last two years, Actuaries do expect the data integrity provision to reduce at the next statutory valuation.

11. Trade and other payables

	2014	2013
	N$'000	N$'000
Trade payables	13 204	13 412
Contribution to DF accrued	28 991	-
Accrued leave pay	7 788	11 065
Accrued bonus	1 519	1 312
Audit fee	-	267
Unclaimed monies	62	41
Unknown deposits	792	592
Accrued expenses	1 253	1 657
Other payables	352	126
	53 961	**28 472**

12. Revenue

Contributions	360 315	276 873
Contribution interest	3 267	3 254
	363 582	**280 127**

13. Claims

Maternity leave	126 983	105 981
Sick leave	15 316	16 969
Death benefit	7 728	8 465
Retirement benefit	18 035	16 639
	168 062	**148 054**

	2014	2013
14. Other income	N$'000	N$'000
Rental income	1 571	803
Miscellaneous income	817	839
	2 388	**1 642**

15. Surplus before investment income and finance costs

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

Operating lease charges		
Premises		
• Contractual amounts	2 580	1 581
Profit on sale of property, plant and equipment	-	(27)
Amortisation on intangible assets	772	603
Depreciation on property, plant and equipment	3 002	2 698
Employee costs	85 220	82 136

16. Investment income

Interest income		
Financial institutions	116 218	152 441
Fixed deposits and call accounts	3 634	4 664
	119 852	**157 105**

17. Fair value adjustments

Investment property (Fair value model)	-	2 386

18. Auditors' remuneration

Fees	104	513

19. Cash generated from operations

Surplus for the year	184 618	157 207
Adjustments for:		
Depreciation and amortisation	3 774	3 301
Loss on sale of assets	-	27
Interest received	(119 852)	(157 105)
Fair value adjustments	-	(2 386)
Movements in provisions	(5 291)	(9 597)
Changes in working capital:		
Trade and other receivables	(22 488)	(5 165)
Trade and other payables	25 489	10 634
	66 250	**(3 084)**

20. Retirement benefits

Defined benefit fund

The staff members are members of Government Institutions Pension Fund (GIPF), a defined benefit fund. The sponsors of the fund are various government related institutions that include the fund and these sponsors have an obligation to meet the shortfall if the fund's liabilities were to exceed the fund's assets.

There is not sufficient information available to enable the fund to account for the plan as a defined benefit plan due to the fact that the proportionate share applicable to the fund is not clearly identified. The plan is therefore accounted as if it is a defined contribution plan.

The value of the assets of GIPF is valued by actuaries every third year. The latest valuation was done at 31 March 2012, and the valuator reported that the fund was in good financial position, and that the present rates of contributions were adequate to enable the fund to provide benefits to which members are entitled. With reported actuarial value of liabilities and reserves of N$ 50 178 billion and assets of N$ 50 715 billion, the funding level at valuation date was 101.07%.

The method used to place value on the past services liabilities and the required future contribution rate is known as the project unit credit method based on actuarial valuations.

Based on the data disclosed by the actuarial valuation, the surplus is within acceptable range to prevent a short fall within the foreseeable future and therefore places no current obligation on the fund to provide for.

The performance of the fund's investments is benchmarked on a quarterly basis by its investment consultant, Human Employee Benefits Company (Pty) Ltd.

21. Contingencies

1. This matter relates to a complaint of unfair dismissal filed by Mr. Mulder, an erstwhile employee of the Commission. Mr. Mulder was dismissed from the employment of the Commission on 20 May 2005 following his conviction on charges of gross negligence and insubordination relating to the investment of amounts totaling N$ 120 million in respect whereof the Commission suffered considerable losses.

Mr. Mulder filed a complaint in the District Labour Court in which he allege that he was dismissed substantively and procedurally unfair because, amongst others, he was found guilty of the charges of gross negligence and insubordination; whilst there was no evidence presented on which he should have been found guilty. After numerous postponements, the hearing of this matter commenced on 4 to 7 February 2014 and was postponed to 8 to 18 April 2014 and 29 April 2014 to 2 May 2014 for continuation of the hearing. The claimant is claiming a reinstatement and payment of damages from date of dismissal being 20 May 2005 to date, the total amount of damages amounts to N$ 4 931 173 15. The fund has incurred N$ 82 225.00 paid in respect of legal fees for the period under review.

2. Mr. Spanneberg, an employee of the Commission defrauded the Commission. He was charged with fraud and served a prison term. A letter was written to GIPF requesting the GIPF to withdraw Mr. Spanneberg's pension benefits of N$ 440 470.83 in favour of the Commission as compensation in terms of section 37 D (b) (ii) (aa) of the Pension Act. GIPF advised that the benefits cannot be withdrawn in favour of the SSC. Mr. Marcus was instructed to institute legal proceedings in this matter. Legal will revert back to Board for the signing of a resolution authorizing Nixon Marcus Public Law Office to act on behalf of the Commission. The fund did not incur costs in this regard.

3. On 18 November 2002, the Minister of Labour permanently removed Ms. Onesmus as the Executive Officer of the Commission. Following her removal from office, the Commission instituted civil proceedings against Ms. Onesmus for certain misconduct and claimed N$ 922 759 18. This matter was settled and the Commission paid N$ 350 000 00 towards the costs of Ms. Onesmus. The settlement also provided that the payment in respect of costs referred to above, is made in full and final settlement of any claims arising out of this matter and the parties have no further claims against one another.

Ms. Onesmus was also charged with fraud. The Prosecutor General has indicated that the fraud matter is presently under investigation with the Namibian Police. Once the investigation is complete her office would have to consider the matter a fresh and decide whether to prosecute or not. SSC received a request to sign the retirement notification form from Alexander Forbes as Ms. Onesmus was due to retire in January 2014. Investigations are underway to determine the scope of this settlement agreement, which will determine whether the SSC should sign the notification or not. A total of N$ 350 000 paid to plaintiff as settlement.

4. Hamunyela, an employee of the Fund, defrauded the Fund an amount of N$ 54 430 69 and was charged with fraud as a result. We contacted the prosecutor and were advised that the trial of this matter will be heard de novo (a fresh) because there are parts of the record that are missing. There has been no significant development in this case.

5. This is a petrol card fraud case of N$ 7 154 01 under investigation in Walvis Bay. Employees of the Commission are implicated. There have been no significant developments in this case. Further details will be provided as the case progresses.

6. Mr. Klitzke leased office space from Fund's Keetmanshoop office. This lessee is refusing to pay market related rent. The lease agreement was signed in 2005 and makes no provision for cancellation of the agreement. The lessee was given a year's notice to either pay market related rent or vacate the premises. The notice period expired in December 2013. The matter was referred to external lawyers to institute proceedings for Mr. Klitzke's eviction from the premises. The fund incurred a total of N$ 6 000.00 in legal costs.

7. Mr. Hendrik Frey, a Compliance Officer employed at the Commission's Keetmanshoop Branch Office leased office space from the SSC's Keetmanshoop office for monthly rental of N$ 6 685 excluding VAT. Mr. Frey owes the Commission over N$ 233 362 22. This matter was referred to external lawyers to issue summonses.

8. Mr. Kabende filed a complaint of unfair dismissal with the Office of the Labour Commissioner 14 May 2014 against the Commission after his dismissal by the Commission on 18 October 2012. He is claiming reinstatement and loss of income from date of dismissal to date of reinstatement. The matter was conciliated in 2013. However, the erstwhile conciliator resigned from the employ of the government and the matter was assigned to a new conciliator/arbitrator. The matter had to be postponed in November 2013 because the new conciliator argued that the parties needed to file new requests for representation because the Requests for Representation at Conciliation or Arbitration filed with the erstwhile conciliator/arbitrator were not allowed by the first conciliator as a result the legal representatives for both parties are not on record and can therefore not represent the parties to the dispute.

Furthermore, even though, the legal representatives may have been on record, they were on record before the erstwhile conciliator/arbitrator who has now resigned from the MOLSW and not before the new conciliator. Therefore the proceedings have to be heard afresh and a new Request for Representation at the Conciliation or Arbitration must therefore be filed.

Mr. Kabende's legal representative, Mr. Makando of the law firm Conradie & Damaseb also asked the new arbitrator to recuse himself from this matter.

The grounds for the request are that the new arbitrator prejudged the matter when he told Mr. Kabende that the matter will be thrown out because of the defective LC21 form. The Commission has no objection to the request for recusal, the reason being that the new arbitrator discussed the matter with Kabende in the absence of the SSC.

The new request for representation has since been filed. The matter was postponed and the parties await the outcome of the request for recusal. The Fund has incurred N$ 23 225.94 paid in respect of legal fees for the period under review.

9. This is also a labour related matter, where Mr. Simasiku was dismissed on 19 December 2012 from the employ of the Commission for misconduct, in that he had absented himself without an excuse for more than two days (29 consecutive days to be exact). On 13 June 2013, he lodged a complaint of unfair dismissal with the Office of the Labour Commissioner claiming reinstatement and loss of income from date of dismissal to date of reinstatement. The matter had to be postponed twice to allow Mr. Simasiku to secure legal representation.

The Fund has incurred a total of N$ 14 380 50 paid in respect of legal fees for the period under review.

10. Mrs. Mutwa filed an unfair labour practice complaint with the Office of the Labour Commissioner in October 2013, on the ground that she is entitled to a promotional increase when she was promoted in December 2009, from the position of Branch Accountant Luderitz to Branch Manager: Walvisbay Office as provided for in the Human Resources Policy of the Commission.

The Commission's position is that Mrs. Mutwa's claim is unenforceable as it prescribed, in that the claim arose in December 2009 and she had until December 2010 to file a complaint. Alternatively, she in fact received a promotional increase because her remuneration/salary increased with the car allowance that she receives. At conciliation, the conciliator ruled that the issue is one for legal interpretation of the policy and the arbitrator must rule as to whether the increase in salary of Mrs. Mutwa constitutes a promotional increase or not and the matter was thus postponed for decision. Mrs. Mutwa's claims a retrospective increase, which must be paid on the medium and not on the minimum scale. The Fund incurred a total of N$ 24 143.00 paid in respect of legal fees for the period under review.

22. Commitments

Authorised capital expenditure

	2014	2013
	N$'000	N$'000
Not yet contracted for but not authorised		
• Property, plant and equipment	250 369	109 346

This committed expenditure relates to property, plant and equipment and investment property and will be financed by surplus funds, existing cash resources and funds internally generated.

