



**REPUBLIC OF NAMIBIA**



**AUDITOR-GENERAL REPORT ON THE**

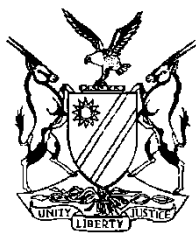
**SOCIAL SECURITY COMMISSION,  
EMPLOYEES' COMPENSATION  
FUND AND MATERNITY, SICK  
LEAVE AND DEATH BENEFIT FUND**

**FOR THE FINANCIAL YEAR 28 February 2015**

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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 2015, 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.

**WINDHOEK, January 2016**

**JUNIAS ETUNA KANDJEKE  
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 2015**

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**1. INTRODUCTION**

The following have been audited for the year ended 28 February 2015:

- 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 Fund 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)

## **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

### **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 statement

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 2015 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 2015, 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.

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

The accounts of the Fund for the year ended 28 February 2015 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 2015, 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 2015 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 2015, 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

## **8. AUDIT OPINION – DEVELOPMENT FUND**

The accounts of the Fund for the year ended 28 February 2015 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 2015, 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, FEBRUARY 2016**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**General Information**

**Country of incorporation and domicile** Namibia

**Nature of business and principal activities** Under the Social Security Act 34 of 1994, currently read with the Employees' Compensation Act 5 of 1995, the SSC's principal purpose is to administer the Funds established by the aforementioned statutes, a Maternity Leave, Sick Leave and Death Benefit Fund (MSD); an Employees' Compensation Fund (ECF); a Development Fund (DF); a National Medical Benefit Fund (NMBF) and a National Pension Fund (NPF). The NMBF and NPF have been established but are not operational.

In administering the Funds, the SSC's principal operations include: (a) registering employers and employees; (b) collecting and investing contributions; (c) assessing and paying claims; (d) providing benefits and (e) providing training and employment schemes and providing financial aid to students.

**Board of Commissioners**

Mr. J. !Gawaxab (Chairperson)  
Dr. S.C. Herman (Deputy Chairperson since 21 May 2015)  
Mr. M. Fabianus  
Mr. M. Ikanga  
Adv. D. L. Sauls  
Mr. E. S. Maswahu  
Ms. J. Jonas  
Ms. T. V. P. Nauyoma  
Ms. L. Tjiho  
Ms. R. P. Iyambo

**Registered office**

Cnr. A. Kloppers & Haupt Streets  
Khomasdal  
Windhoek  
Namibia



**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**General Information (continued)**

<b>Business address</b>	Cnr A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
<b>Postal address</b>	Private Bag 13223 Windhoek Namibia
<b>Bankers</b>	Bank Windhoek Limited First National Bank Namibia Limited
<b>Auditors</b>	Office of the Auditor - General
<b>Secretary</b>	Emma Kantema Gaomas

**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS**  
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**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 consolidated 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 commissioners 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 consolidated 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 29 February 2016 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.

**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Commissioners' Responsibilities and Approval (continued)**

The external auditors are responsible for independently reviewing and reporting on the fund's consolidated annual financial statements. The consolidated annual financial statements have been examined by the fund's external auditors and their report is presented on pages 10 to 13.

The consolidated annual financial statements set out on pages 10 to 50, which have been prepared on the going concern basis, were approved by the Board on 20 August 2015 and were signed on its behalf by:

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**Commissioner**

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**Commissioner**

**Windhoek**

**20 November 2015**

**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2015**

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## **Commissioners' Report**

The commissioners submit their report for the year ended 28 February 2015.

### **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**

Under the Social Security Act 34 of 1994, currently read with the Employees' Compensation Act 5 of 1995, the SSC's principal purpose is to administer the Funds established by the aforementioned statutes,

- (a) a Maternity Leave, Sick Leave and Death Benefit Fund (MSD);
- (b) an Employees' Compensation Fund (ECF);
- (c) a Development Fund (DF);
- (d) a National Medical Benefit Fund (NMBF) and
- (e) a National Pension Fund (NPF).

The NMBF and NPF have been established but are not operational.

In administering the Funds, the SSC's principal operations include: (a) registering employers and employees; (b) collecting and investing contributions; (c) assessing and paying claims; (d) providing benefits and (e) providing training and employment schemes and providing financial aid to students.

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

Net surplus of the commission was N\$ 358 695 (2014: N\$ 261 554).

### **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 interest in the contracts entered into by the fund during the year.

### **5. Non-current assets**

There were additions to property, plant and equipment amounting to N\$ 11 431 (2014: N\$ 57 759) during the year under review, and disposals with a carrying amount of N\$ 399 (2014: N\$ nil) were made.

There were additions to intangibles amounting to N\$ 470 (2014: N\$ 260) during the year under review.

**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**6. Commissioners**

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

<b>Name</b>	<b>Changes</b>
Bishop Dr. Z. Kameeta	Resigned 22 April 2015
Mr. M. Hill	Resigned 31 December 2014
Ms. H.N. Nandago	Resigned 31 December 2014
Mr. J. !Gawaxab (Chairperson)	Appointed 17 June 2015
Mr. M. Fabianus	Appointed 1 January 2015
Mr. M. Ikanga	Appointed 1 January 2015
Dr. S. C. Herman (Deputy Chairperson since 21 May 2015)	
Adv. D.L. Sauls	
Mr. E.S. Maswahu	
Ms. J. Jonas	
Ms. T.V.P. Nauyoma	
Ms. L. Tjiho	
Ms. R. P. Iyambo	

**7. Secretary**

The secretary of the commission is Emma Kantema Gaomas of:

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

**8. Auditors**

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

**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

**STATEMENT OF FINANCIAL POSITION**

		<b>2015</b>	<b>2014</b>
	<b>Note(s)</b>	<b>N\$ '000</b>	<b>N\$ '000</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investment property	3	9 580	11 921
Property, plant and equipment	4	132 209	125 970
Intangible assets	5	1 521	1 918
Loans to related funds	6	6 583	4 676
		<b>149 893</b>	<b>144 485</b>
<b>Current Assets</b>			
Investments	7	2 430 628	2 205 434
Trade and other receivables	8	29 243	85 044
Cash and cash equivalents	9	353 052	188 750
		<b>2 812 923</b>	<b>2 479 228</b>
<b>Total Assets</b>		<b>2 962 816</b>	<b>2 623 713</b>
<b>Funds and Liabilities</b>			
<b>Funds</b>			
Accumulated funds		2 732 424	2 373 729
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Provisions	10	94 673	82 343
<b>Current Liabilities</b>			
Trade and other payables	11	45 140	75 350
Provisions	10	90 579	92 291
		<b>135 719</b>	<b>167 641</b>
<b>Total Liabilities</b>		<b>230 392</b>	<b>249 984</b>
<b>Total Funds and Liabilities</b>		<b>2 962 816</b>	<b>2 623 713</b>

**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

**STATEMENT OF COMPREHENSIVE INCOME**

		<u><b>2015</b></u>	<u><b>2014</b></u>
	<b>Note(s)</b>	N\$ '000	N\$ '000
Revenue	12	536 533	461 695
Claims and benefits	13	(245 009)	(208 984)
<b>Gross surplus</b>		<b>291 524</b>	<b>252 711</b>
Other income	14	18 794	9 120
Operating expenses		(217 019)	(175 095)
<b>Surplus before investment income</b>		<b>93 299</b>	<b>86 736</b>
Investment income	16	267 737	174 818
Fair value adjustments	17	(2 341)	-
<b>Surplus for the year</b>		<b>358 695</b>	<b>261 554</b>
Other comprehensive income		-	-
<b>Total comprehensive income/ (deficit)</b>		<b>358 695</b>	<b>261 554</b>

**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**STATEMENT OF CHANGES IN FUNDS**

	<b>Accumulated funds</b>	<b>Total funds</b>
	N\$ '000	N\$ '000
<b>Balance at 01 March 2013</b>	<b>2 112 175</b>	<b>2 112 175</b>
Changes in funds		
Total comprehensive surplus for the year	<u>261 554</u>	<u>261 554</u>
 Total changes	 <u>261 554</u>	 <u>261 554</u>
 <b>Balance at 01 March 2014</b>	 <b>2 373 729</b>	 <b>2 373 729</b>
Changes in funds		
Total comprehensive surplus for the year	<u>358 695</u>	<u>358 695</u>
 Total changes	 <u>358 695</u>	 <u>358 695</u>
 <b>Balance at 28 February 2015</b>	 <b><u>2 732 424</u></b>	 <b><u>2 732 424</u></b>



**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS**  
**ANNUAL FINANCIAL STATEMENTS**  
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**STATEMENT OF CASH FLOWS**

		<u><b>2015</b></u>	<u><b>2014</b></u>
	<b>Note(s)</b>	<b>N\$ '000</b>	<b>N\$ '000</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	19	135 567	65 152
Interest income		<u>267 737</u>	<u>174 818</u>
<b>Net cash from operating activities</b>		<u><b>403 304</b></u>	<u><b>239 970</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(11 431)	(57 759)
Purchase of intangible assets	5	(470)	(260)
Loans to related funds repaid		(1 907)	(536)
Purchase of financial assets		<u>(225 194)</u>	<u>(17 556)</u>
<b>Net cash from investing activities</b>		<u><b>(239 002)</b></u>	<u><b>(76 111)</b></u>
<b>Total cash movement for the year</b>		<u><b>164 302</b></u>	<u><b>163 859</b></u>
Cash at the beginning of the year		188 750	24 891
<b>Total cash at end of the year</b>	9	<u><b>353 052</b></u>	<u><b>188 750</b></u>

**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS**  
**ANNUAL FINANCIAL STATEMENTS**  
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## **ACCOUNTING POLICIES**

### **1. Presentation of Consolidated Annual Financial Statements**

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Social Security Act 34 of 1994. The consolidated annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars.

These accounting policies are consistent with the previous period.

#### **1.1 Significant judgements and sources of estimation uncertainty**

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated 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 consolidated annual financial statements. Significant judgements include:

##### **Trade receivables, Held to maturity investments and Loans and receivables**

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

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

##### **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.

**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**ACCOUNTING POLICIES ( continued)**

**1.1 Significant judgements and sources of estimation uncertainty (continued)**

**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.

**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.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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.

**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS**  
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**ACCOUNTING POLICIES (continued)**

**1.3 Property, plant and equipment (continued)**

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:

<b>Item</b>	<b>Average useful life</b>
Buildings	50 years
Leasehold property	5 years
Furniture and fixtures	10 years
Motor vehicles	8 years
Office equipment	10 years
IT 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.

**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**ACCOUNTING POLICIES (continued)**

**1.4 Intangible assets (continued)**

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.

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

Item	Useful life
Computer software license	3 years

**1.5 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 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.

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**ACCOUNTING POLICIES (continued)**

**1.5 Financial instruments (continued)**

**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 includes dividends and interest.

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

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

**1.5 Financial instruments (continued)**

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.

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**ACCOUNTING POLICIES (continued)**

**1.5 Financial instruments (continued)**

**Fair value determination**

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

**Impairment of financial assets**

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

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

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.

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**ACCOUNTING POLICIES (continued)**

**1.5 Financial instruments (continued)**

**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.

**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.



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**ACCOUNTING POLICIES (continued)**

**1.6 Leases (continued)**

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.

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.

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**ACCOUNTING POLICIES (continued)**

**1.8 Provisions and contingencies (continued)**

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

**1.9 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 fund 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 surplus or deficit (separately).

**1.10 Revenue**

**Contribution income**

Contribution 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.

**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.

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**ACCOUNTING POLICIES (continued)**

**1.10 Revenue (continued)**

**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.

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.

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

**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 victims of work accidents for injuries suffered as a result of work related accidents.

The commission covers the following claims under its employees' compensation fund:

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

The commission covers the following claims under its maternity, sick leave and death benefit fund;

1. Death claims expenses
2. Disability expenses
3. Maternity leave expenses
4. Retirement benefit expenses
5. Sick leave expenses

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**ACCOUNTING POLICIES (continued)**

**1.11 Claims paid (continued)**

The commission covers the following schemes under its development fund;

1. Bursaries, loans and other forms of student finance
2. Training schemes
3. Employment schemes

**Claims incurred**

Claims incurred consists of claims and claim 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.

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.

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.

**1.12 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.

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**ACCOUNTING POLICIES (continued)**

**1.12 Employee benefits (continued)**

**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.

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**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 2015 or later periods:

Amendments to IAS 1: Presentation of financial statements (effective for annual periods beginning on or after 1 January 2016).

IFRS 7: Financial Instruments - Disclosures - amendments - transition disclosures (effective for annual periods on or after 1 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 1 January 2015). No significant impact on the fund.

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

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**3. Investment property**

	<b>2015</b>			<b>2014</b>		
	<b>Cost / Valuation</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>	<b>Cost / Valuation</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Investment property	9 580		9 580	11 921	-	11 921

**Reconciliation of investment property - 2015**

	<b>Opening balance</b>	<b>Fair value adjustments</b>	<b>Total</b>
	N\$'000	N\$'000	N\$'000
Investment property	11 921	(2 341)	9 580

**Reconciliation of investment property - 2014**

	<b>Opening balance</b>	<b>Total</b>
	N\$'000	N\$'000
Investment property	11 921	11 921

Land and buildings comprise of Erf 1983 Keetmanshoop (2,624 square meters with office buildings thereon and Erf 1610 Keetmanshoop (1,184 square meters without improvements).

**4. Property, plant and equipment**

	<b>2015</b>			<b>2014</b>		
	<b>Cost / Valuation</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>	<b>Cost / Valuation</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Land	58 853	-	58 853	56 500	-	56 500
Buildings	64 950	(8 990)	55 960	61 004	(7 771)	53 233
Leasehold property	1 794	(1 167)	627	1 207	-	1 207
Furniture and fixtures	5 328	(2 666)	2 662	5 314	(2 897)	2 417
Motor vehicles	10 013	(3 826)	6 187	7 288	(2 915)	4 373
Office equipment	4 823	(2 574)	2 249	4 789	(2 585)	2 204
Computer equipment	13 249	(7 578)	5 671	14 441	(8 405)	6 036
<b>Total</b>	<b>159 010</b>	<b>(26 801)</b>	<b>132 209</b>	<b>150 543</b>	<b>(24 573)</b>	<b>125 970</b>

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**4. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2015**

	<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Other changes, movements</b>	<b>Depreciation</b>	<b>Total</b>
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Land	56 500	2 353	-	-	-	58 853
Buildings	53 233	3 940	-	-	(1 213)	55 960
Leasehold property	1 207	4	-	-	(584)	627
Furniture and fixtures	2 417	660	(86)	-	(329)	2 662
Motor vehicles	4 373	2 727	-	-	(913)	6 187
Office equipment	2 204	383	(165)	45	(218)	2 249
Computer equipment	6 036	1 364	(148)	(45)	(1 536)	5 671
	<b>125 970</b>	<b>11 431</b>	<b>(399)</b>	<b>-</b>	<b>(4 793)</b>	<b>132 209</b>

**Reconciliation of property, plant and equipment - 2014**

	<b>Opening balance</b>	<b>Additions</b>	<b>Other changes, movements</b>	<b>Depreciation</b>	<b>Total</b>
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Land	8 432	48 068	-	-	56 500
Buildings	51 885	2 265	259	(1 176)	53 233
Leasehold property	-	1 790	-	(583)	1 207
Furniture and fixtures	2 309	491	(79)	(304)	2 417
Motor vehicles	2 880	2 157	-	(664)	4 373
Office equipment	2 214	314	2	(326)	2 204
Computer equipment	4 503	2 674	(2)	(1 139)	6 036
	<b>72 223</b>	<b>57 759</b>	<b>180</b>	<b>(4 192)</b>	<b>125 970</b>

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 1589 Oshakati (3 515 square metres without improvements),  
Erf 1983 Keetmanshoop (2 624 square metres without improvements),  
Erf 1959 Otjiwarongo (1 081 square metres)  
Erf 1964 Otjiwarongo (1 393 square meters)  
Erf 1965 Otjiwarongo (1 310 square metres)  
Erf 2269 Windhoek Khomasdal (10 029 square metres)  
Erf 8769 Windhoek Freedom Square (4 750 square metres) and  
Erf 644 Luderitz (1 074 square metres).



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**5. Intangible assets**

	<b>2015</b>			<b>2014</b>		
	<b>Cost / Valuation</b>	<b>Accumulated amortisation</b>	<b>Carrying value</b>	<b>Cost / Valuation</b>	<b>Accumulated amortisation</b>	<b>Carrying value</b>
	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>
Software License	4 720	(3 199)	1 521	4 250	(2 332)	1 918

**Reconciliation of intangible assets – 2015**

	<b>Opening balance</b>	<b>Additions</b>	<b>Amortisation</b>	<b>Total</b>
	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>
Software License	1 918	470	(867)	1 521

**Reconciliation of intangible assets – 2014**

	<b>Opening balance</b>	<b>Additions</b>	<b>Amortisation</b>	<b>Total</b>
	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>
Software License	2 581	260	(923)	1 918

**6. Loans to (from) related funds**

**Related funds**

	<b>2015</b>	<b>2014</b>
	<b>N\$'000</b>	<b>N\$'000</b>
National Medical Benefit Fund	2 778	1 985
National Pension Fund	3 805	2 691
	<b>6 583</b>	<b>4 676</b>

The loans due from National Pension Fund and National Medical 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 bear no interest.

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	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>7. Investments</b>		
<b>At fair value through profit or loss - designated</b>		
Funds held with approved investment managers	2 234 775	1 866 066
Funds held with investment managers are fairly valued by the respective investment manager at year end.		
<b>Available-for-sale</b>		
Unlisted shares AVID Investment	20 116	19 265
Available-for-sale (impairments)	(20 116)	(19 265)
	-	-
<b>Held to maturity</b>		
Fixed term deposits	195 853	339 368
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 5.5% and 8.36% per annum. The carrying amounts approximate the fair value.		
<b>Total other financial assets</b>	<b>2 430 628</b>	<b>2 205 434</b>
<b>Current assets</b>		
At fair value through profit or loss	2 234 775	1 866 066
Held to maturity	195 853	339 368
	<b>2 430 628</b>	<b>2 205 434</b>

**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.

**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.

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	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>7. Investments (continued)</b>		
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 directly (as prices) or indirectly (derived from prices).		
Level 3 applies inputs which are not based on observable market data.		
<b>Level 1</b>		
Financial Assets held through profit or loss	2 234 775	1 866 066
<b>8. Trade and other receivables</b>		
Trade receivables	119 561	140 366
Prepayments	31	12
Value Added Tax	-	7 428
Provision for bad debts	(90 349)	(62 762)
	<b>29 243</b>	<b>85 044</b>

The fund's credit period on the contribution and 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 for assessment income debtors and 20% per annum for contribution income debtors 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.

**Credit quality of trade and other receivables**

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.

**Trade and other receivables past due but not impaired**

Included in the Fund's trade receivable are debtors with carrying amounts of N\$ 34 879 (2014: N\$ 8 726) 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 (2014: +60/+90 days).

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	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000

**8. Trade and other receivables (continued)**

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

60 days	13 746	7 083
90 days	(26 115)	1 680
Over 120 days	36 135	6 197

**Movement in the allowance for doubtful debts**

Balance beginning of the year	62 762	50 545
Movement in bad debts during the year	27 587	12 217
	<b>90 349</b>	<b>62 762</b>

**9. Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand	12	12
Bank balances and short term deposits	353 040	188 738
	<b>353 052</b>	<b>188 750</b>

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 5.5% to 8.36% per annum. The carrying amount approximates the fair value.

**10. Provisions**

**Reconciliation of provisions - 2015**

	<b>Opening balance</b>	<b>Movement</b>	<b>Total</b>
	N\$'000	N\$'000	N\$'000
ECF – Incurred but not reported compensation claims (IBNR)	104 196	10 923	115 119
MSD – Unreported incurred claims	57 523	(3 086)	54 437
Merit rebates	9 715	2 781	12 496
Training scheme	3 200	-	3 200
	<b>174 634</b>	<b>10 618</b>	<b>185 252</b>

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**10. Provisions (continued)**

**Reconciliation of provisions – 2014**

	<b>Opening balance</b>	<b>Movement</b>	<b>Total</b>
	N\$'000	N\$'000	N\$'000
ECF - Incurred but not reported compensation claims (IBNR)	101 508	2 688	104 196
MSD - Unreported incurred claims	55 553	1 970	57 523
Reported claims	9 234	(9 234)	-
Legal	150	(150)	-
Merit rebates	7 111	2 604	9 715
Training scheme	3 200	-	3 200
	<b>176 756</b>	<b>(2 122)</b>	<b>174 634</b>

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
Non-current liabilities	94 673	82 343
Current liabilities	90 579	92 291
	<b>185 252</b>	<b>174 634</b>

**ECF - Fair value determination of the IBNR compensation claims**

Medical claims	7 716	6 970
Permanent disability	2 429	2 091
Temporary disability	2 921	2 493
Burial and transport expenses	193	239
Pension liability	81 971	74 714
Claims handling provision	18 563	16 510
Data integrity provision	1 326	1 179
	<b>115 119</b>	<b>104 196</b>

**MSD - Fair value determination of the unreported incurred claims**

Death	867	992
Maternity leave	20 729	20 394
Retirement benefits	3 262	3 152
Sick leave	4 567	6 585
Claim handling provision	22 069	23 300
Data integrity provision	2 943	3 100
	<b>54 437</b>	<b>57 523</b>

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**10. Provisions (continued)**

**10.1 Incurred But Not Reported (IBNR Claims)**

The unreported incurred claims represent the management estimate as at 28 February 2015 based on the actuarial valuation at that date.

The IBNR reserves or provision for outstanding claims were estimated using the basic chain ladder method.

The runoff claims for Employees' Compensation Fund have been grouped into the following subgroups:

- (i). Burial and transport;
- (ii). Medical claims;
- (iii). Permanent disability;
- (iv). Temporary disability.

The runoff claims for Maternity Leave, Sick 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:

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**10. Provisions (continued)**

**10.2 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 MSD fund and 140% of the IBNR liability for the ECF 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 2014 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 the 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.

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	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>11. Trade and other payables</b>		
Trade payables	28 195	59 853
Value Added Tax	13	-
Accrued leave pay	9 777	9 551
Accrued bonus	1 943	1 878
Unclaimed monies	1 199	791
Unknown deposits	1 231	1 148
Accrued expenses	2 229	1 635
Deposits received	52	52
Other payables	501	442
	<b>45 140</b>	<b>75 350</b>

**12. Revenue**

Administrative fee income - Accident Pension Fund	1 767	1 441
Assessment income	106 125	90 701
Assessment interest	3 116	2 901
Assessment penalties	1 858	1 955
Contribution interest	3 086	3 267
Contribution revenue	410 723	331 324
Contributions from Maternity Leave, Sick Leave and Death Benefit Fund	-	28 991
Pension capitalised - Accident Pension Fund	9 858	1 115
	<b>536 533</b>	<b>461 695</b>

**13. Claims and benefits**

Development fund schemes	16 142	20 789
Compensation payments	5 698	1 719
Medical expenses	11 233	4 945
Merit rebates	2 781	2 605
Capital pension paid - APF	9 858	1 115
Pension paid - APF	13 074	9 748
Maternity leave	145 910	126 983
Sick leave	17 302	15 316
Death benefit	6 395	7 728
Retirement benefit	16 616	18 036
	<b>245 009</b>	<b>208 984</b>



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	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>14. Other income</b>		
Miscellaneous income	2 315	1 976
Government grants	15 000	5 262
	<b>18 794</b>	<b>9 120</b>
<b>15. Surplus before investment income</b>		
Surplus before investment income for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
□ Contractual amounts	3 067	3 089
Loss on sale of property, plant and equipment	(399)	-
Amortisation on intangible assets	867	924
Depreciation on property, plant and equipment	4 794	4 192
Employee costs	126 186	104 787
Research and development	454	982
<b>16. Investment income</b>		
<b>Interest income</b>		
Financial institutions	12 679	11 090
Funds under investment managers	255 058	163 728
	<b>267 737</b>	<b>174 818</b>
<b>17. Fair value adjustments</b>		
Investment property (Fair value model)	(2 341)	-
<b>18. Auditors' remuneration</b>		
Fees	517	62

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	<b>2015</b>	<b>2014</b>
	<b>N\$'000</b>	<b>N\$'000</b>
<b>19. Cash generated from operations</b>		
Surplus for the year	358 695	261 554
<b>Adjustments for:</b>		
Depreciation and amortisation	5 661	5 116
Loss on sale of assets	399	-
Investment Income	(267 737)	(174 818)
Fair value adjustments	2 341	-
Movements in provisions	10 618	(2 122)
Other non-cash items	(1)	-
<b>Changes in working capital:</b>		
Trade and other receivables	55 801	(43 427)
Trade and other payables	(30 210)	18 849
	<b>135 567</b>	<b>65 152</b>

**20. 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%.

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**20. Retirement benefits (continued)**

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.

**21. Commitments**

**Authorised capital expenditure**

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>Already contracted for but not provided for</b>		
<input type="checkbox"/> Property, plant and equipment	334 194	299 843

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

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**22. Contingencies**

1. The fund presented a submission to the Audit and Risk Committee on the 3rd of July 2015 requesting for the transfer of funds to Development Fund. In terms of Section 37 of the Social Security Act, the MSD Fund may transfer funds to the Development Fund. The transfer is determined as 2% of the free reserves of the MSD Fund as determined by the Actuaries. Based on the June 2014 Actuarial Report, the amount to be transferred is N\$ 33 million. As at the date of this report, the approval is outstanding. Once the Board approval has been obtained, Ministerial approval will be sought from the Minister of Labour then the funds can be released.

2. Mulder case - The matter relates to a complaint of unfair dismissal filed by Mr. Mulder, a former 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 alleges 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 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\$ 5 million. The fund is still waiting for the invoice to be paid in respect of legal fees.

3. Spanneberg case - The matter relates to Mr. Spanneberg, an employee of the Commission who 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 in favour of the Commission as compensation in terms of section 37 D (b) (ii) (a) of the Pension Act. GIPF advised that the benefits cannot be withdrawn in favour of the SSC. An attorney, Mr. Marcus, was instructed to institute legal proceedings in this matter. The commission's legal department will revert back to the 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 any costs in this regard.

4. Onesmus case - 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\$ 923. This matter was settled and the Commission paid N\$ 350 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 (P.G) has indicated that the fraud matter is presently under investigation with the Namibian Police. Once the investigation is complete the P.G's office would have to consider the matter afresh and decide whether to prosecute or not.

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**22. Contingencies (continued)**

SSC also 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 was paid to the plaintiff as settlement.

5. Petrol card fraud - This is a petrol card fraud case of N\$ 7 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. Klitzke case - Mr. Klitzke leased office space from the Fund's Keetmanshoop office. He 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 fund instructed a lawyer Mr Mac Nally to issue summons to collect outstanding rent and no legal costs have been incurred in this period.

7. Frey case - 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\$ 7 excluding VAT. He now owes the Commission over N\$ 233 in unpaid rentals. Summons were issued in March 2014.

8. Kabende case - 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 former 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 Arbitration filed with the former conciliator 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 if, the legal representatives may have been on record, they were on record before the former conciliator 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. No legal fees have been incurred in the period under review.

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**22. Contingencies (continued)**

9. Simasiku case - 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 29 consecutive days (which is more than the two days allowed per the Commission's Human Resources Policy). 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. No legal fees have been paid in the period under review.