23. Related parties

Relationships

Controlling organisation	Social Security Commission
Related Funds	Development Fund Employees' Compensation Fund Accident Pension Fund National Pension Fund National Medical Benefit Fund
Commissioners	Bishop Dr. Z. Kameeta (Chairperson) Mr. M. Hill Ms. H.N. Nandago Adv. D.L. Sauls Mr. E.S. Maswahu Ms. J. Jonas Ms. T.V.P. Nauyoma Ms. L. Tjiho Ms. R.P. Iyambo Dr. S.C. Herman

Related party balances

	2014	2013
Loan accounts - Owing (to) by related parties	N$'000	N$'000
Social Security Commission	(9 664)	(3 561)
Employees Compensation Fund	(2 590)	(2 527)
Development Fund	(73)	(73)
Social Security Commission	15 810	3 015
Employees Compensation Fund	211	49
Amounts included in Trade Payable regarding related parties		
Development Fund	28 991	-

Related party transactions

	2014	2013
Transfer of funds to related party		
Development Fund	28 991	25 726

24. Commissioners' emoluments

Emoluments of N$ 1 053,000 (2013: N$ 1 491,000) were paid to the commissioners year.

25. Other non-cash item

	2014	2013
Heading		
Property, plant and equipment adjustments	553	1,046

26. Risk management

Financial risk management

The primary objective in the investment of Commission's Fund is to balance the safety needs, liquidity and return objectives of the Fund against the liability structure and the general objectives of each Fund.

The investment portfolio shall be diversified to minimise the risk of loss resulting from concentration of assets in a specific maturity, specific issuer or a specific class of securities. Further diversification will be provided by employing more than one asset manager with relatively low correlation in their investment performance based on investment style.

The commissioners recognise that investment management is a long-term process and there will be fluctuations in the short-term. However, long-term objective will only be met if they are consistently achieved over a shorter period.

Real return (i.e. returns in excess of inflation) is required across the range of portfolios, which compensate adequately for the levels of risks inherent in the portfolio. The requirement for real returns shall not apply to the working capital portfolio.

Preservation of capital in real terms and absolute terms is an important consideration for the commission in the long-term.

Liquidity risk

Liquidity risk is the risk that the fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk arises when there is mismatching between the maturity of liabilities and assets.

The fund is exposed to daily calls on its available cash resources from claims. Liquidity is the risk that cash may not be available to pay obligations when due at a reasonable cost. The broad sets limits on the minimum proportion of maturity funds available to meet such calls.

The fund actively manages its cash resources, split between short-term and long-term to ensure sufficient cash is at hand to settle claims liabilities, based on monthly float projections. The fund has significant liquid resources to cover its obligations.

At 28 February 2014	Loans and other receivables	Held at fair value through profit or loss	Held at maturity	Financial liabilities at amortised cost
	N$'000	N$'000	N$'000	N$'000
Trade and other receivables	35 388	-	-	-
Investments	-	1 343 021	277 932	-
Cash and cash equivalents	7 370	-	-	-
Loans from other funds	3 694	-	-	-
Trade and other payables	-	-	-	(53 960)
Provisions	-	(57 523)	-	-

At 28 February 2013	Loans and other receivables	Held at fair value through profit or loss	Held at maturity	Financial liabilities at amortised cost
	N$'000	N$'000	N$'000	N$'000
Trade and other receivables	12 901	-	-	-
Investments	-	1 451 719	62 627	-
Cash and cash equivalents	11 583	-	-	-
Loans from other funds	-	-	-	(3 097)
Trade and other payables	-	-	-	(28 472)
Provisions	-	(55 553)	-	(8 261)

Interest rate risk

Interest rate risk arises primarily from the fund investments in fixed income securities, which are exposed to fluctuations in interest rates. Exposure to interest rate risk is monitored through several measures that include monitoring of returns and switching investments to take advantage of high returns in certain instruments.

An increase or decrease of 1% in the respective interest rates would result in the following changes in the fair value or amortised costs of these financial instruments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate on cash and cash equivalents affected. The impact is as follows:

Effect on surplus for the year		
Increase / (decrease) of 1% in interest rates	10 86	10 688

Cash flow interest rate risk

2014	Current interest rate	Due in less than a year
	N$'000	N$'000
Trade and other receivables	20.00%	35 388
Funds held at fair value through profit or loss	8.47%	1 343 021
Cash and cash equivalents	5.00%	7 370
Funds held to maturity	5.50%	277 932
Trade and other payables	-%	(53 960)
Loans to other funds	-%	3 694
Provisions	-%	(57 523)

Cash flow interest rate risk

2013	Current interest rate	Due in less than a year
Trade and other receivables	20.00%	16 159
Funds held at fair value through profit or loss	8.17%	1 521 511
Cash and cash equivalents	4.25%	12 075
Funds held to maturity	5.50%	66 071
Trade and other payables	-%	(28 472)
Loans from other funds	-%	(3 097)
Provisions	-%	(62 814)

Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations.

Key areas where the fund is exposed to credit risk are:

- accounts receivables
- investments and cash equivalents

Credit risk management Trade and other receivables

The fund's maximum exposure to credit risk at the reporting date is the carrying value of financial assets disclosed in notes 7 and 8. The fund does not hold any collateral as security. Receivables are presented net of the provision for impairment losses.

Investments and cash and cash equivalents

The fund's cash and cash equivalents and investments are placed with high credit quality financial institutions. The fund has a policy of limiting the amount of credit exposure to any one financial institution. The maximum exposure at the reporting date is the carrying value of cash and cash equivalents disclosed in note 9 and the carrying value of investments in note 7. The fund invests only with reputable financial institutions and the credit quality of financial assets is therefore good.

Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in note 1 to the financial statements. Refer to note 1 for additional details.

Financial assets exposed to credit risk at year end were as follows:

	2014	2013
	N$'000	N$'000
Financial assets		
Fair value through profit or loss	1 343 021	1 451 719
Held to maturity	277 932	62 627
Trade and other receivables	35 388	12 904
Loans to other funds	3 694	-
Cash and cash equivalents	7 370	11 583
	1 667 405	**1 538 833**
Financial liabilities		
Loans from other funds	-	3 097
Trade and other payables	53 959	28 472
Provisions	57 523	62 814
	111 482	**94 383**

Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in the interest rate and equity prices. Financial assets are disclosed in the following classes based on their similar characteristics:

Loans and receivables
Held for trading at fair value through profit and loss
Held to maturity

Market risk arises in the fund due to fluctuations in both the value of liabilities and value of investments held.

Management has established a policy on market risk which sets out principles that the fund is expected to adopt in respect of management of the key market risks to which the fund is exposed. The board monitors adherence to this market risk policy and regularly reviews how management is managing these risks through the investment committee and audit and risk committee. For each of the major components of market risk, described in risk management note, the management has put in place additional policies and procedures to set out how risk should be managed and monitored, and the approach to setting an appropriate risk appetite.

Price risk

The fund is subject to price risk due to the daily changes in the market values of its investments held by asset managers.

The fund's objective is to earn competitive relative returns by investing in a diverse portfolio of high quality, liquid securities. Portfolio characteristics are analysed regularly and equity price risk is actively managed through a variety of modeling methods by asset managers. The fund's holdings are diversified across industries, and concentration in any one company or industry is limited by parameters established by asset managers and statutory requirements. The fund's exposure to movement in equities is 33% (2013: 29%) for domestic equities on the funds held by asset managers.

Equity price sensitivity analyses

At 28 February 2014, the fund's listed equities were recorded at their fair value of N$ 534.3 million (2013: N$ 445.6 million). A hypothetical 10% decline or increase in each individual share price would decrease/increase the surplus for the year by N$ 53.4 million (2013: N$ 44.6 million).

Maternity Leave, Sick Leave and Death Benefit Fund
Annual Financial Statements for the year ended 28 February 2014
Detailed Statement of Comprehensive Income

	Notes	2014 N$ '000	2013 N$ '000
Revenue			
Contributions		360 315	276 873
Contribution interest		3 267	3 254
	12	**363 582**	**280 127**
Direct expenses			
Claims		(168 062)	(148 054)
Gross surplus		**195 520**	**132 073**
Other income			
Rental received		1 571	803
Other income		817	839
Interest received	16	119 852	157 105
Fair value adjustments	17	-	2 386
		122 240	**161 133**
Expenses (Refer to page 40)		**(133 142)**	**(135 999)**
Surplus for the year		**184 618**	**157 207**

Maternity Leave, Sick Leave and Death Benefit Fund
Annual Financial Statements for the year ended 28 February 2014
Detailed Statement of Comprehensive Income

	Notes	2014	2013
		N$ '000	N$ '000
Operating expenses			
Administration and management fees		(10 059)	(7 910)
Advertising		(2 114)	(1 623)
Amortization expenses		(487)	-
Auditors remuneration	18	(104)	(513)
Bad debts		(789)	(7 469)
Bank charges		(300)	(360)
Cleaning		(575)	(384)
Computer expenses		(76)	(165)
Corporate function expenses		(1 173)	(622)
Depreciation, amortisation and impairments		(3 774)	(3 301)
Donations		(348)	(320)
Employee costs		(85 220)	(82 136)
Entertainment		(191)	(160)
IT expenses		(14)	(15)
Import vat services expense		-	(9 526)
Insurance		(461)	(368)
International conference		(880)	(346)
Lease rentals on operating lease		(2 580)	(1 581)
Legal expenses		(3 845)	(3 922)
Loss on disposal of assets		-	(27)
Medical expenses		-	(4)
Motor vehicle expenses		(209)	(55)
Penalties and interest		83	1 866
Petrol and oil		(579)	(452)
Plants		(193)	(685)
Postage		(922)	(1 378)
Printing and stationery		(1 699)	(1 510)
Protective clothing		(12)	-
Recruitment expenses		(195)	(165)
Repairs and maintenance		(2 515)	(1 649)
Research expenses		(820)	-
Royalties and license fees		(1 121)	(1 336)
Security		(1 636)	(1 210)
Seminars		(409)	(427)
Staff welfare		-	(6)
Subscriptions		(338)	(303)
Sundry expenses		(47)	(55)
Telephone and fax		(2 275)	(1 792)
Training		(1 678)	(1 763)
Travel - local		(2 433)	(1 707)
Utilities		(3 154)	(2 620)
		(133 142)	**(135 999)**

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	To compensate for disablement caused by accidents to or industrial diseases contracted by employees in the course of their employment or for death resulting from such accidents or diseases. The Fund was established under the Employees' Compensation Act 30 of 1941
Board of Commissioners	Bishop Dr Z Kameeta (Chairperson) Mr. M Hill Ms. H N Nandago Adv. D L Sauls Mr. E S Maswahu Ms. J Jonas Ms. T V P Nauyoma Ms. L Tjiho Ms. R P Iyambo Dr. S C Herman
Registered office	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Business address	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Postal address	Private Bag 13223 Windhoek Namibia
Bankers	Bank Windhoek
Auditors	The Auditor-General
Secretary	Emma Kantema-Gaomas

Index

The reports and statements set out below comprise the annual financial statements presented to the National Assembly:

Commissioner's responsibilities and approval

The commissioners are required in terms of the Employees Compensation Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The commissioners acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the commissioners to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the fund and all employees are required to maintain the highest ethical standards in ensuring the fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the fund is on identifying, assessing, managing and monitoring all known forms of risk across the fund. While operating risk cannot be fully eliminated, the fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The commissioners are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The commissioners have reviewed the fund's cash flow forecast for the year to 28 February 2015 and, in the light of this review and the current financial position, they are satisfied that the fund has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the fund's annual financial statements. The annual financial statements have been examined by the fund's external auditors and their report is presented on pages 78 to 112

The annual financial statements set out on pages 45 to 114, which have been prepared on the going concern basis, were approved by the board on 29 August 2014 and were signed on its behalf by:

…………………………………………………	……………………………………………
Commissioner	Commissioner
Windhoek, 29 August 2014	

Commissioner's Report

The commissioners submit their report for the year ended 28 February 2014.