10. Hamunyela case – This matter relates to Hamunyela, an employee of the commission who defrauded the commission of an amount of N\$54 and was charged with fraud as a result. The commission's legal department contacted the prosecutor and was advised that the trial of this matter will be heard afresh because there are parts of the records that are missing. There has been no significant development in this case.

11. Mutwa case - Mrs. Mutwa filed an unfair labour practice complaint with the Office of the Labour Commissioner in October 2013, on the grounds that she was 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 did not incur any legal fees for the period under review.

12. Avid Investments (Pty) Ltd case - This matter relates to the failed investment of N\$ 30 million of the Commission. Criminal charges have since been levelled against the Commissioners of Avid. A letter was written to the Prosecutor General's office on 17 December 2013 to a) request for information on the hearing dates in the criminal matter and b) the imposition of a suspensive condition (if when the accused are convicted) in an attempt to ensure that the Commission is compensated in the amount owed to the Commission. The PG advised that the matter is set down from 19 May 2014 to 31 July 2014. Another letter was written to the PG requesting the PG to bring an application in terms of section 300 on behalf of the Commission for the accused persons (if convicted) to compensate the Commission for the loss suffered.

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**23. Related parties**

**Relationships**

Administrator

Related funds

Social Security Commission

Development Fund

Maternity Leave, Sick Leave and Death  
Benefit Fund

Employees' Compensation Fund

National Pension Fund

National Medical Benefit Fund

Commissioners

Mr. J. !Gawaxab (Chairperson)

Dr. S. C. Herman (Deputy Chairperson since  
21 May 2015)

Mr. M. Fabianus

Mr. M. Ikanga

Adv. D.L. Sauls

Mr. E.S. Maswahu

Ms. J. Jonas

Ms. T.V.P. Nauyoma

Ms. L. Tjiho

**24. Commissioners' emoluments**

Emoluments of N\$ 797 (2014: N\$ 1 207) were paid to the commissioners during the year.

**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.

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**25. Risk management (continued)**

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 2015**

	<b>Loans and other receivables</b>	<b>Held at fair value through profit or loss</b>	<b>Financial liabilities amortised at cost</b>	<b>Financial assets held to maturity</b>
	N\$'000	N\$'000	N\$'000	N\$'000
Investments	-	2 234 775	-	195 853
Trade and other receivables	29 243	-	-	-
Trade and other payables	-	-	(45 140)	-
Loans to related funds	6 583	-	-	-
Cash and cash equivalents	353 052	-	-	-
Provisions	-	-	(185 252)	-



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**25. Risk management (continued)**

<b>At 28 February 2014</b>	<b>Loans and other receivables</b>	<b>Held at fair value through profit or loss</b>	<b>Financial liabilities amortised at cost</b>	<b>Financial assets held to maturity</b>
	N\$'000	N\$'000	N\$'000	N\$'000
Investments	-	1 866 066	-	339 368
Trade and other receivables	85 044	-	-	-
Trade and other payables	-	-	(75 350)	-
Loans to related funds	4 676	-	-	-
Cash and cash equivalents	188 750	-	-	-
Provisions	-	-	(174 634)	-

**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**

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
Increase/ (decrease) of 1% in interest rates	19 215	15 930

**Cash flow interest rate risk - 2015**

<b>Financial instrument</b>	<b>Current interest rate</b>	<b>Due in less than a year</b>	<b>Due in one to two years</b>
	%	N\$'000	N\$'000
Trade and other receivables	10.00%	29 243	-
Funds held at fair value through profit or loss	5.50%	2 234 775	-
Cash and cash equivalents	5.00%	353 052	-
Funds held to maturity	8.36%	195 853	-
Trade and other payables	-%	(45 140)	-
Loans to other funds	-%	-	6 583
Provisions	-%	(90 579)	(94 673)

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**25. Risk management (continued)**

**Cash flow interest rate risk - 2014**

<b>Financial instrument</b>	<b>Current interest rate</b>	<b>Due in less than a year</b>	<b>Due in one to two years</b>
	%	N\$'000	N\$'000
Trade and other receivables	10.00%	85 044	-
Funds held at fair value through profit or loss	5.00%	1 866 066	-
Cash and cash equivalents	5.00%	188 750	-
Funds held to maturity	8.17%	339 368	-
Trade and other payables	-%	(75 350)	-
Loans to other funds	-%	-	4 676
Provisions	-%	(92 291)	(82 343)

**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 6 and 7. 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 8 and the carrying value of investments in note 6. The fund invests only with reputable financial institutions and the credit quality of financial assets is therefore good.

**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS**  
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**25. Risk management (continued)**

**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 and liabilities exposed to credit risk at year end were as follows:

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>Financial assets</b>		
Fair value through profit or loss	2 234 775	1 866 066
Held to maturity	195 853	339 368
Trade and other receivables	29 243	85 044
Loans to other funds	6 583	4 676
Cash and cash equivalents	353 052	188 750
	<b>2 819 506</b>	<b>2 483 904</b>
<b>Financial liabilities</b>		
Trade and other payables	45 140	75 350
Provisions	185 252	174 634
	<b>230 392</b>	<b>249 984</b>

**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.

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**25. Risk management (continued)**

**Market risk (continued)**

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 35% (2014: 33%) for domestic equities on the funds held by asset managers.

**Equity price sensitivity analysis**

At 28 February 2015, the fund's listed equities were recorded at their fair value of N\$ 800.6 million (2014: N\$ 772.4 million). A hypothetical 10% decline or increase in each individual share price would decrease/increase the surplus for the year by N\$ 80.1 million (2014: N\$ 77.2 million).

**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS**  
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**Detail Statement of Comprehensive Income**

		<b>2015</b>	<b>2014</b>
	<b>Note(s)</b>	<b>N\$ '000</b>	<b>N\$ '000</b>
Administrative fee income - Accident Pension Fund		1 767	1 441
Assessment income		106 125	90 701
Assessment interest		3 116	2 901
Assessment penalties		1 858	1 955
Contribution interest		3 086	3 267
Contribution revenue		410 723	331 324
Contributions from Maternity Leave, Sick Leave and Death		-	28 991
Pension capitalised - Accident Pension Fund		9 858	1 115
<b>Revenue</b>	<b>12</b>	<b>536 533</b>	<b>461 695</b>
<b>Cost of sales</b>			
Claims and benefits		(245 009)	(208 984)
<b>Gross surplus</b>		<b>291 524</b>	<b>252 711</b>
<b>Investment and other income</b>			
Rental income		1 479	1 882
Other income		2 315	1 976
Interest received	16	267 737	174 818
Government grants		15 000	5 262
		<b>286 531</b>	<b>183 938</b>
<b>Expenses (Refer to page 50)</b>		<b>(217 019)</b>	<b>(175 095)</b>
<b>Operating profit</b>	<b>15</b>	<b>361 036</b>	<b>261 554</b>
Fair value adjustments	17	(2 341)	-
<b>Surplus for the year</b>		<b>358 695</b>	<b>261 554</b>

**SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS**  
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**Operating expenses**

		<b>2015</b>	<b>2014</b>
		N\$'000	N\$'000
Administration and management fees		(13 111)	(12 715)
Advertising		(3 465)	(2 818)
Auditors remuneration	18	(517)	(62)
Bad debts		(27 638)	(12 079)
Bank charges		(539)	(552)
Cleaning		(679)	(689)
Compliance awareness		(1 997)	-
Computer expenses		(52)	(91)
Conferences and seminars		(1 281)	(1 505)
Corporate clothing		(1 077)	(1 380)
Depreciation, amortisation and impairments		(5 661)	(5 116)
Donations		(1 385)	(417)
Employee costs		(126 188)	(104 787)
Entertainment		(232)	(234)
General expenses		(54)	(56)
Health and safety		(204)	(92)
IT expenses		(49)	(17)
Import VAT		-	77
Insurance		(656)	(552)
Lease rentals on operating lease		(3 067)	(3 089)
Legal expenses		(6 316)	(4 555)
Loss on disposal of assets		(399)	-
Motor vehicle expenses		(336)	(250)
Office expenditure		101	(403)
Petrol and oil		(829)	(693)
Postage		(981)	(1 104)
Printing and stationery		(2 743)	(2 218)
Property management fees		(286)	(288)
Protective clothing		(3)	(14)
Recruitment expenditure		(110)	(233)
Repairs and maintenance		(1 131)	(2 725)
Research and development costs		(454)	(982)
Royalties and license fees		(1 711)	(1 343)
Security		(2 437)	(1 959)
Subscriptions		(567)	(421)
Telephone and fax		(2 682)	(2 726)
Training		(1 963)	(2 030)
Travel - local		(2 533)	(3 200)
Utilities		(3 787)	(3 777)
		<b>(217 019)</b>	<b>(175 095)</b>

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
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**GENERAL INFORMATION**

<b>Country of incorporation and domicile</b>	Namibia
<b>Nature of business and principal activities</b>	<p>Under the Social Security Act 34 of 1994, the SSC's principal purpose is to administer the Fund established by the aforementioned statute, namely the Maternity Leave, Sick Leave and Death Benefit Fund (MSD).</p> <p>In administering the Fund, the SSC's principal operations include: (a) registering employers and employees; (b) collecting and investing contributions; (c) assessing and paying claims and (d) providing benefits.</p>
<b>Commissioners</b>	<p>Mr. J. !Gawaxab (Chairperson) Dr.S.C.Herman (Deputy Chairperson since 21 May 2015) Mr. M. Fabianus Mr. M. Ikanga Adv. D. L. Sauls Mr. E. S. Maswahu Ms. J. Jonas Ms. T. V. P. Nauyoma Ms. L. Tjiho Ms. R. P. Iyambo</p>
<b>Registered office</b>	<p>Cnr. A. Kloppers &amp; Haupt Streets Khomasdal Windhoek Namibia</p>
<b>Business address</b>	<p>Cnr. A. Kloppers &amp; Haupt Streets Khomasdal Windhoek Namibia</p>
<b>Postal address</b>	<p>Private Bag 13323 Windhoek Namibia</p>
<b>Bankers</b>	Bank Windhoek
<b>Auditors</b>	Office of the Auditor-General
<b>Secretary</b>	Emma Kantema-Gaomas

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**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 commissioners 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 29 February 2016 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 1 to 3.

The annual financial statements set out on pages 51 to 78, which have been prepared on the going concern basis, were approved by the board on 20 August 2015 and were signed on its behalf by:

.....  
**Commissioner**  
**Windhoek, 20 August 2015**

.....  
**Commissioner**



**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Commissioners' Report**

The commissioners submit their report for the year ended 28 February 2015.

**1. Review of activities**

**Main business and operations**

Under the Social Security Act 34 of 1994, the SSC's principal purpose is to administer the Fund established by the aforementioned statute namely the Maternity Leave, Sick Leave and Death Benefit Fund (MSD).

In administering the Funds, the SSC's principal operations include: (a) registering employers and employees; (b) collecting and investing contributions; (c) assessing and paying claims and (d) providing benefits.

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\$ 243 763 (2014: N\$ 184 618).

**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 interest 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\$ 8 920 (2014: N\$ 48 260) during the year under review and disposals with a carrying amount of N\$ 399 (2014: N\$ nil)  
There were additions to intangible assets amounting to N\$ 392 (2014: N\$218).

**5. Transfer To Development Fund**

There were no transfers to Development Fund in the year under review (2014: N\$ 28 991).

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**6. Commissioners**

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

<b>Name</b>	<b>Changes</b>
Bishop Dr. Z. Kameeta	Resigned 22 April 2015
Mr. M. Hill	Resigned 31 December 2014
Ms. H.N. Nandago	Resigned 31 December 2014
Mr. J. !Gawaxab (Chairperson)	Appointed 17 June 2015
Mr. M. Fabianus	Appointed 1 January 2015
Mr. M. Ikanga	Appointed 1 January 2015
Dr. S. C. Herman (Deputy Chairperson since 21 May 2015)	
Adv. D. L. Sauls	
Mr. E. S. Maswahu	
Ms. J. Jonas	
Ms. T. V. P. Nauyoma	
Ms. L. Tjiho	
Ms. R. P. Iyambo	

**7. Secretary**

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

<b>Business address</b>	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek
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<b>Postal address</b>	Private Bag 13223 Windhoek Namibia
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**8. Auditors**

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

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**Statement of Financial Position**

	Note(s)	<u>2015</u> N\$ '000	<u>2014</u> N\$ '000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investment property	3	4 790	5 961
Property, plant and equipment	4	85 595	80 487
Intangible assets	5	850	1 181
		<u>91 235</u>	<u>87 629</u>
<b>Current Assets</b>			
Loans to related funds	6	17 134	16 021
Investments	7	1 828 570	1 620 953
Trade and other receivables	8	22 854	35 388
Cash and cash equivalents	9	20 299	7 370
		<u>1 888 857</u>	<u>1 679 732</u>
<b>Total Assets</b>		<u><b>1 980 092</b></u>	<u><b>1 767 361</b></u>
<b>Funds and Liabilities</b>			
<b>Funds</b>			
Accumulated funds		<u>1 887 315</u>	<u>1 643 552</u>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Provisions	10	<u>3 171</u>	<u>1 131</u>
<b>Current Liabilities</b>			
Loans from related funds	6	14 852	12 327
Trade and other payables	11	23 488	53 959
Provisions	10	<u>51 266</u>	<u>56 392</u>
		<u>89 606</u>	<u>122 678</u>
<b>Total Liabilities</b>		<u><b>92 777</b></u>	<u><b>123 809</b></u>
<b>Total Funds and Liabilities</b>		<u><b>1 980 092</b></u>	<u><b>1 767 361</b></u>

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Statement of Comprehensive Income**