1. Review of activities

Main business and operations

The fund's principal activity is to compensate for disablement caused by accidents to or industrial diseases contracted by employees in the course of their employment or for death resulting from such accidents or diseases. The fund was established under the Employees' Compensation Act 30 of 1941 and operates in Namibia.

The operating results and state of affairs of the fund are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net profit of the fund was N$ 87 701 000 (2013: N$ 91 517 000).

2. Events after the reporting period

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

3. Commissioners' interest in contracts

The commissioners did not have any interests in the contracts entered into by the fund during the year.

4. Non-current assets

There were additions to property, plant and equipment amounting to N$ 9 536 000 (2013: N$ 1 265 000) during the year under review, and disposals with a carrying amount of N$ nil (2013: N$ 25 000) were made.

There were additions to intangibles amounting to N$ 44 000 (2013: N$ 306 000) during the year under review.

5. Commissioners

The commissioners of the fund during the year and to the date of this report are as follows:

Commissioner's Report (continue)

Name	Changes
Bishop Dr. Z. Kameeta (Chairperson)	Appointed 01 November 2013
Mr. M. Hill	Appointed 01 November 2013
Ms. H. N. Nandago	Appointed 01 November 2013
Adv. D. L. Sauls	Appointed 01 November 2013
Mr. E. S. Maswahu	Appointed 01 November 2013
Ms. J. Jonas	Appointed 01 November 2013
Ms. T. V. P. Nauyoma	Appointed 01 November 2013
Ms. L. Tjiho	Appointed 01 November 2013
Ms. R. P. Iyambo	Appointed 01 November 2013
Dr. S. C. Herman	Appointed 01 November 2013
Mr. B R R Kukuri (Chairperson)	Resigned 31 October 2013
Mr. A E Biwa	Resigned 31 October 2013
Ms. A Zamuee	Resigned 31 October 2013
Ms. C U Pandeni	Resigned 31 October 2013
Mr. D Wright	Resigned 31 October 2013
Ms. E Breuer	Resigned 31 October 2013
Ms. H Kapenda	Resigned 31 October 2013
Mr. H Shikongo	Resigned 31 October 2013
Mr. J T //Garoeb	Resigned 31 October 2013
Ms. O M L M Kutenda	Resigned 31 October 2013

6. Secretary

The secretary of the fund is Emma Kantema-Gaomas of:

Business address	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Postal address	Private Bag 13223 Windhoek Namibia

7. Auditors

The Auditor-General will continue in office in accordance with section 19 of the Social Security Act 34 of 1994.

Statement of Financial Position

	Notes	2014 N$ '000	2013 N$ '000
Assets			
Non-Current Assets			
Investment property	3	5 961	5 961
Property, plant and equipment	4	45 218	36 386
Intangible assets	5	737	845
		51 916	**43 192**
Current Assets			
Loans to related funds	6	11 521	8 252
Investments	7	584 955	497 336
Trade and other receivables	8	17 273	13 997
Cash and cash equivalents	9	4 698	10 347
		618 447	**529 932**
Total Assets		**670 363**	**573 124**
Funds and Liabilities			
Funds			
Accumulated funds		537 774	450 073
Liabilities			
Non-Current Liabilities			
Provisions	10	81 212	78 053
Current Liabilities			
Loans from related funds	6	12 741	6 161
Trade and other payables	11	5 937	6 067
Provisions	10	32 699	32 770
		51 377	**44,998**
Total Liabilities		**132 589**	**123 051**
Total Funds and Liabilities		**670 363**	**573 124**

Statement of Comprehensive Income

	Notes	2014 N$ '000	2013 N$ '000
Revenue	12	98 113	90 094
Claims	13	(20 132)	(23 667)
Gross surplus		**77 981**	**66 427**
Other income	14	1 204	4 920
Operating expenses		(29 531)	(27 688)
Surplus before investment income and finance costs	15	**49 654**	**43 659**
Investment income	16	38 047	45 472
Fair value adjustments	17	-	2 386
Surplus for the year		**87 701**	**91 517**
Other comprehensive income		-	-
Total comprehensive income		**87 701**	**91 517**

Statement of Changes in Funds

	Accumulated funds	Total funds
	N$ '000	N$ '000
Balance at 01 March 2012	**358 556**	**358 556**
Changes in funds		
Total comprehensive income for the year	91 517	91 517
Total changes	91 517	91 517
Balance at 01 March 2013	**450 073**	**450 073**
Changes in funds		
Total comprehensive income for the year	87 701	87 701
Total changes	87 701	87 701
Balance at 28 February 2014	**537 774**	**537 774**

Statement of Cash Flows

	Notes	2014 N$'000	2013 N$'000
Cash flows from operating activities			
Cash generated from operations	18	50 179	45 875
Interest income		38 047	45 472
Net cash from operating activities		**88 226**	**91 347**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(9 536)	(1 265)
Purchase of other intangible assets	5	(44)	(306)
Proceeds from loans to related funds		3 311	94
Purchases of financial assets		(87 619)	(80 332)
Other non-cash items		13	145
Net cash from investing activities		**(93 875)**	**(81 664)**
Total cash movement for the year		**(5 649)**	**9 683**
Cash at the beginning of the year		10 347	664
Total cash at end of the year	9	**4 698**	**10 347**

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Social Security Act 34 of 1994. 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 judgments and sources of estimation uncertainty

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

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the fund is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The fund uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the fund for similar financial instruments.

Impairment testing

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.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

Depreciation rates

The fund is required to assess residual values and the remaining useful lives of its property, plant and equipment on an annual basis. Refer to note 1.3.

1.2 Investment property

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

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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 recognised as an asset when:

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

Property, plant and equipment is initially measured at cost.

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

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

Property, plant and equipment 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
Furniture and fixtures	10 years
Motor vehicles	8 years
Office equipment	10 years
Computer Equipment	5 years

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

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

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

Assets which the fund holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	**Useful life**
Software licenses	3 years

1.5 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - designated
- Held-to-maturity investment
- Loans and receivables
- Financial liabilities at fair value through profit or loss - designated
- Financial liabilities measured at amortised cost

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

Initial recognition and measurement

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

The fund classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at settlement date.

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 excludes 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.

Impairment of financial assets

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

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

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.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

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.

Loans to / (from) related funds

These include loans to and from related funds and are recognised initially at fair value plus direct transaction costs.

Loans to related funds are classified as loans and receivables.

Loans from related funds are classified as financial liabilities measured at amortised cost.

Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Held to maturity

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

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

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

1.6 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.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

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

Any contingent rents are expensed in the period they are incurred.

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.
- tests goodwill acquired in a business combination for impairment annually.

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. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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 losses.

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

1.9 Employee benefits

Short-term employee benefits

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

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

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

Defined benefit plans

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

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

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

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

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

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan 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 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 work accidents for injuries suffered as a result of work related accidents.

The Fund covers the following claims:

1. Burial and transport expenses
2. . Compensation payments
3. . Medical expenses
4. . Merit rebates expenses
5. Pension expenses

Claims incurred

Claims incurred consists claims and claims handling expenses paid during the financial year and changes in the provisions for IBNR and reported but not paid claims. These claims are charged to the statement of comprehensive income as incurred.

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 including 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 an undiscounted value. Reserves for the internal or indirect claim-handling expenses are specifically excluded from the estimates, for example administrative costs.

1.11 Revenue

Investment income

Interest is recognised, in profit or loss, using the effective interest rate method. Dividends are recognised, in surplus or deficit, when the fund's right to receive payment has been established.

Rental income

Revenue from rental is recognised on a straight line basis if there is a fixed escalation, otherwise when the rental become due.

When substantially all the risks and rewards of ownership have not been transferred or retained, the financial asset is derecognised if they are no longer controlled. However if control in this situation is retained, the financial assets are recognised only to the extent of continuing involvement in those assets. Initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Assessment income

Assessment income is recognised when the right to receive the payment is established, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the fund.

2. New Standards and Interpretations

2.1 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 March 2014 or later periods:

IFRS 7: Financial Instruments - Disclosures - amendments - transition disclosures (effective for annual periods on or after 01 January 2015). No significant impact on the fund.

IFRS 9: Financial Instruments - Classification and measurement of financial assets (effective for annual periods beginning on or after 01 January 2015). No significant impact on the fund.

IFRS 9: Financial Instruments - Accounting for financial liabilities and derecognition (effective for annual periods beginning on or after 01 January 2015). No significant impact on the fund.

IFRS 7 - Disclosures (amendments - transition disclosures). Applicable for financial years beginning on/after 01January 2015. No significant impact on the fund.

IFRS 14 Regulatory Deferred Accounts (effective 1 January 2016). No significant impact on the fund.

AIP IFRS 13 Fair Value Measurement — Short-term receivables and payables (effective 1 July 2014). No significant
impact on the fund.

AIP IFRS 1 First time Adoption of International Financial Reporting Standards — meaning of 'effective IFRSs' (effective 1 July 2014). No significant impact on the fund.

3. Investment property

	2014			2013		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	5 961	-	5 961	5 961	-	5 961

Reconciliation of investment property - 2014

	Opening balance	Total
Investment property	5 961	5 961

Reconciliation of investment property - 2013

	Opening balance	Fair value adjustments	Total
Investment property	3 575	2 386	5 961

Land and buildings comprise of:

Erf 1 983 Keetmanshoop (2 624 square metres with office building thereon)
Erf ,610 Keetmanshoop (1 184 square metres without improvements).

4. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Land	12 367	-	12 367	4 436	-	4 436
Buildings	29 566	(3 232)	26 334	29 150	(3 038)	26 112
Furniture and fixtures	2 079	(1 145)	934	2 033	(1 095)	938
Motor vehicles	2 870	(1 100)	1 770	2 514	(991)	1 523
Office equipment	2 445	(1 222)	1 223	2 393	(1 158)	1 235
Computer equipment	5 312	(2 921)	2 391	4 885	(2 743)	2 142
Leasehold improvements	199	-	199	-	-	-
Total	**54 838**	**(9 620)**	**45 218**	**45 411**	**(9 025)**	**36 386**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Adjustments	Amortisation	Depreciation	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Land	4 436	7 931	-	-	-	12 367
Buildings	26 112	416	-	-	(194)	26 334
Furniture and fixtures	938	59	(13)	-	(50)	934
Motor vehicles	1 523	356	-	-	(109)	1 770
Office equipment	1 235	52	-	-	(64)	1 223
Computer equipment	2 142	427	-	-	(178)	2 391
Leasehold improvements	-	295	-	(96)	-	199
	36 386	**9 536**	**(13)**	**(96)**	**(595)**	**45 218**

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Adjustments	Depreciation	Total
	N$'000	N$'000	N$'000	N$'000	N$'000
Land	4 424	14	(2)	-	4 436
Buildings	25 771	640	(113)	(186)	26 112
Furniture and fixtures	857	113	10	(42)	938
Motor vehicles	1 578	37	-	(92)	1 523
Office equipment	1 180	119	(18)	(46)	1 235
Computer equipment	1 988	342	(22)	(166)	2 142
	35 798	**1 265**	**(145)**	**(532)**	**36 386**

Details of properties

Land and buildings comprise of:
Erf 119 Grootfontein (1,329 square metres, registration division f3)
Erf 120 Grootfontein (1,377 square metres with buildings thereon)
Erf 858 Walvis Bay (1,250 square metres with buildings thereon)
Erf 1,589 Oshakati (3,515 square metres without improvements)
Erf 8,769 Windhoek Freedom Square (4,750 square metres)
Erf 644 Luderitz (1 074 square metres)
Erf 1,610 Keetmanshoop (1,185 square metres without improvements)
Erf 1,959 Otjiwarongo (1,081 square metres)
Erf 2,269 Windhoek – Khomasdal (1, 0092 metres) and
Erf 1,965 Otjiwarongo (1,310 square metres).

5. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Software license	1 159	(422)	737	1 115	(270)	845

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Software license	845	44	(152)	737

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Software license	658	306	(119)	845

6. Loans to / (from) related funds

Related funds

	2014	2013
	N$'000	N$'000
Maternity Leave, Sick Leave and Death Benefit Fund	2 590	2 527
Development Fund	485	-
Social Security Commission	3 991	2 384
Accident Pension Fund (APF)	4 455	3 341
Social Security Commission	(3 598)	(2 702)
Maternity Leave, Sick Leave and Death Benefit Fund	(211)	(49)
Accident Pension Fund	(8 932)	(3 410)
	(1 220)	**2 091**

The above loans are interest free, unsecured and have no fixed terms of repayment.

Current assets	11 521	8 252
Current liabilities	(12 741)	(6 161)
	(1 220)	**2 091**

7. Investment

	2014	2013
	N$'000	N$'000
Held for trading at fair value through profit or loss		
Funds invested with investments managers	411 338	442 473
Funds held with investment managers are fair valued by investment managers at year end.		
Held to maturity		
Fixed term deposits	173 617	54 863
Fixed term deposits are held with the financial institutions. The average investment period is 1 to 4 months from the statement of financial position date and interest rates are between 4.25% and 8.61% per annum. The carrying amount approximates the fair value.		
Total other financial assets	**584 955**	**497 336**

Current assets		
At fair value through profit or loss	411 338	442 473
Held to maturity	173 617	54 863
	584 955	**497 336**

Fair value information

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

The fair value of listed or quoted investments is 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

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

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

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 1		
Financial Assets held through profit or loss	411 338	442 473

8. Trade and other receivables

	2014	2013
	N$'000	N$'000
Trade receivables	36 624	42 479
Debtors with credit balances	(15)	(8 861)
Provision for bad debts	(24 835)	(19 636)
Other receivables	5 499	15
	17 273	**13 997**

The fund's credit period on the assessment income is 30 days. No interest is charged on the trade receivables on the first 30 days from the date of invoicing. Thereafter, interest is charged on the trade receivables at the rate of 10% per annum on the outstanding balance. The fund has the policy of providing for accounts receivable which are outstanding for 12 months or more as potential bad debts.

There is no credit scoring system to assess the potential customer's credit quality as there is no external credit rating for all the employers in Namibia.

Included in the fund's trade receivables are debtors with carrying amount of N$ 8 726 000 (2013: N$ 10 997 000) which are past due at the reporting date which the fund has not provided at year end. The fund does not hold collateral over these balances. The average age of these receivables are +120 days (2013: +120 days).

	2014	2013
	N$'000	N$'000
Ageing of past due but not impaired		
60 days	1 614	1 284
90 days	915	5 209
Over 120 days	6 197	4 504
	8 726	**10 997**

	2014	2013
Movement in the allowance for doubtful debts		
Balance beginning of the year	19 636	20 579
Amount written off as uncollectible	-	(4 955)
Movement in bad debt during the year	5 199	4 012
	24 835	**19 636**

	2014	2013
Ageing of impaired trade receivables		
Over 120 days	24 835	19 636

9. Cash and cash equivalents

Cash and cash equivalents consist of:

	2014	2013
Bank balances	4 698	10 347

Short term deposits

Short-term deposits are held with financial institutions. The average investment period is 1 to 4 months from the statement of financial position date and interest rates are between 4.25% and 8.61% per annum. The carrying amount approximates the fair value.

10. Provision

Reconciliation of provisions - 2014

	Opening balance	Movement	Total
	N$'000	N$'000	N$'000
Legal proceedings	81	(81)	-
Incurred but not reported compensation claims (IBNR)	101 508	2 688	104 196
Merit rebates	7 111	2 604	9 715
Reported compensation claims	2 123	(2 123)	-
	110 823	**3 088**	**113 911**

Reconciliation of provisions - 2013

	Opening balance	Additions	Movement	Total
	N$'000	N$'000	N$'000	N$'000
Legal proceedings	81	-	-	81
Incurred but not reported compensation claims (IBNR)	100 203	-	1 305	101 508
Merit rebates	5 202	-	1 909	7 111
Reported compensation claims	-	2 123	-	2 123
	105 486	**2 123**	**3 214**	**110 823**

Non-current liabilities	81 212	78 053
Current liabilities	32 699	32 770
	113 911	**110 823**

Fair value determination of the IBNR compensation claims		
Medical claims	6 970	7 534
Permanent disability	2 091	2 542
Temporary disability	2 493	2 288
Burial and transport expenses	239	406
Pension liability	74 714	69 583
Claims handling provision	16 510	17 878
Data integrity provision	1 179	1 277
	104 196	**101 508**

10.1 IBNR

The incurred but not reported claims represent the management estimate as at 28 February 2014 based on actuarial valuation at that date.

The incurred but not reported claims were determined based on basic chain ladder method. The method involves the following:
The runoff claims for the Employees' Compensation Fund have been grouped into the following subgroups:

i. Burial and transport
ii. Medical claims
iii. Permanent disability
iv. Temporary disability

Runoff triangles for each of these subgroups were performed by grouping the data by accident year and payment year. Development factors based on the accumulated claims paid after each period in respect of claims from same year of accident were used. These development factors were used to project the expected claims during each future period. By using the chain ladder method, the following assumptions were made:

i. The claims development factors will remain stable

ii. Past claims experience is a suitable guide to future claims experience

10.2 Pension liability

The pension liability is the present value of all future expected pension payments calculated by discounting the current pension being paid by a net discount rate and allowing for mortality. The following assumptions were made to value the pension liability:

10.2.1 Post retirement rate of interest

In order to made some allowance for increasing pensions in the future, the interest rate adopted in the valuation calculations was 3% p.a. in respect of the period after each member's retirement. The fund does not have a formal pension increase policy, but pensions are increased from time to time on an ad hoc basis.

The effect of this measure is that if in a particular year, for example, the fund earns 10% on its investments then the fund can grant a 6.7% (1.10/1.03-1) increase in pension's payable from the fund without any financial constraints on it.

10.2.2. Mortality

Mortality for those in receipt of pension payments was assumed to be in line with the PA (90) mortality table. Disabled members were assumed to experience higher mortality equal to that for a life aged 15 years older. Child mortality was ignored until age 18.

10.2.3. Spouse

All disabled pensioners were assumed to have spouse to whom a 50% reversionary pension is paid. Male pensioners were assumed to be four year older than their spouses. The constant allowance pensions were valued based on a single life pension only since these pensions will stop on the death of a disabled person.

10.2.4. Claims handling provision

Part of the expenses that the commission will be paying in future will be related to handling IBNR claims. A claims handling provision equal to 140% of the IBNR liability for the ECF and 75% of the IBNR liability for the Maternity Leave, Sick Leave and Death Benefit Fund was set up to cover future expenses. These claims handling provisions are the same as used in the previous valuation.

The claims handling provision was calculated as the ratio of expenses paid relative to claims paid in 2013 according to the actuarial valuation. We applied this ratio to the IBNR liabilities to arrive at an estimate of the claims handling provision. These assumptions will be used for the next three years and will be updated when the next statutory actuarial valuation is performed.

10.2.5. Data integrity provision

The IBNR liability and Pension liability as discussed above depend on the accuracy of the data provided. Actuaries left the data integrity provisions unchanged from the previous valuation for the fund at 10% of the IBNR liability. This assumption will be monitored and updated when the next statutory actuarial valuation is performed. Given that the data has improved significantly in the last two years, Actuaries do expect the data integrity provision to reduce at the next statutory valuation.

11. Trade and other payables

	2014	2013
	N$’000	N$’000
Trade payables	2 646	2 563
Accrued leave pay	1 539	2 186
Accrued bonus	300	259
Unclaimed money	714	445
Unknown deposits	356	78
Accruals	382	536
	5 937	**6 067**

Notes to the Annual Financial Statement

12. Revenue

	2014	2013
	N$'000	N$'000
Assessment income	90 701	80 494
Assessment interest	2 901	2 321
Pension capitalised - Accident Pension Fund	1 115	3 292
Assessment penalties	1 955	2 399
Administrative fee income - Accident Pension Fund	1 441	1 588
	98 113	**90 094**

13. Claims

Compensation payments	1 719	5 557
Medical expenses	4 945	6 026
Merit rebates	2 605	1 909
Capital pension paid - APF	1 115	3 292
Pension paid - APF	9 748	6 883

14. Other income

Rental income	310	159
Bad debts recovered	-	3 447
Other income	894	1 314
	1 204	**4 920**

15. Surplus before investment income and finance costs

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

Operating lease charges		
Premises		
• Contractual amounts	510	311

Amortisation on intangible assets	152	119
Depreciation on property, plant and equipment	595	532
Amortisation on lease improvements	96	-
Employee costs	16 944	15 710

16. Investment income

	2014	2013
	N$'000	N$'000
Interest income		
Funds under investment managers	34 279	41 768
Fixed deposits	3 768	3 704
	38 047	**45 472**

17. Fair value adjustments

Investment property (Fair value model)	-	2 386

18. Cash generated from operations

Surplus for the year	87 701	91 517
Adjustments for:		
Depreciation and amortisation	843	651
Interest received	(38 047)	(45 472)
Fair value adjustments	-	(2 386)
Movements in provisions	3 088	5 337
Changes in working capital:		
Trade and other receivables	(3 276)	(4 351)
Trade and other payables	(130)	579
	50 179	**45 875**

19. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	49 474	21 607

This committed expenditure relates to property and will be financed by retained funds, existing cash resources and funds internally generated.