	<b>Note(s)</b>	<b>2015</b> N\$ '000	<b>2014</b> N\$ '000
Revenue	12	413 809	363 582
Claims	13	(186 223)	(168 062)
<b>Gross surplus</b>		<b>227 586</b>	<b>195 520</b>
Other income	14	2 244	2 388
Operating expenses		(167 373)	(133 142)
<b>Surplus before investment income</b>		<b>62 457</b>	<b>64 766</b>
Investment income	16	182 477	119 852
Fair value adjustments	17	(1 171)	-
<b>Surplus for the year</b>		<b>243 763</b>	<b>184 618</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>243 763</b>	<b>184 618</b>

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Statement of Changes in Funds**

	<b>Accumulated funds</b>	<b>Total funds</b>
	N\$ '000	N\$ '000
<b>Balance at 01 March 2013</b>	<b>1 487 925</b>	<b>1 487 925</b>
Changes in funds		
Total comprehensive income for the year	184 618	184 618
Transfer to Development Fund	(28 991)	(28 991)
	<hr/>	<hr/>
Total changes	155 627	155 627
	<hr/>	<hr/>
<b>Balance at 01 March 2014</b>	<b>1 643 552</b>	<b>1 643 552</b>
Changes in funds		
Total comprehensive income for the year	243 763	243 763
	<hr/>	<hr/>
Total changes	243 763	243 763
	<hr/>	<hr/>
<b>Balance at 28 February 2015</b>	<b>1 887 315</b>	<b>1 887 315</b>
	<hr/>	<hr/>

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**Statement of Cash Flows**

	<b>Note(s)</b>	<b>2015</b> N\$ '000	<b>2014</b> N\$ '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	19	45 970	66 250
Investment income		182 477	119 852
<b>Net cash from operating activities</b>		<b>228 447</b>	<b>186 102</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(8 920)	(48 261)
Purchase of other intangible assets	5	(393)	(218)
Loans advanced to related funds		1 412	(6 791)
Purchase of financial assets		(207 617)	(106 607)
Other non-cash item		-	553
<b>Net cash from investing activities</b>		<b>(215 518)</b>	<b>(161 324)</b>
<b>Cash flows from financing activities</b>			
Distributions to Development Fund		-	(28 991)
<b>Total cash movement for the year</b>		<b>12 929</b>	<b>(4 213)</b>
Cash at the beginning of the year		7 370	11 583
<b>Total cash at end of the year</b>	9	<b>20 299</b>	<b>7 370</b>

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**3. Investment property**

	<b>2015</b>			<b>2014</b>		
	<b>Cost / Valuation</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>	<b>Cost / Valuation</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Investment property	4 790	-	4 790	5 961	-	5 961

**Reconciliation of investment property - 2015**

	<b>Opening balance</b>	<b>Fair value adjustments</b>	<b>Total</b>
	N\$'000	N\$'000	N\$'000
Investment property	5 961	(1 171)	4 790

**Reconciliation of investment property - 2014**

	<b>Opening balance</b>	<b>Total</b>
	N\$'000	N\$'000
Investment property	5 961	5 961

Land and buildings comprise of Erf 1983 Keetmanshoop (2 624 square meters with office buildings thereon and Erf 1610 Keetmanshoop (1 184 square meters without improvements).

**4. Property, plant and equipment**

	<b>2015</b>			<b>2014</b>		
	<b>Cost / Valuation</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>	<b>Cost / Valuation</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Land	46 097	-	46 097	44 132	-	44 132
Buildings	34 733	(5 586)	29 147	31 438	(4 538)	26 900
Leasehold property	1 498	(974)	524	1 008	-	1 008
Furniture and fixtures	2 898	(1 398)	1 500	3 037	(1 699)	1 338
Motor vehicles	6 693	(2 575)	4 118	4 418	(1 815)	2 603
Office equipment	2 208	(1 256)	952	2 287	(1 324)	963
IT equipment	7 659	(4 402)	3 257	9 020	(5 477)	3 543
<b>Total</b>	<b>101 786</b>	<b>(16 191)</b>	<b>85 595</b>	<b>95 340</b>	<b>(14 853)</b>	<b>80 487</b>

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**4. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment – 2015**

	<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Impairment reversal</b>	<b>Total</b>
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Land	44 132	1 965	-	-	-	46 097
Buildings	26 900	3 265	-	(1 048)	30	29 147
Leasehold property	1 008	2	-	(486)	-	524
Furniture and fixtures	1 338	344	(86)	(257)	161	1 500
Motor vehicles	2 603	2 276	-	(761)	-	4 118
Office equipment	963	205	(165)	(159)	108	952
IT equipment	3 543	863	(148)	(1 286)	285	3 257
	<b>80 487</b>	<b>8 920</b>	<b>(399)</b>	<b>(3 997)</b>	<b>584</b>	<b>85 595</b>

**Reconciliation of property, plant and equipment – 2014**

	<b>Opening balance</b>	<b>Additions</b>	<b>Adjustments</b>	<b>Amortisation</b>	<b>Depreciation</b>	<b>Total</b>
	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
IT equipment	2 342	2 159	-	-	(958)	3 543
	<b>35 781</b>	<b>48 261</b>	<b>(65)</b>	<b>(487)</b>	<b>(3 003)</b>	<b>80 487</b>

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 1589 Oshakati (3 515 square metres without improvements),  
Erf 1983 Keetmanshoop (2 624 square metres without improvements),  
Erf 1959 Otjiwarongo (1 081 square metres)  
Erf 1964 Otjiwarongo (1 393 square meters)  
Erf 1965 Otjiwarongo (1 310 square metres)  
Erf 2269 Windhoek Khomasdal (10 029 square metres)  
Erf 8769 Windhoek Freedom Square (4 750 square metres) and  
Erf 644 Luderitz (1 074 square metres).



**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**5. Intangible assets**

	<b>2015</b>			<b>2014</b>		
	<b>Cost / Valuation</b>	<b>Accumulated amortisation</b>	<b>Carrying value</b>	<b>Cost / Valuation</b>	<b>Accumulated amortisation</b>	<b>Carrying value</b>
	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>
Software licence	3 484	(2 634)	850	3 091	(1 910)	1 181

**Reconciliation of intangible assets – 2015**

	<b>Opening balance</b>	<b>Additions</b>	<b>Amortisation</b>	<b>Total</b>
	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>
Software licence	1 181	393	(724)	850

**Reconciliation of intangible assets – 2014**

	<b>Opening balance</b>	<b>Additions</b>	<b>Amortisation</b>	<b>Total</b>
	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>
Software licence	1 735	218	(772)	1 181

**6. Loans to (from) related funds**

**Related funds**

	<b>2015</b>	<b>2014</b>
	<b>N\$'000</b>	<b>N\$'000</b>
Development Fund	(72 635)	(73)
Employees' Compensation Fund	(2 609 968)	(2 590)
Social Security Commission	(12 169 703)	(9 664)
Employees' Compensation Fund	69 180	211
Social Security Commission	17 064 896	15 810
	<b>2 281 770</b>	<b>3 694</b>

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

Current assets	17 134	16 021
Current liabilities	(14 852)	(12 327)
	<b>2 282</b>	<b>3 694</b>

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
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<b>2015</b>	<b>2014</b>
<u>N\$'000</u>	<u>N\$'000</u>

**7. Investments**

**Held for trading at fair value through profit or loss**

Funds held with approved asset managers

1 430 303	1 343 021
-----------	-----------

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

**Held to maturity**

Fixed term deposits

398 267	277 932
---------	---------

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 5.5% and 8.36% per annum. The carrying amounts approximate the fair value.

**Total investments**

<b>1 828 570</b>	<b>1 620 953</b>
------------------	------------------

**Current assets**

At fair value through profit or loss

1 430 303	1 343 021
-----------	-----------

Held to maturity

398 267	277 932
---------	---------

<b>1 828 570</b>	<b>1 620 953</b>
------------------	------------------

**Fair value information**

The fair value 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

1 430 302	1 343 021
-----------	-----------

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
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<b>2015</b>	<b>2014</b>
N\$'000	N\$'000

**8. Trade and other receivables**

Trade receivables	63 917	60 791
Deposits	5 604	5 604
Other receivables	714	691
Provision for bad debts	(47 381)	(31 698)
	<b>22 854</b>	<b>35 388</b>

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 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 receivable are debtors with carrying amounts of (N\$ 11 113) (2014: N\$ 6 234) 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 (2014: +60/+90 days).

**Ageing of past due but not impaired**

90 days	(25 163)	765
60 days	14 050	5 469
	<b>(11 113)</b>	<b>6 234</b>

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<b>2015</b>	<b>2014</b>
<u>N\$'000</u>	<u>N\$'000</u>

**8. Trade and other receivables (continued)**

**Movement in the allowance for doubtful debts**

Balance at the beginning of the year	31 698	30 909
Movement in bad debts during the year	15 683	789
	<b>47 381</b>	<b>31 698</b>

**Ageing of impaired trade receivables**

+120 days	47 381	31 698
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**9. Cash and cash equivalents**

Cash and cash equivalents consist of:

Bank balances	20 299	7 370
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**10. Provisions**

**Reconciliation of provisions - 2015**

	<b>Opening balance</b>	<b>Movements</b>	<b>Total</b>
	N\$'000	N\$'000	N\$'000
Unreported incurred claims	57 523	(3 086)	54 437

**Reconciliation of provisions - 2014**

	<b>Opening balance</b>	<b>Movements</b>	<b>Total</b>
	N\$'000	N\$'000	N\$'000
Unreported incurred claims	55 553	1 970	57 523
Reported claims	7 111	(7 111)	-
Legal	150	(150)	-
	<b>62 814</b>	<b>(5 291)</b>	<b>57 523</b>
Non-current liabilities		3 171	1 131
Current liabilities		51 266	56 392
		<b>54 437</b>	<b>57 523</b>

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
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	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>10. Provisions (continued)</b>		
<b>Fair value determination of the unreported incurred claims</b>		
Death	867	992
Maternity leave	20 729	20 394
Retirement benefits	3 262	3 152
Sick leave	4 567	6 585
Claim handling provision	22 069	23 300
Data integrity provision	2 943	3 100
	<b>54 437</b>	<b>57 523</b>

**10.1 Incurred But Not Reported (IBNR Claims)**

The unreported incurred claims represent the management estimate as at 28 February 2015 based on the 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

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
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**10. Provisions (continued)**

**10.1 Incurred But Not Reported (IBNR claims)**

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.

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
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### 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 2014 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

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
Trade payables	10 986	13 200
Contribution to Development Fund accrued	-	28 991
Accrued leave pay	7 907	7 788
Accrued bonus	1 563	1 519
Unclaimed monies	115	64
Unknown deposits	762	792
Accrued expenses	1 754	1 253
Other payables	401	352
	<b>23 488</b>	<b>53 959</b>

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	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>12. Revenue</b>		
Contribution revenue	410 723	360 315
Contribution interest	3 086	3 267
	<b>413 809</b>	<b>363 582</b>
<b>13. Claims</b>		
Maternity leave	145 910	126 983
Sick leave	17 301	15 316
Death benefit	6 395	7 728
Retirement benefit	16 617	18 035
	<b>186 223</b>	<b>168 062</b>
<b>14. Other income</b>		
Rental income	1 235	1 571
Miscellaneous income	1 009	817
	<b>2 244</b>	<b>2 388</b>
<b>15. Surplus before investment income</b>		
Surplus before investment income for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
□ Contractual amounts	2 561	2 580
Loss on sale of property, plant and equipment	(399)	-
Amortisation on intangible assets	724	772
Depreciation on property, plant and equipment	3 510	3 002
Employee costs	101 543	85 220
<b>16. Investment income</b>		
<b>Interest income</b>		
Financial institutions	178 787	116 218
Fixed deposits and call accounts	3 690	3 634
	<b>182 477</b>	<b>119 852</b>



**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
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	<u>2015</u>	<u>2014</u>
	N\$'000	N\$'000
<b>17. Fair value adjustments</b>		
Investment property (Fair value model)	(1 171)	-
<b>18. Auditors' remuneration</b>		
Fees	432	104
<b>19. Cash generated from operations</b>		
Surplus for the year	243 763	184 618
<b>Adjustments for:</b>		
Depreciation and amortisation	4 234	3 774
Loss on sale of assets	399	-
Interest received	(182 477)	(119 852)
Fair value adjustments	1 171	-
Movements in provisions	(3 086)	(5 291)
Other non-cash items	(97)	-
<b>Changes in working capital:</b>		
Trade and other receivables	12 534	(22 488)
Trade and other payables	(30 471)	25 489
	<u><b>45 970</b></u>	<u><b>66 250</b></u>

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
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**20. 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.

<b>2015</b>	<b>2014</b>
<u>N\$'000</u>	<u>N\$'000</u>

**21. Commitments**

**Authorised capital expenditure**

**Not yet contracted for but not authorised**

<input type="checkbox"/> Property, plant and equipment	279 877	250 369
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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.

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
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**22. Related parties**

**Relationships**

Controlling organisation

Related funds

Social Security Commission

Employees' Compensation Fund

Development Fund

Accident Pension Fund

National Pension Fund

National Medical Benefit Fund

Commissioners

Mr. J. !Gawaxab (Chairperson)

Dr. S. C. Herman (Deputy Chairperson since 21 May 2015)

Mr. M. Fabianus

Mr. M. Ikanga

Adv. D. L. Sauls

Mr. E. S. Maswahu

Ms. J. Jonas

Ms. T. V. P. Nauyoma

Ms. L. Tjiho

Ms. R. P. Iyambo

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000

**Related party balances**

**Loan accounts - Owing (to) by related parties**

Social Security Commission

(12 170)      (9 664)

Employees' Compensation Fund

(2 610)      (2 590)

Development Fund

(73)      (73)

Social Security Commission

17 065      15 810

Employees' Compensation Fund

69      211

**Amounts included in Trade Payable regarding related parties**

Development Fund

-      28 991

**Related party transactions**

**Transfer of funds to related party**

Development Fund

-      28 991

**23. Commissioners' emoluments**

Emoluments of N\$ 797 (2014: N\$1 053) were paid to the commissioners during the year.

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## **24. Risk management**

### **Financial risk management**

The primary objective in the investment of Commission's funds 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.

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<b>At 28 February 2015</b>	<b>Loans and other receivables</b>	<b>Held at fair value through profit or loss</b>	<b>Held to maturity</b>	<b>Financial liabilities at amortised cost</b>
	N\$'000	N\$'000	N\$'000	N\$'000
Trade and other receivables	22 854	-	-	-
Investments	-	1 430 303	398 267	-
Cash and cash equivalents	20 299	-	-	-
Loans to other funds	2 282	-	-	-
Trade and other payables	-	-	-	23 487
Provisions	-	54 437	-	-

<b>At 28 February 2014</b>	<b>Loans and other receivables</b>	<b>Held at fair value through profit or loss</b>	<b>Held to maturity</b>	<b>Financial liabilities at amortised cost</b>
	N\$'000	N\$'000	N\$'000	N\$'000
Trade and other receivables	35 387	-	-	-
Investments	-	1 343 021	277 932	-
Cash and cash equivalents	7 370	-	-	-
Loans to other funds	3 694	-	-	-
Trade and other payables	-	-	-	(53 958)
Provisions	-	(57 523)	-	-

### **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:

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>Effect on surplus for the year</b>		
Increase/ (decrease) of 1% in interest rates	11 952	10 866

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
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**Cash flow interest rate risk**

**2015**

	<b>Current</b>	<b>Due in less</b>
	<b>interest rate</b>	<b>than a year</b>
	<b>%</b>	<b>N\$'000</b>
Trade and other receivables - normal credit terms	20.00%	22 884
Funds held at fair value through profit or loss	9.49%	1 430 303
Cash and cash equivalents	5.00%	20 299
Funds held to maturity	5.50%	398 267
Trade and other payables	-%	23 487
Loans to other funds	-%	2 282
Provisions	-%	3 171

**2014**

	<b>Current</b>	<b>Due in less</b>
	<b>interest rate</b>	<b>than a year</b>
	<b>%</b>	<b>N\$'000</b>
Trade and other receivables	20.00%	35 387
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	-%	53 958
Loans to other funds	-%	3 694
Provisions	-%	1 131

**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.

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
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**Credit risk management**

**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:

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>Financial assets</b>		
Fair value through profit or loss	1 430 303	1 343 021
Held to maturity	398 267	277 932
Trade and other receivables	23 487	35 387
Loans to other funds	2 282	3 694
Cash and cash equivalents	20 299	7 370
	<b>1 874 638</b>	<b>1 667 404</b>
<b>Financial liabilities</b>		
Trade and other payables	23 487	53 958
Provisions	54 437	57 523
	<b>77 924</b>	<b>111 481</b>

**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
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**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 35% (2014: 33%) for domestic equities on the funds held by asset managers.

Equity price sensitivity analysis at 28 February 2015, the fund's listed equities were recorded at their fair value of N\$ 633.1 million (2014: N\$ 534.3 million). A hypothetical 10% decline or increase in each individual share price would decrease/increase the surplus for the year by N\$ 63.3 million (2014: N\$ 53.4 million).



**MATERNITY LEAVE, SICK LEAVE AND DEATH BENEFIT FUND**  
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**Detail Statement of Comprehensive Income**

	<b>Note(s)</b>	<b>2015</b> N\$ '000	<b>2014</b> N\$ '000
<b>Revenue</b>			
Contributions		410 723	360 315
Contributions interest		3 086	3 267
	<b>12</b>	<b>413 809</b>	<b>363 582</b>
<b>Direct expenses</b>			
Claims		(186 223)	(168 062)
<b>Gross profit</b>		<b>227 586</b>	<b>195 520</b>
<b>Other income</b>			
Rental income		1 235	1 571
Other income		1 009	817
Interest received	<b>16</b>	182 477	119 852
		<b>184 721</b>	<b>122 240</b>
<b>Expenses (Refer to page 39)</b>		<b>(167 373)</b>	<b>(133 142)</b>
<b>Operating profit</b>	<b>15</b>	<b>244 934</b>	<b>184 618</b>
Fair value adjustments	<b>17</b>	(1 171)	-
<b>Profit for the year</b>		<b>243 763</b>	<b>184 618</b>

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<b>Operating expenses</b>		<b>2015</b>	<b>2014</b>
		N\$'000	N\$'000
Advertising		(2 427)	(2 114)
Amortization		(487)	(487)
Auditors remuneration	18	(432)	(104)
Bad debts		(15 683)	(789)
Bank charges		(256)	(300)
Cleaning		(567)	(575)
Compliance awareness		(1 668)	-
Computer expenses		(42)	(76)
Corporate functions		(973)	(1 173)
Depreciation, amortisation and impairments		(4 234)	(3 774)
Donations		(1 157)	(348)
Employee costs		(101 543)	(85 220)
Entertainment		(184)	(191)
General expenses		321	(193)
IT expenses		(41)	(14)
Insurance		(548)	(461)
International conferences		(874)	(880)
Lease rentals on operating lease		(2 561)	(2 580)
Legal expenses		(3 740)	(3 845)
Levies		(824)	-
Loss on disposal of assets		(399)	-
Medical expenses		(3)	-
Motor vehicle expenses		(280)	(209)
Penalties and interests		-	83
Petrol and oil		(692)	(579)
Postage		(819)	(922)
Printing and stationery		(1 996)	(1 699)
Protective clothing		(2)	(12)
Recruitment expenses		(92)	(195)
Repairs and maintenance		(1 142)	(2 515)
Research and development		(379)	(820)
Royalties and license fees		(1 429)	(1 121)
Security		(2 036)	(1 636)
Seminars		(304)	(409)
Staff welfare		(199)	-
Subscriptions		(473)	(338)
Sundry expenses		(55)	(47)
Telephone and fax		(2 215)	(2 275)
Training		(1 577)	(1 678)
Travel - local		(1 830)	(2 433)
Utilities		(3 162)	(3 154)
		<b>(167 373)</b>	<b>(133 142)</b>

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**General Information**

<b>Country of incorporation and domicile</b>	Namibia
<b>Nature of business and principal activities</b>	<p>Under the Employees' Compensation Act 5 of 1995, the SSC's principal purpose is to administer the Fund established by the aforementioned statute, namely the Employees' Compensation Fund (ECF).</p> <p>In administering the Fund, the SSC's principal operations include: (a) registering employers; (b) collecting and investing income; (c) assessing and paying claims and (d) providing benefits.</p>
<b>Registered office</b>	<p>Cnr. A. Kloppers &amp; Haupt Streets Khomasdal Windhoek Namibia</p>
<b>Business address</b>	<p>Cnr. A. Kloppers &amp; Haupt Streets Khomasdal Windhoek Namibia</p>
<b>Postal address</b>	<p>Private Bag 13223 Windhoek Namibia</p>
<b>Bankers</b>	Bank Windhoek
<b>Auditors</b>	Office of the Auditor-General
<b>Secretary</b>	Emma Kantema-Gaomas
<b>Commissioners</b>	<p>Mr. J. !Gawaxab ( Chairperson) Dr. S. C. Herman (Deputy Chairperson since 21 May 2015) Mr. M. Fabianus Mr. M. Ikanga Adv. D. L. Sauls Mr. E. S. Maswahu Ms. J. Jonas Ms. T. V. P. Nauyoma Ms. L. Tjiho Ms. R. P. Iyambo</p>

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Commissioners' Responsibilities and Approval**

The commissioners are required in terms of the Social Security 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 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 29 February 2016 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 1 to 3.

The annual financial statements set out on pages 79 to 107, which have been prepared on the going concern basis, were approved by the board on 20 August 2015 and were signed on its behalf by:

.....  
Commissioner

.....  
Commissioner

Windhoek, 20 August 2015

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Commissioner's Report**

The commissioners submit their report for the year ended 28 February 2015.

**1. Review of activities**

**Main business and operations**

Under the Employees' Compensation Act 5 of 1995, the SSC's principal purpose is to administer the Fund established by the aforementioned statute, namely the Employees' Compensation Fund (ECF).

In administering the Fund, the SSC's principal operations include: (a) registering employers; (b) collecting and investing income; (c) assessing and paying claims and (d) providing benefits.

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\$ 106 352 (2014: N\$ 87 701).

**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\$ 1 767 (2014: N\$ 9 536) during the year under review, and disposals with a carrying amount of N\$ nil (2014: N\$ nil) were made.

There were additions to intangibles amounting to N\$ 77 (2014: N\$ 44) during the year under review.

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Commissioner's Report (continued)**

**5. Commissioners**

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

<b>Name</b>	<b>Changes</b>
Bishop Dr. Z. Kameeta (Chairperson)	Resigned 22 April 2015
Mr. M. Hill	Resigned 31 December 2014
Ms. H.N. Nandago	Resigned 31 December 2014
Mr. J. !Gawaxab (Chairperson)	Appointed 17 June 2015
Mr. M. Fabianus	Appointed 1 January 2015
Mr. M. Ikanga	Appointed 1 January 2015
Dr. S. C. Herman (Deputy Chairperson since 21 May 2015)	
Adv. D. L. Sauls	
Mr. E. S. Maswahu	
Ms. J. Jonas	
Ms. T. V. P. Nauyoma	
Ms. L. Tjiho	
Ms. R. P. Iyambo	

**6. Secretary**

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

<b>Business address</b>	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
<b>Postal address</b>	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.

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**Statement of Financial Position**

	<b>Note(s)</b>	<b>2015</b> N\$ '000	<b>2014</b> N\$ '000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investment property	3	4 790	5 961
Property, plant and equipment	4	46 229	45 218
Intangible assets	5	671	737
		<b>51 690</b>	<b>51 916</b>
<b>Current Assets</b>			
Loans to related funds	6	7 334	11 521
Investments	7	710 772	584 955
Trade and other receivables	8	10 145	17 273
Cash and cash equivalents	9	3 545	4 698
		<b>731 796</b>	<b>618 447</b>
<b>Total Assets</b>		<b>783 486</b>	<b>670 363</b>
<b>Funds and Liabilities</b>			
<b>Funds</b>			
Accumulated funds		644 126	537 774
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Provisions	10	91 502	81 212
<b>Current Liabilities</b>			
Loans from group companies	6	5 901	12 741
Trade and other payables	11	5 844	5 937
Provisions	10	36 113	32 699
		<b>47 858</b>	<b>51 377</b>
<b>Total Liabilities</b>		<b>139 360</b>	<b>132 589</b>
<b>Total Funds and Liabilities</b>		<b>783 486</b>	<b>670 363</b>

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Statement of Comprehensive Income**

	<b>Note(s)</b>	<b>2015</b> N\$ '000	<b>2014</b> N\$ '000
Revenue	12	122 724	98 113
Claims	13	(42 644)	(20 132)
<b>Gross surplus</b>		<b>80 080</b>	<b>77 981</b>
Other income	14	1 275	1 182
Operating expenses		(38 210)	(29 509)
<b>Surplus before investment income</b>	15	<b>43 145</b>	<b>49 654</b>
Investment income	16	64 378	38 047
Fair value adjustments	17	(1 171)	-
<b>Surplus for the year</b>		<b>106 352</b>	<b>87 701</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>106 352</b>	<b>87 701</b>



**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Statement of Changes in Funds**

	<b>Accumulated Total funds</b>	
	<b>funds</b>	
	N\$ '000	N\$ '000
<b>Balance at 01 March 2013</b>	<b>450 073</b>	<b>450 073</b>
Changes in funds		
Total comprehensive income for the year	87 701	87 701
	<hr/>	<hr/>
Total changes	87 701	87 701
	<hr/>	<hr/>
<b>Balance at 01 March 2014</b>	<b>537 774</b>	<b>537 774</b>
Changes in funds		
Total comprehensive income for the year	106 352	106 352
	<hr/>	<hr/>
Total changes	106 352	106 352
	<hr/>	<hr/>
<b>Balance at 28 February 2015</b>	<b>644 126</b>	<b>644 126</b>
	<hr/>	<hr/>

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Statement of Cash Flows**

	<b>Note(s)</b>	<b>2015</b>	<b>2014</b>
		N\$ '000	N\$ '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	64 783	50 179
Interest income		64 378	38 047
<b>Net cash from operating activities</b>		<b>129 161</b>	<b>88 226</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(1 767)	(9 536)
Purchase of other intangible assets	5	(77)	(44)
Proceeds from / (repayment of ) loans to related funds		(2 653)	3 311
Purchases of financial assets		(125 817)	(87 619)
Other non-cash items		-	13
<b>Net cash from investing activities</b>		<b>(130 314)</b>	<b>(93 875)</b>
<b>Total cash movement for the year</b>		<b>(1 153)</b>	<b>(5 649)</b>
Cash at the beginning of the year		4 698	10 347
<b>Total cash at end of the year</b>	9	<b>3 545</b>	<b>4 698</b>

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**3. Investment property**

	<b>2015</b>			<b>2014</b>		
	<b>Cost /</b>	<b>Accumulated</b>	<b>Carrying</b>	<b>Cost /</b>	<b>Accumulated</b>	<b>Carrying</b>
	<b>Valuation</b>	<b>depreciation</b>	<b>value</b>	<b>Valuation</b>	<b>depreciation</b>	<b>value</b>
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Investment property	4 790	-	4 790	5 961	-	5 961

**Reconciliation of investment property - 2015**

	<b>Opening balance</b>	<b>Fair value adjustments</b>	<b>Total</b>
	N\$'000	N\$'000	N\$'000
Investment property	5 961	(1 171)	4 790

**Reconciliation of investment property - 2014**

	<b>Opening balance</b>	<b>Total</b>
	N\$'000	N\$'000
Investment property	5 961	5 961

**Land and buildings comprise of:**

Erf 1,983 Keetmanshoop (2 624 square metres with office building thereon)

Erf 1,610 Keetmanshoop (1 184 square metres without improvements).