20. Auditors' remuneration

Fees	(3)	146

21. Contingencies

1. This matter relates to a complaint of unfair dismissal filed by Mr. Mulder, an erstwhile employee of the Commission. Mr. Mulder was dismissed from the employment of the Commission on 20 May 2005 following his conviction on charges of gross negligence and insubordination relating to the investment of amounts totaling N$ 120 million in respect whereof the Commission suffered considerable losses.

Mr. Mulder filed a complaint in the District Labour Court in which he allege that he was dismissed substantively and procedurally unfair because, amongst others, he was found guilty of the charges of gross negligence and insubordination; whilst there was no evidence presented on which he should have been found guilty. After numerous postponements, the hearing of this matter commenced on 4 to 7 February 2014 and was postponed to 8 to 18 April 2014 and 29 April 2014 to 2 May 2014 for continuation of the hearing. The claimant is claiming a reinstatement and payment of damages from date of dismissal being 20 May 2005 to date, the total amount of damages amounts to N$ 4 931 173.15. The fund has incurred N$ 82 225.00 paid in respect of legal fees for the period under review.

2. Mr. Spanneberg, an employee of the Commission defrauded the Commission. He was charged with fraud and served a prison term. A letter was written to GIPF requesting the GIPF to withdraw the Mr. Spanneberg's pension benefits of N$ 440 470.83 in favour of the Commission as compensation in terms of section 37 D (b) (ii) (aa) of the Pension Act. GIPF advised that the benefits cannot be withdrawn in favour of the SSC. Mr. Marcus was instructed to institute legal proceedings in this matter. Legal will revert back to Board for the signing of a resolution authorizing Nixon Marcus Public Law Office to act on behalf of the Commission. The fund did not incur costs in this regard.

3. On 18 November 2002, the Minister of Labour permanently removed Ms. Onesmus as the Executive Officer of the Commission. Following her removal from office, the Commission instituted civil proceedings against Ms. Onesmus for certain misconduct and claimed N$ 922 759.18. This matter was settled and the Commission paid N$ 350 000.00 towards the costs of Mrs. Onesmus. The settlement also provided that the payment in respect of costs referred to above, is made in full and final settlement of any claims arising out of this matter and the parties have no further claims against one another.

Ms. Onesmus was also charged with fraud. The Prosecutor General has indicated that the fraud matter is presently under investigation with the Namibian Police. Once the investigation is complete her office would have to consider the matter a fresh and decide whether to prosecute or not. SSC received a request to sign the retirement notification form from Alexander Forbes as Ms. Onesmus, was due to retire in January 2014. Investigations are underway to determine the scope of this settlement agreement, which will determine whether the SSC should sign the notification or not. A total of N$ 350 000 paid to plaintiff as settlement.

4. Hamunyela, an employee of the Fund, defrauded the Fund an amount of N$ 54 430.69 and was charged for fraud as a result. We contacted the prosecutor and were advised that the trial of this matter will be heard de novo (a fresh) because there are parts of the record that are missing. There has been no significant development in this case.

5. This is a petrol card fraud case of N$ 7 154.01 under investigation in Walvis Bay. Employees of the Commission are implicated. There have been no significant developments in this case. Further details will be provided as the case progresses.

6. Mr. Klitzke leased office space from Fund's Keetmanshoop office. This lessee is refusing to pay market related rent. The lease agreement was signed in 2005 and makes no provision for cancellation of the agreement. The lessee was given a year's notice to either pay market related rent or vacate the premises. The notice period expired in December 2013. The matter was referred to external lawyers to institute proceedings for Mr. Klitzke's eviction from the premises. The fund incurred a total of N$ 6 000.00 in legal costs.

7. Mr. Hendrik Frey, a Compliance Officer employed at the Commission's Keetmanshoop Branch Office leased office space from the SSC's Keetmanshoop office for monthly rental of N$ 6 685 excluding VAT. Mr. Frey owes the Commission over N$ 233 362.22. This matter was referred to external lawyers to issue summonses.

8. Mr. Kabende filed a complaint of unfair dismissal with the Office of the Labour Commissioner 14 May 2014 against the Commission after his dismissal by the Commission on 18 October 2012. He is claiming reinstatement and loss of income from date of dismissal to date of reinstatement. The matter was conciliated in 2013. However, the erstwhile conciliator resigned from the employ of the government and the matter was assigned to a new conciliator/arbitrator. The matter had to be postponed in November 2013 because the new conciliator argued that the parties needed to file new requests for representation because the Requests for Representation at Conciliation or Arbitration filed with the erstwhile conciliator/arbitrator were not allowed by the first conciliator as a result the legal representatives for both parties are not on record and can therefore not represent the parties to the dispute.

Furthermore, even though, the legal representatives may have been on record, they were on record before the erstwhile conciliator/arbitrator who has now resigned from the MOLSW and not before the new conciliator. Therefore the proceedings have to be heard afresh and a new Request for Representation at the Conciliation or Arbitration must therefore be filed.

Mr. Kabende's legal representative, Mr. Makando of the law firm Conradie & Damaseb also asked the new arbitrator to recuse himself from this matter. The grounds for the request are that the new arbitrator prejudged the matter when he told Mr. Kabende that the matter will be thrown out because of the defective LC21 form.

The Commission has no objection to the request for recusal, the reason being that the new arbitrator discussed the matter with Kabende in the absence of the SSC.

The new request for representation has since been filed. The matter was postponed and the parties await the outcome of the request for recusal. The Fund has incurred N$ 23 225.94 paid in respect of legal fees for the period under review.

9. This is also a labour related matter, where Mr. Simasiku was dismissed on 19 December 2012 from the employ of the Commission for misconduct, in that he had absented himself without an excuse for more than two days (29 consecutive days to be exact). On 13 June 2013, he lodged a complaint of unfair dismissal with the Office of the Labour Commissioner claiming reinstatement and loss of income from date of dismissal to date of reinstatement. The matter had to be postponed twice to allow Mr. Simasiku to secure legal representation.

The Fund has incurred a total of N$ 14 380.50 paid in respect of legal fees for the period under review.

10. Mrs. Mutwa filed an unfair labour practice complaint with the Office of the Labour Commissioner in October 2013, on the ground that she is entitled to a promotional increase when she was promoted in December 2009, from the position of Branch Accountant Luderitz to Branch Manager: Walvis Bay Office as provided for in the Human Resources Policy of the Commission.

The Commission's position is that Mrs. Mutwa's claim is unenforceable as it prescribed, in that the claim arose in December 2009 and she had until December 2010 to file a complaint. Alternatively, she in fact received a promotional increase because her remuneration/salary increased with the car allowance that she receives. At conciliation, the conciliator ruled that the issue is one for legal interpretation of the policy and the arbitrator must rule as to whether the increase in salary of Mrs. Mutwa constitutes a promotional increase or not and the matter was thus postponed for decision. Mrs. Mutwa's claims a retrospective increase, which must be paid on the medium and not on the minimum scale. The Fund incurred a total of N$ 24 143.00 paid in respect of legal fees for the period under review.

11. This matter relates to an employee's compensation claim that was repudiated by the Commission because it was brought outside the prescribed period. The High Court referred this matter for a hearing in terms of section 56 of the Employees Compensation Act. However, the Commission appealed the High Court's judgment to the Supreme Court of Namibia.

The matter was heard in July 2011 and judgment was reserved. This matter will provide guidance as to how the Commission can deal with cases that are brought outside the prescription period (section 54 cases). We are still awaiting judgment in this matter. The Fund incurred a total of N$ 466 953.08 paid in legal costs during the year under review.

22. Related parties

Relationships

Administrator	Social Security Commission
Related funds	Development Fund
	Maternity Leave, Sick Leave and Death Benefit Fund
	National Pension Fund
	National Medical Benefit Fund
Commissioners	Bishop Dr. Z. Kameeta (Chairperson)
	Mr. M. Hill
	Ms. H.N. Nandago
	Adv. D.L. Sauls
	Mr. E.S. Maswahu
	Ms. J. Jonas
	Ms. T.V.P. Nauyoma
	Ms. L. Tjiho
	Ms. R.P. Iyambo
	Dr. S.C. Herman

Related party balances

	2014	2013
	N$'000	N$'000
Loan accounts - Owing (to) by related parties		
Social Security Commission	(3 598)	(2 702)
Maternity Leave, Sick Leave and Death Benefit Fund	(211)	(49)
Accident Pension Fund	(8 932)	(3 410)
Social Security Commission	3 991	2 384
Maternity Leave, Sick Leave and Death Benefit Fund	2 590	2 527
Development Fund	485	-
Accident Pension Fund	4 455	3 341

23. Directors' emoluments

Emoluments of N$ 154 000 (2013: N$ 295 000) were paid to the commissioners during the year.

24. Retirement benefit

Defined benefit plan

The staff members are members of Government Institutions Pension fund (GIPF), a defined benefit fund. The sponsors of the fund are various government related institutions that include the fund and these sponsors have an obligation to meet the shortfall if the fund's liabilities were to exceed the fund's assets.

There is not sufficient information available to enable the fund to account for the plan as a defined benefit plan due to the fact that the proportionate share applicable to the fund is not clearly identified. The plan is therefore accounted as if it is a defined contribution plan.

The value of the assets of GIPF is valued by actuaries every third year. The latest valuation was done at 31 March 2012, and the valuator reported that the fund was in good financial position, and that the present rates of contributions were adequate to enable the fund to provide benefits to which members are entitled. With reported actuarial value of liabilities and reserves of N$ 50 178 billion and assets of N$ 50 715 billion, the funding level at valuation date was 101.07%.

The method used to place value on the past services liabilities and the required future contribution rate is known as the project unit credit method based on actuarial valuations.

Based on the data disclosed by the actuarial valuation, the surplus is within acceptable range to prevent a short fall within the foreseeable future and therefore places no current obligation on the fund to provide for.