**4. Property, plant and equipment**

	<b>2015</b>			<b>2014</b>		
	<b>Cost /</b>	<b>Accumulated</b>	<b>Carrying</b>	<b>Cost /</b>	<b>Accumulated</b>	<b>Carrying</b>
	<b>Valuation</b>	<b>depreciation</b>	<b>value</b>	<b>Valuation</b>	<b>depreciation</b>	<b>value</b>
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Land	12 756	-	12 756	12 367	-	12 367
Buildings	30 218	(3 404)	26 814	29 566	(3 232)	26 334
Furniture and fixtures	2 146	(1 197)	949	2 079	(1 145)	934
Motor vehicles	3 319	(1 251)	2 068	2 870	(1 100)	1 770
Office equipment	2 486	(1 275)	1 211	2 445	(1 222)	1 223
Computer equipment	5 483	(3 155)	2 328	5 312	(2 921)	2 391
Leasehold improvements	296	(193)	103	199	-	199
<b>Total</b>	<b>56 704</b>	<b>(10 475)</b>	<b>46 229</b>	<b>54 831</b>	<b>(9 620)</b>	<b>45 218</b>

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**4. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2015**

	<b>Opening balance</b>	<b>Additions</b>	<b>Depreciation</b>	<b>Total</b>
	N\$'000	N\$'000	N\$'000	N\$'000
Land	12 367	389	-	12 756
Buildings	26 334	645	(165)	26 814
Furniture and fixtures	934	68	(53)	949
Motor vehicles	1 770	450	(152)	2 068
Office equipment	1 223	42	(54)	1 211
Computer equipment	2 391	172	(235)	2 328
Leasehold improvements	199	1	(97)	103
	<b>45 218</b>	<b>1 767</b>	<b>(756)</b>	<b>46 229</b>

**Reconciliation of property, plant and equipment - 2014**

	<b>Opening balance</b>	<b>Additions</b>	<b>Transfers</b>	<b>Other changes, movements</b>	<b>Depreciation</b>	<b>Total</b>
	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
	<b>36 386</b>	<b>9 536</b>	<b>(13)</b>	<b>(96)</b>	<b>(595)</b>	<b>45 218</b>

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**4. Property, plant and equipment (continued)**

**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 1 610 Keetmanshoop (1 185 square metres without improvements)

Erf 1 959 Otjiwarongo (1 081 square metres) and

Erf 1 965 Otjiwarongo (1 310 square metres).

Erf 2 269 Windhoek Khomasdal (10 092 metres

Erf 8 769 Windhoek Freedom Square (4 750 square metres)

Erf 644 Luderitz (1 074 square metres)

**5. Intangible assets**

	<b>2015</b>			<b>2014</b>		
	<b>Cost / Valuation</b>	<b>Accumulated amortisation</b>	<b>Carrying value</b>	<b>Cost / Valuation</b>	<b>Accumulated amortisation</b>	<b>Carrying value</b>
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Software license	1 236	(565)	671	1 159	(422)	737

**Reconciliation of intangible assets - 2015**

	<b>Opening balance</b>	<b>Additions</b>	<b>Amortisation</b>	<b>Total</b>
	N\$'000	N\$'000	N\$'000	N\$'000
Software license	737	77	(143)	671

**Reconciliation of intangible assets - 2014**

	<b>Opening balance</b>	<b>Additions</b>	<b>Amortisation</b>	<b>Total</b>
	N\$'000	N\$'000	N\$'000	N\$'000
Software license	845	44	(152)	737

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**6. Loans to (from) related funds**

	<b>2015</b>	<b>2014</b>
	N\$ '000	N\$ '000
Maternity Leave, Sick Leave and Death Benefit Fund	2 610	2 590
Development Fund	485	485
Social Security Commission	4 239	3 991
Accident Pension Fund (APF)	-	4 455
Social Security Commission	(5 832)	(3 598)
Maternity Leave, Sick Leave and Death Benefit Fund	(69)	(211)
Accident Pension Fund	-	(8 932)
	<b>1 433</b>	<b>(1 220)</b>

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

Current assets	7 334	11 521
Current liabilities	(5 901)	(12 741)

**7. Investments**

**At fair value through profit or loss - designated**

Funds invested with investments managers	384 843	411 338
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Funds held with investment managers are fair valued by investment managers at year end.

**Held to maturity**

Fixed term deposits	325 929	173 617
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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 5.5% to 8.36% per annum. The carrying amounts approximate the fair value.

<b>Total other financial assets</b>	<b>710 772</b>	<b>584 955</b>
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**Current assets**

At fair value through profit or loss	384 843	411 338
Held to maturity	325 929	173 617

<b>710 772</b>	<b>584 955</b>
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**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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<b>2015</b>	<b>2014</b>
N\$'000	N\$'000

**7. Investments (continued)**

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	384 843	411 338
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**8. Trade and other receivables**

Trade receivables	44 065	36 624
Debtors with credit balances	(15)	(15)
Provision for bad debts	(34 987)	(24 835)
Other receivables	1 082	5 499
	<b>10 145</b>	<b>17 273</b>

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**8. Trade and other receivables (continued)**

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\$ 7 376 (2014: N\$ 8 726) 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 (2014: +120 days).

	2015	2014
	N\$'000	N\$'000
<b>Ageing of past due but not impaired</b>		
60 days	195	1 614
90 days	194	915
Over 120 days	6 987	6 197
	<b>7 376</b>	<b>8 726</b>
<b>Movement in the allowance for doubtful debts</b>		
Balance beginning of the year	24 835	19 636
Movement in bad debt during the year	10 152	5 199
	<b>34 987</b>	<b>24 835</b>
<b>Ageing of impaired trade receivables</b>		
Over 120 days	34 987	24 835

**9. Cash and cash equivalents**

Cash and cash equivalents consist of:

Bank balances	3 545	4 698
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**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 5.5% and 8.36% per annum. The carrying amount approximates the fair value.



**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**10. Provisions**

**Reconciliation of provisions - 2015**

	<b>Opening balance</b>	<b>Movement</b>	<b>Total</b>
	N\$'000	N\$'000	N\$'000
Incurred but not reported compensation claims (IBNR)	104 196	10 923	115 119
Merit rebates	9 715	2 781	12 496
	<b>113 911</b>	<b>13 704</b>	<b>127 615</b>

**Reconciliation of provisions - 2014**

	<b>Opening balance</b>	<b>Movement</b>	<b>Total</b>
	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)	-
	<b>110 823</b>	<b>3 088</b>	<b>113 911</b>
Non-current liabilities		91 502	81 212
Current liabilities		36 113	32 699
		<b>127 615</b>	<b>113 911</b>

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>Fair value determination of the IBNR compensation claims</b>		
Medical claims	7 716	6 970
Permanent disability	2 429	2 091
Temporary disability	2 921	2 493
Burial and transport expenses	193	239
Pension liability	81 971	74 714
Claims handling provision	18 563	16 510
Data integrity provision	1 326	1 179
	<b>115 119</b>	<b>104 196</b>

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**10.1 IBNR**

The incurred but not reported claims represent the management estimate as at 28 February 2015 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:

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**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 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.

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>11. Trade and other payables</b>		
Trade payables	2 091	2 646
Accrued leave pay	1 562	1 539
Accrued bonus	309	300
Unclaimed money	938	714
Unknown deposits	469	356
Accruals	475	382
	<b>5 844</b>	<b>5 937</b>
<b>12. Revenue</b>		
Assessment income	106 125	90 701
Assessment interest	3 116	2 901
Pension capitalised - Accident Pension Fund	9 858	1 115
Assessment penalties	1 858	1 955
Administrative fee income - Accident Pension Fund	1 767	1 441
	<b>122 724</b>	<b>98 113</b>
<b>13. Claims</b>		
Compensation payments	5 698	1 719
Medical expenses	11 233	4 945
Merit rebates	2 781	2 605
Capital pension paid - APF	9 858	1 115
Pension paid - APF	13 074	9 748
	<b>42 644</b>	<b>20 132</b>

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>14. Other income</b>		
Rental income	244	310
Other income	1 031	872
	<b>1 275</b>	<b>1 182</b>
<b>15. Surplus before investment income</b>		
Surplus before investment income for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
□ Contractual amounts	506	510
Amortisation on intangible assets	239	152
Depreciation on property, plant and equipment	660	595
Amortisation on lease improvements	-	96
Employee costs	20 065	16 944
<b>16. Investment income</b>		
<b>Interest income</b>		
Funds under investment managers	58 276	34 279
Fixed deposits	6 102	3 768
	<b>64 378</b>	<b>38 047</b>
<b>17. Fair value adjustments</b>		
Investment property (Fair value model)	(1 171)	-

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>18. Cash generated from operations</b>		
Surplus for the year	106 352	87 701
<b>Adjustments for:</b>		
Depreciation and amortisation	899	843
Interest received	(64 378)	(38 047)
Fair value adjustments	1 171	-
Movements in provisions	13 704	3 088
<b>Changes in working capital:</b>		
Trade and other receivables	7 128	(3 276)
Trade and other payables	(93)	(130)
	<b>64 783</b>	<b>50 179</b>

**19. Commitments**

**Authorised capital expenditure**

**Already contracted for but not provided for**

<input type="checkbox"/> Property, plant and equipment	54 317	49 474
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This committed expenditure relates to property and will be financed by retained profits, existing cash resources and funds internally generated.

**20. Auditors' remuneration**

Fees	85	104
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**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**21. 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	Mr. J. !Gawaxab (Chairperson) Dr. S.C. Herman (Deputy Chairperson since 21 May 2015) Mr. M. Fabianus Mr. M. Ikanga Adv. D.L. Sauls Mr. E.S. Maswahu Ms. J. Jonas Ms. T.V.P. Nauyoma Ms. L. Tjiho Ms. R.P. Iyambo

**Related party balances**

**Loan accounts - Owing to related parties**

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
Social Security Commission	5 832	3 598
Maternity Leave, Sick Leave and Death Benefit Fund	69	211
Accident Pension Fund	-	8 932

**Loan accounts - Owing by related parties**

Social Security Commission	4 239	3 991
Maternity Leave, Sick Leave and Death Benefit Fund	2 610	2 590
Development Fund	485	485
Accident Pension Fund	-	4 455

**22. Commissioners' emoluments**

Emoluments of N\$ 797 (2014: N\$ 154) were paid to the commissioners during the year.

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**23. 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 funds 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.

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



**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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## **24. 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.

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**24. Risk management (continued)**

**At 28 February 2015**

	<b>Loans and other receivables</b>	<b>Held at fair value through profit or loss</b>	<b>Financial liabilities amortised at cost</b>	<b>Financial assets held to maturity</b>
	N\$'000	N\$'000	N\$'000	N\$'000
Investments	-	384 843	-	325 929
Trade and other receivables	10 145	-	-	-
Trade and other payables	-	-	(5 844)	-
Loans to related funds	1 433	-	-	-
Cash and cash equivalents	3 545	-	-	-
Provisions	-	(115 119)	(12 496)	-

**At 28 February 2014**

	<b>Loans and other receivables</b>	<b>Held at fair value through profit or loss</b>	<b>Financial liabilities amortised at cost</b>	<b>Financial assets held to maturity</b>
	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 to related funds	-	-	(1 220)	-
Cash and cash equivalents	4 698	-	-	-
Provisions	-	(104 196)	(9 715)	-

**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.

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**24. Risk management (continued)**

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:

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>Effect on surplus before tax</b>		
Increase / (decrease) of 1% in interest rates	5 428	4 435

**Cash flow interest rate risk**

**2015**

	<b>Current</b>	<b>Due in less</b>	<b>Due in one</b>
	<b>interest rate</b>	<b>than a year</b>	<b>to two years</b>
	%	N\$'000	N\$'000
Trade and other receivables	10.00%	10 145	-
Funds held through profit or loss	8.36%	384 843	-
Funds held to maturity	5.50%	325 929	-
Loans to other funds	-%	1 433	-
Cash in current banking institutions	5.00%	3 545	-
Provisions	-%	(36 113)	(91 502)
Trade and other payables - extended credit terms	-%	(5 844)	-

**2014**

	<b>Current</b>	<b>Due in less</b>	<b>Due in one</b>
	<b>interest rate</b>	<b>than a year</b>	<b>to two years</b>
	%	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)	-

**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.

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**24. Risk management (continued)**

**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.

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>Financial assets</b>		
Funds held through profit or loss	384 843	411 338
Funds held to maturity	325 929	173 617
Loans to related funds	1 433	-
Trade and other receivables	10 145	17 273
Cash and cash equivalents	3 545	4 698
	<b>725 895</b>	<b>606 926</b>
<b>Financial liabilities</b>		
Provisions	127 615	113 911
Trade and other payables	5 844	5 769
Loans from related funds	-	1 220
	<b>133 459</b>	<b>120 900</b>

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**24. Risk management (continued)**

**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% (2014: 24%) for domestic equities on the funds held by asset managers.