The performance of the fund's investments is benchmarked on a quarterly basis by its investment consultant; Human Employee Benefits fund (Pty) Ltd

25. Risk Management

Financial Risk Management

The primary objective in the investment of Commission's Fund is to balance the safety needs, liquidity and return objectives of the Fund against the liability structure and the general objectives of each fund.

The investment portfolio shall be diversified to minimise the risk of loss resulting from concentration of assets in a specific maturity, specific issuer or a specific class of securities. Further diversification will be provided by employing more than one asset manager with relatively low correlation in their investment performance based on investment style.

The commissioners recognise that investment management is a long-term process and there will be fluctuations in the short-term. However, long-term objective will only be met if they are consistently achieved over a shorter period.

Real return (i.e. returns in excess of inflation) is required across the range of portfolios, which compensate adequately for the levels of risks inherent in the portfolio. The requirement for real returns shall not apply to the working capital portfolio.

Preservation of capital in real terms and absolute terms is an important consideration for the commission in the long-term.

Liquidity risk

Liquidity risk is the risk that the fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk arises when there is mismatching between the maturity of liabilities and assets.

The Fund is exposed to daily calls on its available cash resources from claims. Liquidity is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Board sets limits on the minimum proportion of maturity funds available to meet such calls.

The Fund actively manages its cash resources, split between short-term and long-term to ensure sufficient cash is at hand to settle claims liabilities, based on monthly float projections. The Fund has significant liquid resources to cover its obligations.

At 28 February 2014	Loans and other receivables	Held at fair value through profit or loss	Financial liabilities amortised at cost	Financial assets held to maturity
	N$'000	N$'000	N$'000	N$'000
Investments	-	411 338	-	173 617
Trade and other receivables	17 273	-	-	-
Trade and other payables	-	-	(5 937)	-
Loans from related funds	-	-	(1 220)	-
Cash and cash equivalents	4 698	-	-	-
Provisions	-	(104 196)	(9 715)	-

At 28 February 2013	Loans and other receivables	Held at fair value through profit or loss	Financial liabilities amortised at cost	Financial assets held to maturity
	N$'000	N$'000	N$'000	N$'000
Investments	-	442 473	-	54 863
Trade and other receivables	13 997	-	-	-
Trade and other payables	-	-	(6 067)	-
Loans to related funds	2 091	-	-	-
Cash and cash equivalents	10 347	-	-	-
Provisions	-	(101 508)	(9 315)	-

Interest rate risk

Interest rate risk arises primarily from the fund investments in fixed income securities, which are exposed to fluctuations in interest rates. Exposure to interest rate risk is monitored through several measures that include monitoring of returns and switching investments to take advantage of high returns in certain instruments.

An increase or decrease of 1% in the respective interest rates would result in the following changes in the fair value or amortised costs of these financial instruments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate on cash and cash equivalents affected. The impact is as follows:

Effect on surplus before tax		
Increase / (decrease) of 1% in interest rates	4 435	3 796

Notes to the Annual Financial Statement

Cash flow interest rate risk

2014	Current interest rate	Due in less than a year	Due in one to two years
	N$'000	N$'000	N$'000
Trade and other receivables	10.00%	17 273	-
Funds held through profit or loss	8.47%	411 338	-
Funds held to maturity	5.50%	173 617	-
Loans from other funds	-%	(1 220)	-
Cash in current banking institutions	5.00%	4 698	-
Provisions	-%	(32 699)	(81 212)
Trade and other payables	-%	(5 933)	-

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2013	Current interest rate	Due in less than a year	Due in one to two years
	N$'000	N$'000	N$'000
Trade and other receivables	10.00%	16 318	-
Funds held through profit or loss	8.17%	464 545	-
Funds held to maturity	5.50%	57 881	-
Loans to other funds	-%	2 091	-
Cash in current banking institutions	4.50%	10 812	-
Provisions	-%	(32 770)	(78 053)
Trade and other payables	-%	(6 067)	-

Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations.

Key areas where the Fund is exposed to credit risk are:

- accounts receivables
- investments and cash equivalents.

Credit risk management Trade and other **receivables**

The Fund's maximum exposure to credit risk at the reporting date is the carrying value of financial assets disclosed in notes 7 and 8. The fund does not hold any collateral as security. Receivables are presented net of the provision for impairment losses.

Investments and cash and cash equivalents

The Fund's cash and cash equivalents and investments are placed with high credit quality financial institutions. The Fund has a policy of limiting the amount of credit exposure to any one financial institution. The maximum exposure at the reporting date is the carrying value of cash and cash equivalents disclosed in note 9 and the carrying value of investments in note 7. The Fund deposits only with reputable financial institutions and the credit quality of financial assets are therefore good.

Financial Instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in note 1 to the financial statements. Refer to note 1 for additional details.

	2014	2013
	N$'000	N$'000
Financial assets		
Funds held through profit or loss	411 338	442 473
Funds held to maturity	173 617	54 863
Loans to related funds	-	2 091
Trade and other receivables	17 273	13 997
Cash and cash equivalents	4 698	10 347
	606 926	**523 771**
Financial liabilities		
Provisions	113 911	110 823
Trade and other payables	5 769	6 067
Loans from other funds	1 220	-
	120 900	**116 890**

Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in the interest rate and equity prices. Financial assets are disclosed in the following classes based on their similar characteristics:

Loans and receivables
Held for trading at fair value through profit and loss
Held to maturity
Market risk arises in the Fund due to fluctuations in both the value of liabilities and value of investments held.

Management has established a policy on market risk which sets out principles that the Fund is expected to adopt in respect of management of the key market risks to which the Fund is exposed. The board monitors adherence to this market risk policy and regularly reviews how management is managing these risks through the investment committee and audit and risk committee. For each of the major components of market risk, described in risk management note, the management has put in place additional policies and procedures to set out how risk should be managed and monitored, and the approach to setting an appropriate risk appetite.

Price risk

The Fund is subject to price risk due to the daily changes in the market values of its investments held by asset managers.

The Fund's objective is to earn competitive relative returns by investing in a diverse portfolio of high quality, liquid securities. Portfolio characteristics are analysed regularly and equity price risk is actively managed through a variety of modeling methods by asset managers. The fund's holdings are diversified across industries, and concentration in any one fund or industry is limited by parameters established by asset managers and statutory requirements.

The fund's exposure to movement in equities is 24% (2013: 32%) for domestic equities on the funds held by asset managers.

Equity price sensitivity analyses

As at 28 February 2014, the fund's listed equities were recorded at their fair value of N$ 127. 9 million (2013: N$117. 7 million). A hypothetical 10% decline or increase in each individual share price would decrease/increase the surplus for the year by N$ 12. 8 million (2013: N$11. 77 million).

Detailed Statement of Comprehensive Income

	Notes	2014 N$ '000	2013 N$ '000
Revenue			
Assessment interest		90 701	80 494
Assessment income		2 901	2 321
Pension capitalised - Accident Pension Fund		1 115	3 292
Assessment penalties		1 955	2 399
Administrative fee income - Accident Pension Fund		1 441	1 588
	12	**98 113**	**90 094**
Direct expenses			
Claims		(20 132)	(23 667)
Gross surplus		**77 981**	**66 427**
Other income			
Rental income		310	159
Bad debts recovered		-	3 447
Other income		894	1 314
Interest received	16	38 047	45 472
Fair value adjustments	17	-	2 386
		39 251	**52 778**
Expenses (Refer to page 45)		**(29 531)**	**(27 688)**
Surplus for the year		**87 701**	**91 517**

Employees' Compensation Fund
Annual Financial Statements for the year ended 28 February 2014
Detailed Statement of Comprehensive Income

	2014	2013
	N$'000	N$'000
Operating expenses		
Advertising	(418)	(322)
Auditors remuneration	3	(146)
Bad debts	(5 199)	(4 012)
Bank charges	(173)	(136)
Cleaning	(114)	(76)
Computer expenses	(15)	(33)
Corporate function	(232)	(123)
Depreciation, amortisation and impairments	(843)	(651)
Donations	(69)	(63)
Employee costs	(16 944)	(15 710)
Entertainment	(38)	(32)
IT expenses	(3)	(3)
Import vat expenses	-	(1 882)
Insurance	(91)	(73)
International conference	(174)	(68)
Lease rentals on operating lease	(510)	(311)
Legal expenses	(709)	(775)
Medical expenses	-	(1)
Motor vehicle expenses	(41)	(11)
Penalties and interest	(6)	-
Petrol and oil	(114)	(87)
Plants	(38)	(26)
Postage	(182)	(276)
Printing and stationery	(336)	(298)
Protective clothing	(2)	(1)
Recruitment expenses	(38)	(33)
Repairs and maintenance	(497)	(330)
Research costs	(162)	-
Royalties and license fees	(222)	(264)
Security	(323)	(239)
Seminars	(81)	(84)
Subscriptions	(65)	(60)
Sundry expenses	(9)	(11)
Telephone and fax	(450)	(354)
Training	(332)	(348)
Travel - local	(481)	(331)
Utilities	(623)	(518)
	(29 531)	**(27 688)**

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	The Development Fund's principal activity is to contribute to the social and economic development of Namibia. The fund conducts training schemes and employment schemes for the benefit of socio-economically disadvantaged persons. The fund also grants bursaries, loans and other forms of finance to students enrolled at any recognised technical and academic institutions of higher learning. The fund was established under the Social Security Act 34 of 1994.
Board of Commissioner	Bishop Dr. Z. Kameeta (Chairperson) Mr. M. Hill Ms. H.N. Nandago Adv. D.L. Sauls Mr. E.S. Maswahu Ms. J. Jonas Ms. T.V.P. Nauyoma Ms. L. Tjiho Ms. R.P. Iyambo Dr. S.C. Herman
Registered office	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Business address	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Postal address	Private Bag 13223 Windhoek Namibia
Bankers	Bank Windhoek
Auditors	The Auditor-General
Secretary	Emma Kantema-Gaomas

Index

The reports and statements set out below comprise the annual financial statements presented to the National Assembly:

Index | **Page**

Commissioners' responsibilities and approval

The commissioners are required in terms of the Companies Act of Namibia to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The commissioners acknowledge that they are ultimately responsible for the system of internal financial control established by the fund and place considerable importance on maintaining a strong control environment. To enable the commissioners to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the fund and all employees are required to maintain the highest ethical standards in ensuring the fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the fund is on identifying, assessing, managing and monitoring all known forms of risk across the fund. While operating risk cannot be fully eliminated, the fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The commissioners are of the opinion, based on the information and explanations given by management,that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The commissioners have reviewed the fund's cash flow forecast for the year to 28 February 2015 and, in the light of this review and the current financial position, they are satisfied that the fund has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the fund's annual financial statements. The annual financial statements have been examined by the fund's external auditors and their report is presented on pages 120 to 143.

The annual financial statements set out on pages 120 to 144, which have been prepared on the going concern basis, were approved by the board on 29 August 2014 and were signed on its behalf by:

....	....
Commissioner	Commissioner
Windhoek, 29 August 2014	

Commissioners' report

The commissioners submit their report for the year ended 28 February 2014.

1. Review of activities

Main business and operations

The development fund's principal activity is to contribute to the social and economic development of Namibia. The fund conducts training schemes and employment schemes for the benefit of socio-economically disadvantaged persons. The fund also grants bursaries, loans and other forms of finance to students enrolled at any recognised technical and academic institutions of higher learning. The fund was established under the Social Security Act 34 of 1994 and operates in Namibia.

The operating results and state of affairs of the fund are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the fund was N$ 21 043 000 (2013: N$ 22 246 000).

2. Events after the reporting period

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

3. Commissioners' interest in contracts

The commissioners did not have any interests in contracts entered into by the fund during the year.

4. Non-current assets

There were additions to property, plant and equipment amounting to N$ 222 000 (2013: N$ 42 000) during the year under review.

Commissioners' report

5. Commissioners

The commissioners of the fund during the year and to the date of this report are as follows:

Name	Changes
Mr. B R R Kukuri (Chairperson)	Resigned 31 October 2013
Mr. E Biwa	Resigned 31 October 2013
Ms. A Zamuee	Resigned 31 October 2013
Ms. C U Pandeni	Resigned 31 October 2013
Mr. D Wright	Resigned 31 October 2013
Ms. E Breuer	Resigned 31 October 2013
Ms. H Kapenda	Resigned 31 October 2013
Mr. H Shikongo	Resigned 31 October 2013
Mr. J T //Garoeb	Resigned 31 October 2013
Ms. O M L M Kutenda	Resigned 31 October 2013
Bishop Dr. Z Kameeta (Chairperson)	Appointed 01 November 2013
Mr. M Hill	Appointed 01 November 2013
Ms. H N Nandago	Appointed 01 November 2013
Adv. D L Sauls	Appointed 01 November 2013
Mr. E S Maswahu	Appointed 01 November 2013
Ms. J Jonas	Appointed 01 November 2013
Ms. T V P Naujoma	Appointed 01 November 2013
Ms. L Tjiho	Appointed 01 November 2013
Ms. R Iyambo	Appointed 01 November 2013
Dr. S C Herman	Appointed 01 November 2013

6. Secretary

The secretary of the fund is Emma Kantema-Gaomas of:

Business address	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Postal address	Private Bag 13223 Windhoek Namibia

7. Auditors

The Auditor-General will continue in office in accordance with section 278(2) of the Social Security Act 34 of 1994.

Statement of Financial Position

	Notes	2014 N$ '000	2013 N$ '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	267	56
Current Assets			
Loans to related funds	4	73	73
Investments	5	155 366	159 981
Trade and other receivables	6	29 014	-
Cash and cash equivalents	7	155	-
		184 608	**160 054**
Total Assets		**184 875**	**160 110**
Funds and Liabilities			
Funds			
Accumulated funds		170 292	149 249
Liabilities			
Current Liabilities			
Loans from related funds	4	1 288	503
Trade and other payables	9	10 095	7 136
Provisions	8	3 200	3 200
Bank overdraft	7	-	22
		14 583	**10 861**
Total Funds and Liabilities		**184 875**	**160 110**

Statement of Comprehensive Income

	Notes	2014 N$ '000	2013 N$ '000
Revenue	10	34 253	25 726
Benefits	11	(20 789)	(9 373)
Gross surplus		**13 464**	**16 353**
Other income	12	229	51
Operating expenses		(4 903)	(3 458)
Surplus before investment income and finance costs	13	**8 790**	**12 946**
Investment income	14	12 253	9 300
Surplus for the year		**21 043**	**22 246**
Other comprehensive income		-	-
Total comprehensive surplus		**21 043**	**22 246**

Statement of changes in Funds

	Accumulated funds	Total funds
	N$ '000	N$ '000
Balance at 01 March 2012	**127 003**	**127 003**
Changes in surplus		
Total comprehensive income for the year	22 246	22 246
Total changes	22 246	22 246
Balance at 01 March 2013	**149 249**	**149 249**
Changes in surplus		
Total comprehensive income for the year	21 043	21 043
Total changes	21 043	21 043
Balance at 28 February 2014	**170 292**	**170 292**

Statement of Cash Flows

	Notes	2014 N$ '000	2013 N$ '000
Cash flows from operating activities			
Cash used in operations	15	(17 254)	19 780
Investment income		12 253	9 300
Net cash from operating activities		**(5 001)**	**29 080**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(222)	(42)
Proceeds from related funds		785	(24)
Acquisition of investments		4 615	(28 625)
Net cash from investing activities		**5 178**	**(28 691)**
Total cash movement for the year		**177**	**389**
Cash at the beginning of the year		(22)	(411)
Total cash at end of the year	7	**155**	**(22)**

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Social Security Act 34 of 1994. 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 judgments and sources of estimation uncertainty

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

Trade receivables, Held to maturity through profit or loss investments and Loans and receivables

The fund assesses its Trade receivables, Held to maturity through profit or loss investments and Loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the fund makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for Trade receivables, Held to maturity through profit or loss 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.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the fund is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The fund uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the fund for similar financial instruments.

Impairment testing

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.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 8 - Provisions.

Depreciation rates

The fund is required to assess residual values and the remaining useful lives of its property, plant and equipment
on an annual basis. Refer to note 1.2.

1.2 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

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

Property, plant and equipment 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**
Furniture and fixtures	10 years
Office equipment	10 years
Computer equipment	5 years

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

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

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

Assets which the fund holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.3 Financial instruments

Classification

The fund classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - designated
- Held-to-maturity investment
- Loans and receivables
- Financial liabilities measured at amortised cost

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

Initial recognition and measurement

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

The fund classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at settlement date.

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 excludes 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.

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.

Impairment of financial assets

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

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

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.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to / (from) related funds

These include loans to and from related funds and are recognised initially at fair value plus direct transaction costs.

Loans to related funds are classified as loans and receivables.

Loans from related funds are classified as financial liabilities measured at amortised cost.

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.

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.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the fund's accounting policy for borrowing costs.

1.4 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.
- tests goodwill acquired in a business combination for impairment annually.

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. Any impairment loss of a revalued asset is treated as a revaluation decrease.

1.5 Employee benefits

Short-term employee benefits

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

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

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

Defined benefit plans

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

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

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

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

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

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan 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.

1.6 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 losses.

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.7 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 losses 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).

Where a loan is received from government at below market interest rate, the difference between the fair value of the loan and the amount received is recognised as a government grant.

1.8 Revenue

Revenue from contributions is recognised when the grants or contributions are received and are recognised at fair value of the donation.

Investment income

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the fund’s right to receive payment has been established.

2. New Standards and Interpretations

2.1 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 March 2014 or later periods:

IFRS 7: Financial Instruments - Disclosures - amendments - transition disclosures (effective for annual periods on or after 01 January 2015). No significant impact on the fund.

IFRS 9: Financial Instruments - Classification and measurement of financial assets (effective for annual periods beginning on or after 01 January 2015). No significant impact on the fund.

IFRS 9: Financial Instruments - Accounting for financial liabilities and derecognition (effective for annual period beginning on or after 01 January 2015). No significant impact on the fund.

IFRS 7 - Disclosures (amendments - transition disclosures). Applicable for financial years beginning on or after 01 January 2015. No significant impact on the fund.

IFRS 14 Regulatory Deferred Accounts (effective 1 January 2016). No significant impact on the fund.
IFRS 13 Fair Value Measurement — Short-term receivables and payables (effective 1 July 2014). No significant impact on the fund.

IFRS 1 First-time Adoption of International Financial Reporting Standards — Meaning of 'effective IFRSs' (effective 1 July 2014). No significant impact on the fund.

3.Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Furniture and fixtures	198	(52)	146	65	(48)	17
Office equipment	57	(39)	18	57	(37)	20
Computer equipment	109	(6)	103	21	(2)	19
Total	**364**	**(97)**	**267**	**143**	**(87)**	**56**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	17	134	(5)	146
Office equipment	20	-	(2)	18
Computer equipment	19	88	(4)	103
	56	**222**	**(11)**	**267**

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	6	11	-	17
Office equipment	10	10	-	20
Computer equipment	-	21	(2)	19
	16	**42**	**(2)**	**56**

4. Loans to / (from) related funds

Related funds

Maternity Leave, Sick Leave and Death Benefit Fund	73	73
Social Security Commission	(1 288)	(503)
	(1 215)	**(430)**

The above loans are interest free, unsecured and have no fixed terms of repayment.

Current assets	73	73
Current liabilities	(1 288)	(503)
	(1 215)	**(430)**

5. Investment

	2014	2013
	N$ '000	N$ '000
At fair value through profit or loss		
Funds held with investment managers	93 928	87 856
Funds held with investment managers are fair valued by investment managers at year end.		
Available-for-sale		
Unlisted shares	19 265	19 265
	19 265	19 265
Available-for-sale (impairments)	(19 265)	(19 265)
	-	-
Held to maturity		
Fixed term investments	61 438	72 125
Fixed term deposits are held with the financial institutions.		
Loans and receivables		
Study loans	2 364	950
Loans are repayable on completion of studies. The loans earn interest at 50% of the prime lending rate from the date of issue.		
	2,364	950
Loans and receivables (impairments)	(2 364)	(950)
	-	-
Total other financial assets	**155 366**	**159 981**
Current assets		
At fair value through profit or loss	93 928	87 856
Held to maturity	61 438	72 125
	155 366	**159 981**

Fair value information

Funds held with investment 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 held to maturity investments

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

	2014	2013
	N$'000	N$'000
Level 1		
Fund held with investment managers	93 928	87 856

6. Trade and other receivables

Trade receivables (study loans)	13	-
Rental deposits	10	-
Contributions receivable - MSD	28 991	-
	29 014	**-**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	155	-
Bank overdraft	-	(22)
	155	**(22)**
Current assets	155	-
Current liabilities	-	(22)
	155	**(22)**

8. Provisions

Reconciliation of provisions - 2014

	Opening balance	Total
Training scheme	3 200	3 200

Reconciliation of provisions - 2013

	Opening balance	Total
Training scheme	3 200	3 200

The fund has an agreement in place with the Ministry of Youth, National Service, Sport and Culture (MYNSSC) to fund an employment scheme to the value of N$ 5.7 million of which N$ 2.5 million have been disbursed already in January 2012.