**Equity price sensitivity analyses**

As at 28 February 2015, the fund's listed equities were recorded at their fair value of N\$ 167.5 million (2014: N\$ 127.9 million). A hypothetical 10% decline or increase in each individual share price would decrease/increase the surplus for the year by N\$ 16.7 million (2014:N\$ 12.8 million)

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**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Detailed Statement of Comprehensive Income**

		<b>2015</b>	<b>2014</b>
	<b>Note(s)</b>	N\$ '000	N\$ '000
<b>Revenue</b>			
Assessment interest		106 125	90 701
Assessment income		3 116	2 901
Pension capitalised - Accident Pension Fund		9 858	1 115
Assessment penalties		1 858	1 955
Administrative fee income - Accident Pension Fund		1 767	1 441
	<b>12</b>	<b>122 724</b>	<b>98 113</b>
<b>Direct expenses</b>			
Claims		(42 644)	(20 132)
<b>Gross surplus</b>		<b>80 080</b>	<b>77 981</b>
<b>Other income</b>			
Rental income		244	310
Other income		1 031	872
Interest received	16	64 378	38 047
		<b>65 653</b>	<b>39 229</b>
<b>Expenses (Refer to page 42)</b>		<b>(38 210)</b>	<b>(29 509)</b>
<b>Operating profit</b>	15	<b>107 523</b>	<b>87 701</b>
Fair value adjustments	17	(1 171)	-
<b>Surplus for the year</b>		<b>106 352</b>	<b>87 701</b>

**EMPLOYEES' COMPENSATION FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>Operating expenses</b>		
Advertising	(480)	(418)
Auditors remuneration	(85)	3
Bad debts	(10 153)	(5 199)
Bank charges	(180)	(173)
Cleaning	(112)	(114)
Computer expenses	(8)	(15)
Corporate function	(192)	(232)
Depreciation, amortisation and impairments	(899)	(843)
Donations	(229)	(69)
Employee costs	(20 065)	(16 944)
Entertainment	(37)	(38)
Compliance awareness	(330)	-
IT expenses	(8)	(3)
Insurance	(108)	(91)
International conference	(173)	(174)
Lease rentals on operating lease	(506)	(510)
Legal expenses	(739)	(709)
Medical expenses	(1)	-
Motor vehicle expenses	(57)	(41)
Penalties and interest	-	16
Petrol and oil	(137)	(114)
Plants	(46)	(38)
Postage	(162)	(182)
Printing and stationery	(396)	(336)
Protective clothing	-	(2)
Recruitment expenses	(18)	(38)
Repairs and maintenance	(228)	(497)
Research costs	(75)	(162)
Royalties and license fees	(282)	(222)
Security	(402)	(323)
Seminars	(61)	(81)
Subscriptions	(94)	(65)
Sundry expenses	(9)	(9)
Telephone and fax	(437)	(450)
Training	(514)	(332)
Travel - local	(362)	(481)
Utilities	(625)	(623)
	<b>(38 210)</b>	<b>(29 509)</b>

**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**General Information**

<b>Country of incorporation and domicile</b>	Namibia
<b>Nature of business and principal activities</b>	<p>Under the Social Security Act 34 of 1994, the SSC's principal purpose is to administer the Fund namely the Development Fund (DF).</p> <p>In administering the Fund, the SSC's principal operations include providing training and employment schemes; and providing financial aid to students.</p>
<b>Commissioners</b>	<p>Mr. J. !Gawaxab (Chairperson) Dr. S. C. Herman (Deputy Chairperson since 21 May 2015) Mr. M. Fabianus Mr. M. Ikanga Adv. D. L. Sauls Mr. E. S. Maswahu Ms. J. Jonas Ms. T. V. P. Naujoma Ms. L. Tjiho Ms. R.P. Iyambo</p>
<b>Registered office</b>	<p>Cnr. A. Kloppers &amp; Haupt Streets Khomasdal Windhoek Namibia</p>
<b>Business address</b>	<p>Cnr. A. Kloppers &amp; Haupt Streets Khomasdal Windhoek Namibia</p>
<b>Postal address</b>	<p>Private Bag 13223 Windhoek Namibia</p>
<b>Bankers</b>	Bank Windhoek
<b>Auditors</b>	Office of the Auditor-General
<b>Secretary</b>	Emma Kantema Gaomas



**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Commissioners' Responsibilities and Approval**

The commissioners are required in terms of the Social Security Act 34 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 29 February 2016 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 1 to 3.

The annual financial statements set out on pages 108 to 127, which have been prepared on the going concern basis, were approved by the board on 20 August 2015 and were signed on its behalf by:

.....  
**Commissioner**  
**Windhoek**

.....  
**Commissioner**

**20 August 2014**

**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Commissioner's Report**

The commissioners submit their report for the year ended 28 February 2015.

**1. Review of activities**

**Main business and operations**

Under the Social Security Act 34 of 1994, the SSC's principal purpose is to administer the Fund namely the Development Fund (DF).

In administering the Fund, the SSC's principal operations include providing training and employment schemes; and providing financial aid to students.

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\$ 6 202 (2014: N\$ 21 043 surplus).

**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\$ 156 (2014: N\$ 222) 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:

<b>Name</b>	<b>Changes</b>
Bishop Dr. Z. Kameeta	Resigned 22 April 2015
Mr. M. Hill	Resigned 31 December 2014
Ms. H.N. Nandago	Resigned 31 December 2014
Mr. J. !Gawaxab (Chairperson)	Appointed 17 June 2015
Mr. M. Fabianus	Appointed 1 January 2015
Mr. M. Ikanga	Appointed 1 January 2015
Dr. S. C. Herman (Deputy Chairperson since 21 May 2015)	
Adv. D. L. Sauls	
Mr. E. S. Maswahu	
Ms. J. Jonas	
Ms. T. V. P. Naujoma	
Ms. L. Tjiho	
Ms. R. P. Iyambo	

**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Commissioner's report (continued)**

**6. Secretary**

The secretary of the company 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.

**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**Statement of Financial Position**

	<b>Notes</b>	<b>2015</b> N\$ '000	<b>2014</b> N\$ '000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	384	267
<b>Current Assets</b>			
Loans to related funds	4	73	73
Investments	5	193 487	155 366
Trade and other receivables	6	71	29 014
Cash and cash equivalents	7	-	155
		<b>193 631</b>	<b>184 608</b>
<b>Total Assets</b>		<b>194 015</b>	<b>184 875</b>
<b>Funds and Liabilities</b>			
<b>Funds</b>			
Accumulated funds		176 491	170 289
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Loans from related funds	4	4 533	1 288
Trade and other payables	9	9 772	10 098
Provisions	8	3 200	3 200
Bank overdraft	7	19	-
		<b>17 524</b>	<b>14 586</b>
<b>Total Funds and Liabilities</b>		<b>194 015</b>	<b>184 875</b>

**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Statement of Surplus or Deficit and Other Comprehensive Income**

		<b>2015</b>	<b>2014</b>
	<b>Notes</b>	N\$ '000	N\$ '000
Revenue	10	15 000	34 253
Benefits	11	(16 142)	(20 789)
<b>Gross surplus/(deficit)</b>		<b>(1 142)</b>	<b>13 464</b>
Other income	12	13	229
Operating expenses		(8 551)	(4 903)
<b>Surplus before investment income</b>	<b>13</b>	<b>(9 680)</b>	<b>8 790</b>
Investment income	14	15 882	12 253
<b>Surplus for the year</b>		<b>6 202</b>	<b>21 043</b>

**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Statement of Changes in Funds**

	<b>Accumulated funds</b>	<b>Total funds</b>
	N\$'000	N\$'000
<b>Balance at 01 March 2013</b>	<b>149 246</b>	<b>149 246</b>
Changes in surplus		
Total comprehensive surplus for the year	21 043	21 043
	<hr/>	<hr/>
Total changes	21 043	21 043
	<hr/>	<hr/>
<b>Balance at 01 March 2014</b>	<b>170 289</b>	<b>170 289</b>
Changes in surplus		
Total comprehensive surplus for the year	6 202	6 202
	<hr/>	<hr/>
Total changes	6 202	6 202
	<hr/>	<hr/>
<b>Balance at 28 February 2015</b>	<b>176 491</b>	<b>176 491</b>
	<hr/>	<hr/>

**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Statement of Cash Flows**

		<b>2015</b>	<b>2014</b>
	<b>Notes</b>	N\$ '000	N\$ '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	15	18 976	(17 253)
Investment income		15 882	12 253
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>34 858</b>	<b>(5 000)</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(156)	(223)
Proceeds from loans from related funds		3 245	785
Acquisition of investments		(38 121)	4 615
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		<b>(35 032)</b>	<b>5 177</b>
		<hr/>	<hr/>
<b>Total cash movement for the year</b>		<b>(174)</b>	<b>177</b>
Cash at the beginning of the year		155	(22)
		<hr/>	<hr/>
<b>Total cash at end of the year</b>	7	<b>(19)</b>	<b>155</b>
		<hr/>	<hr/>

**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**3. Property, plant and equipment**

	<b>2015</b>			<b>2014</b>		
	<b>Cost / Valuation</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>	<b>Cost / Valuation</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Furniture and fixtures	284	(71)	213	198	(52)	146
Office equipment	129	(44)	85	57	(39)	18
IT equipment	107	(21)	86	109	(6)	103
<b>Total</b>	<b>520</b>	<b>(136)</b>	<b>384</b>	<b>364</b>	<b>(97)</b>	<b>267</b>

**Reconciliation of property, plant and equipment - 2015**

	<b>Opening balance</b>	<b>Additions</b>	<b>Transfers</b>	<b>Depreciation</b>	<b>Total</b>
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Furniture and fixtures	146	86	-	(19)	213
Office equipment	18	27	45	(5)	85
IT equipment	103	43	(45)	(15)	86
	<b>267</b>	<b>156</b>	<b>-</b>	<b>(39)</b>	<b>384</b>

**Reconciliation of property, plant and equipment - 2014**

	<b>Opening balance</b>	<b>Additions</b>	<b>Depreciation</b>	<b>Total</b>
	N\$'000	N\$'000	N\$'000	N\$'000
Furniture and fixtures	17	134	(5)	146
Office equipment	20	-	(2)	18
IT equipment	19	89	(5)	103
	<b>56</b>	<b>223</b>	<b>(12)</b>	<b>267</b>



**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>4. Loans to (from) related funds</b>		
<b>Related funds</b>		
Maternity Leave, Sick Leave and Death Benefit Fund	73	73
Social Security Commission	(4 533)	(1 288)
	<b>(4 460)</b>	<b>(1 215)</b>
The above loans are interest free, unsecured and have no fixed terms of repayment.		
Current assets	73	73
Current liabilities	(4 533)	(1 288)
	<b>(4 460)</b>	<b>(1 215)</b>
<b>5. Investments</b>		
<b>At fair value through profit or loss</b>		
Funds held with investment managers	-	93 928
Funds held with investment managers are fair valued by investment managers at year end.		
<b>Available-for-sale</b>		
Unlisted shares	-	19 265
	-	19 265
Available-for-sale (impairments)	1 606	(19 265)
	<b>1 606</b>	<b>-</b>
<b>Held to maturity</b>		
Fixed term investments	191 881	61 438
Fixed term deposits are held with the financial institutions.		
<b>Loans and receivables</b>		
Study loans	4 166	2 364
Loans are repayable on completion of studies. The loans earn interest at 50% of the prime lending rate upon the date of issue.		
Loans and receivables (impairments)	(4 166)	(2 364)
	-	-
<b>Total other financial assets</b>	<b>193 487</b>	<b>155 366</b>

**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>5. Investments (continued)</b>		
<b>Current assets</b>		
At fair value through profit or loss	-	93 928
Available-for-sale	1 606	-
Held to maturity	191 881	61 438
	<b>193 487</b>	<b>155 366</b>

**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 the 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 held to maturity investments**

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

**Level 1**

Fund held with investment managers	-	93 928
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**6. Trade and other receivables**

Trade receivables (study loans)	61	13
Rental deposits	10	10
Contributions receivable - MSD	-	28 991
	<b>71</b>	<b>29 014</b>

**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>7. Cash and cash equivalents</b>		
<b>Cash and cash equivalents consist of:</b>		
Bank balances	-	155
Bank overdraft	(19)	-
	<b>(19)</b>	<b>155</b>
 Current assets	 -	 155
Current liabilities	(19)	-
	<b>(19)</b>	<b>155</b>
 <b>8. Provisions</b>		
<b>Reconciliation of provisions - 2015</b>		
	<b>Opening balance</b>	<b>Total</b>
	N\$'000	N\$'000
Training scheme	3 200	3 200
 <b>Reconciliation of provisions - 2014</b>		
	<b>Opening balance</b>	<b>Total</b>
	N\$'000	N\$'000
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.