9.Trade and other payables

	2014	2013
	N$'000	N$'000
Trade payables	9 798	6 803
Accrued leave pay	224	232
Accrued bonus	59	38
Accruals	-	19
Unclaimed money	14	44
	10 095	**7 136**

10. Revenue

Contributions from Maternity Leave, Sick Leave and Death Benefit Fund	28 991	25 726
Government grant	5 262	-
	34 253	**25 726**

11. Benefits

Development Fund schemes		
Study scheme	7 256	9 267
Training scheme	4 820	106
Employment scheme	8 713	-
	20 789	**9 373**

12. Other income

Interest received - Bank	229	51

13. Surplus before investment income and finance costs

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

Depreciation on property, plant and equipment	11	2
Employee costs	2 623	1 818

14. Investment income

Interest income		
Fixed term deposits	6 181	5 453
Funds held with professional assets managers	6 072	3 847
	12 253	**9 300**

15.Cash used in operations

	2014	2013
	N$'000	N$'000
Surplus for the year	21 043	22 246
Adjustments for:		
Depreciation	11	2
Investment income	(12 253)	(9 300)
Changes in working capital:		
Trade and other receivables	(29 014)	-
Trade and other payables	2 959	6 832
	(17 254)	**19 780**

16. Auditors' remuneration

Fees	(19)	19

17. Retirement benefits

Defined benefit plan

The staff members are members of Government Institutions Pension Fund (GIPF), a defined benefit fund. The sponsors of the fund are various government related institutions that include the fund and these sponsors have an obligation to meet the shortfall if the fund's liabilities were to exceed the fund's assets.

There is not sufficient information available to enable the fund to account for the plan as a defined benefit plan due to the fact that the proportionate share applicable to the fund is not clearly identified. The plan is therefore accounted as if it is a defined contribution plan.

The value of the assets of GIPF is valued by actuaries every third year. The latest valuation was done at 31 March 2012, and the valuator reported that the fund was in good financial position, and that the present rates of contributions were adequate to enable the fund to provide benefits to which members are entitled. With reported actuarial value of liabilities and reserves of N$ 50 178 billion and assets of N$ 50 715 billion, the funding level at valuation date was 101.07%.

The method used to place value on the past services liabilities and the required future contribution rate is known as the project unit credit method based on actuarial valuations.

Based on the data disclosed by the actuarial valuation, the surplus is within acceptable range to prevent a short fall within the foreseeable future and therefore places no current obligation on the fund to provide for.

The performance of the fund's investments is benchmarked on a quarterly basis by its investment consultant, Human Employee Benefits Company (Pty) Ltd.

18. Contingencies

This matter relates to the failed investment of N$ 30 million of the Fund. Criminal charges have since been levelled against the directors of Avid Investments (Pty) Ltd. A letter was written to the Prosecutor General's office on 17 December 2013; (a) to request for information on the hearing dates in the criminal matter and (b) the imposition of a suspensive condition (when the accused are convicted) in an attempt to ensure that the Commission is compensated in the amount owed to the Commission. We are still waiting for the PG's response in this matter. No legals costs were incurred during the year under review.

19. Related parties

Relationships

Administrator	Social Security Commission
Related funds	Employees' Compensation Fund Maternity Leave, Sick Leave and Death Benefit Fund National Pension Fund National Medical Benefit Fund Accident Pension Fund National Pension Fund
Commissioners	Bishop Dr. Z. Kameeta (Chairperson) Mr. M. Hill Ms. H.N. Nandago Adv. D.L. Sauls Mr. E.S. Maswahu Ms. J. Jonas Ms. T.V.P. Nauyoma Ms. L. Tjiho Ms. R.P. Iyambo Dr. S.C. Herman

Related party balances

Loan accounts - Owed (to) by related parties		
Social Security Commission	(803)	(503)
Maternity Leave, Sick Leave and Death Benefit Fund	73	73
Employees Compensation Fund	(485)	-
Amounts included in Trade receivable regarding related parties		
Maternity Leave, Sick Leave and Death Benefit Fund	28 991	-

Related party transactions

Contributions received from related funds		
Maternity Leave, Sick Leave and Death Benefit Fund	28 991	25 726

20. Risk Management

Financial Risk Management

The primary objective in the investment of the commission is to balance the safety needs, liquidity and return objectives of each fund against the liability structure and the general objectives of each fund.

The investment portfolio shall be diversified to minimise the risk of loss resulting from concentration of assets in a specific maturity, specific issuer or a specific class of securities. Further diversification will be provided by employing more than one asset manager with relatively low correlation in their investment performance based on investment style.

The commissioners recognise that investment management is a long-term process and there will be fluctuations in the short-term. However, long-term objective will only be met if they are consistently achieved over a shorter period.

Real return (i.e. returns in excess of inflation) is required across the range of portfolios, which compensate adequately for the levels of risks inherent in the portfolio. The requirement for real returns shall not apply to the working capital portfolio.

Preservation of capital in real terms and absolute terms is an important consideration for the commission in the long-term.

Liquidity risk

Liquidity risk is the risk that the fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk arises when there is mismatching between the maturity of liabilities and assets.

The fund is exposed to daily calls on its available cash resources from claims. Liquidity is the risk that cash may not be available to pay obligations when due at a reasonable cost. The board sets limits on the minimum proportion of maturity funds available to meet such calls.

The fund actively manages its cash resources, split between short-term and long-term to ensure sufficient cash is at hand to settle claims liabilities, based on monthly float projections. The fund has significant liquid resources to cover its obligations.

At 28 February 2014	Financial liabilities at amortised cost	Held to maturity funds	Fair value through profit and loss
	N$'000	N$'000	N$'000
Investments	-	61 438	93 928
Trade and other payables	(10 096)	-	-
Loans from related funds	(1 215)	-	-
Provisions	(3 200)	-	-
Cash and cash equivalents	155	-	-
Loans and other receivables	29 014	-	-

At 28 February 2013	Financial liabilities at amortised cost	Held to maturity funds	Fair value through profit and loss
	N$'000	N$'000	N$'000
Investments	-	72 125	87 856
Trade and other payables	(7 136)	-	-
Loans from related funds	(430)	-	-
Provisions	(3 200)	-	-
Bank overdraft	(22)	-	-

Interest rate risk

Interest rate risk arises primarily from the fund investments in fixed income securities, which are exposed to fluctuations in interest rates. Exposure to interest rate risk is monitored through several measures that include monitoring of returns and switching investments to take advantage of high returns in certain instruments.
An increase or decrease of 1% in the respective interest rates would result in the following changes in the fair value or amortised costs of these financial instruments.

An increase or decrease of 1% in the respective interest rates would result in the following changes in the fair value or amortised costs of these financial instruments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate on cash and cash equivalents affected. The impact is as follows:

Effect on the surplus for year		
Increase / (decrease of 1 % in interest rates	614	721

Cash flow interest rate risk

2014	Current interest rate	Due in less than a year
Funds held at fair value through profit or loss	-%	93,928
Funds held to maturity	5.50%	61 438
Loans from related funds	-%	(1 215)
Trade and other payables	-%	(10 096)
Provisions	-%	(3 200)
Cash and cash equivalents	5.00%	155
Loans and other receivables	-%	29 014

2013	**Current interest rate**	**Due in less than a year**
Funds held at fair value through profit or loss	-%	87 856
Funds held to maturity	5.50%	76 092
Loans from related funds	-%	(430)
Trade and other payables	-%	(7 136)
Provisions	-%	(3 200)
Bank overdraft	-%	(22)

Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations.

Key areas where the fund is exposed to credit risk are:

- Investments and cash equivalents

Investments and cash and cash equivalents

The fund's cash and cash equivalents and investments are placed with high credit quality financial institutions. The fund has a policy of limiting the amount of credit exposure to any one financial institution. The maximum exposure at the reporting date is the carrying value of cash and cash equivalents disclosed in note 7 and the carrying value of investments in note 5. The fund deposits only with reputable financial institutions and the credit quality of financial assets are therefore good.

Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in note 1 to the financial statements. Refer to note 1 for additional details.

Financial assets		
Investments	155 366	159 982
Cash and cash equivalents	155	-
Loans and receivables	29 014	-
	184 535	**159 982**

Financial liabilities		
Loans from related funds	1 215	430
Trade and other payables	10 096	7 136
Provisions	3 200	3 200
Cash and cash equivalents	-	22
	14 511	**10 788**

Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in the interest rate and equity prices. Financial assets are disclosed in the following classes based on their similar characteristics:

-Loans and receivables
-Held for trading at fair value through profit and loss
-Held to maturity

Market risk arises in the fund due to fluctuations in both the value of liabilities and value of investments held.

Management has established a policy on market risk which sets out principles that the fund is expected to adopt in respect of management of the key market risks to which the fund is exposed. The board monitors adherence to this market risk policy and regularly reviews how management is managing these risks through the investment committee and audit and risk committee.

For each of the major components of market risk, described in risk management note, the management has put in place additional policies and procedures to set out how risk should be managed and monitored, and the approach to setting an appropriate risk appetite.

Price risk

The fund is subject to price risk due to the daily changes in the market values of its investments held by asset managers.

The fund's objective is to earn competitive relative returns by investing in a diverse portfolio of high quality, liquid securities. Portfolio characteristics are analyzed regularly and equity price risk is actively managed through a variety of modeling methods by asset managers. The fund's holdings are diversified across industries, and concentration in any one company or industry is limited by parameters established by asset managers and statutory requirements. The fund's exposure to movement in equities is 61% (2013: 32%) for domestic equities on the funds held by asset managers.

Equity price sensitivity analyses

As at 28 February 2014, the fund's listed equities were recorded at their fair value of N$ 93.9 million (2013: N$ 87.9). A hypothetical 10% decline or increase in each individual share price would decrease/increase the surplus for the year by N$ 9.39 million (2013: N$ 8.79).

Development Fund
Annual Financial Statements for the year ended 28 February 2014
Detailed Statement of Comprehensive Income

	Notes	2014	2013
		N$ '000	N$ '000
Revenue			
MSD Contributions		28 991	25 726
Government grants		5 262	-
	10	**34 253**	**25 726**
Direct expenses			
Development fund schemes		(20 789)	(9 373)
Gross surplus		**13 464**	**16 353**
Other income			
Interest income - Current account (Bank)		229	51
Investment income	14	12 253	9 300
		12 482	**9 351**
Operating expenses			
Advertising		(286)	(179)
Auditors remuneration	16	19	(19)
Bad debts		(1 414)	(749)
Bank charges		(16)	(12)
Depreciation		(11)	(2)
Employee costs		(2 623)	(1 818)
Entertainment		(6)	(5)
Legal expenses		(1)	(298)
Minor assets		(5)	(3)
Printing and stationery		(183)	(201)
Repairs and maintenance		(1)	-
Seminars		(52)	(40)
Subscriptions		(17)	(1)
Telephone and fax		(1)	(4)
Training		(20)	(29)
Travel - local		(286)	(98)
		(4 903)	**(3 458)**
Surplus for the year		**21 043**	**22 246**