**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>9. Trade and other payables</b>		
Trade payables	9 286	9 801
Accrued leave pay	308	224
Accrued bonus	71	59
Unclaimed money	107	14
	<b>9 772</b>	<b>10 098</b>
<b>10. Revenue</b>		
Contributions from Maternity Leave, Sick Leave and Death Benefit Fund	-	28 991
Government grant	15 000	5 262
	<b>15 000</b>	<b>34 253</b>
<b>11. Benefits</b>		
<b>Development fund schemes</b>		
Study scheme	6 415	7 256
Training scheme	2 237	4 820
Employment scheme	7 490	8 713
	<b>16 142</b>	<b>20 789</b>
<b>12. Other income</b>		
Interest received - Bank	13	229
<b>13. Surplus before investment income</b>		
Surplus before investment income for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	39	11
Employee costs	3 329	2 623

**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>14. Investment income</b>		
<b>Interest income</b>		
Fixed term deposits	4 080	6 181
Funds held with professional assets managers	11 802	6 072
	<b>15 882</b>	<b>12 253</b>
<b>15. Cash used in operations</b>		
Surplus for the year	6 202	21 043
<b>Adjustments for:</b>		
Depreciation and amortisation	39	11
Investment income	(15 882)	(12 253)
<b>Changes in working capital:</b>		
Trade and other receivables	28 943	(29 014)
Trade and other payables	(326)	2 960
	<b>18 976</b>	<b>(17 253)</b>
<b>16. Auditors' remuneration</b>		
Fees	-	(19)

**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**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.

**19. Related parties**

**Relationships**

Administrator

Related funds

Social Security Commission

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

Mr. J. !Gawaxab (Chairperson)

Dr. S.C. Herman (Deputy Chairperson since 21 May 2015)

Mr. M. Fabianus

Mr. M. Ikanga

Adv. D.L. Sauls

Mr. E.S. Maswahu

Ms. J. Jonas

Ms. T.V.P. Nauyoma

Ms. L. Tjiho

Ms. R.P. Iyambo

**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**19. Related parties (continued)**

<b>Related party balances</b>	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>Loan accounts - Owing (to) by related funds</b>		
Social Security Commission	(4 048)	(803)
Maternity Leave, Sick Leave and Death Benefit Fund	(485)	(485)
Employees' Compensation Fund	73	73
	<hr/>	<hr/>
<b>Amounts included in Trade receivable regarding related funds</b>		
Maternity Leave, Sick Leave and Death Benefit Fund	-	28 991
	<hr/>	<hr/>
<b>Related party transactions</b>		
<b>Contributions received from related funds</b>		
Maternity Leave, Sick Leave and Death Benefit Fund	-	28 991
	<hr/>	<hr/>

**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.

**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**20. Risk management (continued)**

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 2015**

	<b>Financial liabilities at amortised cost</b>	<b>Held to maturity funds</b>
	N\$'000	N\$'000
Investments	-	193 487
Trade and other payables	(9 769)	-
Loans from related funds	(4 461)	-
Provisions	(3 200)	-
Cash and cash equivalents	(19)	-
Loans and other receivables	71	-

**At 28 February 2014**

	<b>Financial liabilities at amortised cost</b>	<b>Held to maturity funds</b>	<b>Fair value through profit and loss</b>
	N\$'000	N\$'000	N\$'000
Investments	-	61 438	93 928
Trade and other payables	(10 097)	-	-
Loans from related funds	(1 215)	-	-
Provisions	(3 200)	-	-
Cash and cash equivalents	155	-	-
Loans and other receivables	29 014	-	-

**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:

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>Effect on surplus for the year</b>		
Increase / (decrease) of 1 % in interest rates	1 637	614



**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**20. Risk management (continued)**

**Cash flow interest rate risk**

<b>2015</b>	<b>Current interest rate</b>	<b>Due in less than a year</b>
	%	N\$'000
Funds held to maturity	5.50%	193 487
Loans from related funds	-%	(4 461)
Trade and other payables	-%	(9 769)
Provisions	-%	(3 200)
Cash and cash equivalents	5.00%	(19)
Loans and other receivables	-%	71

<b>2014</b>	<b>Current interest rate</b>	<b>Due in less than a year</b>
	%	N\$'000
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	-%	(10 097)
Provisions	-%	(3 200)
Cash and cash equivalents	5.00%	155
Loans and other receivables	-%	29 014

**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.

## **DEVELOPMENT FUND**

### **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

#### **20. Risk management (continued)**

##### **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 0% (2014: 61%) for domestic equities on the funds held by asset managers.

##### **Equity price sensitivity analyses**

As at 28 February 2015, the fund's listed equities were recorded at their fair value of N\$ NIL (2014: N\$ 93.9 million). A hypothetical 10% decline or increase in each individual share price would decrease/increase the surplus for the year by N\$ NIL (2014: N\$ 9.39 million).

**DEVELOPMENT FUND**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

**Detailed Statement of Surplus or Deficit and Other Comprehensive Income**

	Note(s)	2015 N\$ '000	2014 N\$ '000
<b>Revenue</b>			
MSD Contributions		-	28 991
Government grants		15 000	5 262
	10	<b>15 000</b>	<b>34 253</b>
<b>Direct expenses</b>			
Development fund schemes		(16 142)	(20 789)
<b>Gross (deficit) surplus</b>		<b>(1 142)</b>	<b>13 464</b>
<b>Other income</b>			
Interest income - Current account (Bank)		13	229
Investment income	14	15 882	12 253
		<b>15 895</b>	<b>12 482</b>
<b>Operating expenses</b>			
Advertising		(558)	(286)
Auditors remuneration	16	-	19
Bad debts		(1 802)	(1 414)
Bank charges		(34)	(16)
Depreciation		(39)	(11)
Employee costs		(3 329)	(2 623)
Entertainment		(12)	(6)
Minor assets		(11)	(5)
Seminars		(64)	(52)
Legal expenses		(1 837)	(1)
Levies		(26)	-
Printing and stationery		(343)	(183)
Repairs and maintenance		(45)	(1)
Subscriptions		-	(17)
Telephone and fax		(30)	(1)
Training		(79)	(20)
Travel - local		(342)	(286)
		<b>(8 551)</b>	<b>(4 903)</b>
<b>Surplus for the year</b>		<b>6 202</b>	<b>21 043</b>

**SOCIAL SECURITY COMMISSION**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**General Information**

<b>Country of incorporation and domicile</b>	Namibia
<b>Nature of business and principal activities</b>	<p>Under the Social Security Act 34 of 1994, currently read with the Employees' Compensation Act 5 of 1995, the SSC's principal purpose is to administer the Funds established by the aforementioned statutes, a Maternity Leave, Sick Leave and Death Benefit Fund (MSD); an Employees' Compensation Fund (ECF); a Development Fund (DF); a National Medical Benefit Fund (NMBF) and a National Pension Fund (NPF). The NMBF and NPF have been established but are not operational.</p> <p>In administering the Funds, the SSC's principal operations include: (a) registering employers and employees; (b) collecting and investing contributions; (c) assessing and paying claims; (d) providing benefits and (e) providing training and employment schemes and providing financial aid to students.</p>
<b>Commissioners</b>	<p>Mr. J. !Gawaxab (Chairperson) Dr. S.C. Herman (Deputy Chairperson since 21 May 2015) Mr. M. Fabianus Mr. M. Ikanga Adv. D.L. Sauls Mr. E.S. Maswahu Ms. J. Jonas Ms. T.V.P. Nauyoma Ms. L. Tjiho Ms. R.P. Iyambo</p>
<b>Registered office</b>	<p>Cnr. A. Kloppers &amp; Haupt Streets Khomasdal Windhoek Namibia</p>
<b>Business address</b>	<p>Cnr. A. Kloppers &amp; Haupt Streets Khomasdal Windhoek Namibia</p>
<b>Postal address</b>	<p>Private Bag 13223 Windhoek Namibia</p>

**SOCIAL SECURITY COMMISSION**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**General Information (continued)**

<b>Bankers</b>	Bank Windhoek
<b>Auditors</b>	Office of the Auditor General
<b>Secretary</b>	Emma Kantema Gaomas

**SOCIAL SECURITY COMMISSION**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**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 29 February 2016 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 commission's external auditors and their report is presented on 1 to 3.

The annual financial statements set out on pages 128 to 146, which have been prepared on the going concern basis, were approved by the board on 20 August 2015 and were signed on its behalf by:

.....  
**Commissioner**

.....  
**Commissioner**

**Windhoek**

**20 August 2015**

**SOCIAL SECURITY COMMISSION**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**Commissioners' Report**

The commissioners submit their report for the year ended 28 February 2015.

**1. Incorporation**

The commission was incorporated through an Act of Parliament, the Social Security Act 34 of 1994.

**2. Review of activities**

**Main business and operations**

Under the Social Security Act 34 of 1994, currently read with the Employees' Compensation Act 5 of 1995, the SSC's principal purpose is to administer the Funds established by the aforementioned statutes,

- (a) a Maternity Leave, Sick Leave and Death Benefit Fund (MSD);
- (b) an Employees' Compensation Fund (ECF)
- (c) a Development Fund (DF);
- (d) a National Medical Benefit Fund (NMBF) and
- (e) a National Pension Fund (NPF).

The NMBF and NPF have been established but are not operational.

In administering the Funds, the SSC's principal operations include: (a) registering employers and employees; (b) collecting and investing contributions; (c) assessing and paying claims; (d) providing benefits and (e) providing training and employment schemes and providing financial aid to students.

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 surplus of the commission was N\$ 2 385 (2014: N\$ 2 819 Deficit).

**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 interest in contracts entered into by the commission during the year.

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**5. Commissioners**

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

<b>Name</b>	<b>Changes</b>
Bishop Dr. Z. Kameeta	Resigned 22 April 2015
Mr. M. Hill	Resigned 31 December 2014
Ms. H.N. Nandago	Resigned 31 December 2014
Mr. J. !Gawaxab (Chairperson)	Appointed 17 June 2015
Mr. M. Fabianus	Appointed 1 January 2015
Mr. M. Ikanga	Appointed 1 January 2015
Dr. S.C. Herman (Deputy Chairperson since 21 May 2015)	
Adv. D.L. Sauls	
Mr. E.S. Maswahu	
Ms. J. Jonas	
Ms. T.V.P. Nauyoma	
Ms. L. Tjiho	
Ms. R.P. Iyambo	

**6. Secretary**

The secretary of the commission is Emma Kantema Gaomas of:

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

**7. Auditors**

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



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**STATEMENT OF FINANCIAL POSITION**

		<u>2015</u>	<u>2014</u>
		N\$'000	N\$'000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Loans to related funds	3	1 907	-
<b>Current Assets</b>			
Loans to related funds	3	22 051	14 136
Other financial assets	4	19 771	17 779
Trade and other receivables	5	311	7 643
Cash and cash equivalents	6	7 268	2 910
		<b>49 401</b>	<b>42 468</b>
<b>Total Assets</b>		<b>51 308</b>	<b>42 468</b>
<b>Funds and Liabilities</b>			
<b>Funds</b>			
Accumulated funds		24 494	22 109
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Loans from related funds	3	21 304	19 801
Trade and other payables	7	5 510	558
		<b>26 814</b>	<b>20 359</b>
<b>Total Funds and Liabilities</b>		<b>51 308</b>	<b>42 468</b>

**SOCIAL SECURITY COMMISSION**  
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**STATEMENT OF COMPREHENSIVE INCOME**

		<u><b>2015</b></u>	<u><b>2014</b></u>
	<b>Note(s)</b>	N\$ '000	N\$ '000
Operating expenses		(231)	(4 887)
<b>Surplus / (Deficit) before investment income</b>		<b>141</b>	<b>(4 598)</b>
Investment income	9	2 244	1 778
<b>Surplus / (Deficit) for the year</b>		<b>2 385</b>	<b>(2 820)</b>
Other comprehensive income		-	-
<b>Total comprehensive income / (deficit)</b>		<u><b>2 385</b></u>	<u><b>(2 820)</b></u>

**SOCIAL SECURITY COMMISSION**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

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**STATEMENT OF CHANGES IN FUNDS**

	<b>Accumulated Total funds</b>	
	<b>funds</b>	
	N\$ '000	N\$ '000
<b>Balance at 01 March 2013</b>	<b>24 929</b>	<b>24 929</b>
Changes in funds		
Total comprehensive income for the year	(2 820)	(2 820)
Total changes	(2 820)	(2 820)
<b>Balance at 01 March 2014</b>	<b>22 109</b>	<b>22 109</b>
Changes in funds		
Total comprehensive income for the year	2 385	2 385
Total changes	2 385	2 385
<b>Balance at 28 February 2015</b>	<b>24 494</b>	<b>24 494</b>

**SOCIAL SECURITY COMMISSION**  
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**STATEMENT OF CASH FLOWS**

		<u><b>2015</b></u>	<u><b>2014</b></u>
	<b>Note(s)</b>	N\$ '000	N\$ '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	11	12 425	(11 527)
Interest income		2 244	1 778
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>14 669</b>	<b>(9 749)</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Proceeds / (repayment of loans) from related funds		(8 319)	11 241
Purchase of financial assets		(1 992)	(1 566)
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		<b>(10 311)</b>	<b>9 675</b>
		<hr/>	<hr/>
<b>Total cash movement for the year</b>		<b>4 358</b>	<b>(74)</b>
Cash at the beginning of the year		2 910	2 984
		<hr/>	<hr/>
<b>Total cash at end of the year</b>	6	<u><b>7 268</b></u>	<u><b>2 910</b></u>

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**3. Loans to / (from) related funds**

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>Related funds</b>		
Maternity Leave, Sick Leave and Death Benefit Fund	22 051	9 664
Maternity Leave, Sick Leave and Death Benefit Fund	(21 304)	(15 810)
Employees' Compensation Fund	-	(3 991)
Development Fund	-	803
Accident Pension Fund	-	71
Employees' Compensation Fund	-	3 598
National Medical Benefit Fund	2 778	1 985
National Pension Fund	3 805	2 691
	7 330	(989)
Impairment of loans to related funds	(4 676)	(4 676)
	<b>2 654</b>	<b>(5 665)</b>

The loans due from National Pension Fund and National Medical 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 bear no interest. The other related fund balances are unsecured interest free and have no fixed terms of repayment.

Non-current assets	1 907	-
Current assets	22 051	14 136
Current liabilities	(21 304)	(19 801)
	<b>2 654</b>	<b>(5 665)</b>

**Loans to related funds impaired**

As of 28 February 2015, loans to related funds of N\$ 4 676 (2014: N\$ 4 676) were impaired and provided for.

**4. Investments**

**At fair value through profit or loss - designated**

Funds held with investment managers	-	16 300
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Funds held with investment managers are fair valued by investment managers at year end.

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>4. Investments (continued)</b>		
<b>Held to maturity</b>		
Fixed term investments	19 771	1 479
Short term investments 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 5% and 5.5% per annum.		
<b>Total other financial assets</b>	<b>19 771</b>	<b>17 779</b>
<b>Current assets</b>		
At fair value through profit or loss	-	16 300
Held to maturity	19 771	1 479
	<b>19 771</b>	<b>17 779</b>

#### **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
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#### **5. Trade and other receivables**

Trade receivables	311	448
Prepayments	31	12
Value Added Tax	-	7 428
Impairment of trade receivables	(245)	(245)
Other receivable	214	-
	<b>311</b>	<b>7 643</b>

#### **Trade and other receivables impaired**

As of 28 February 2015, trade and other receivables of N\$ 245 (2014: N\$ 245) were impaired and provided for.

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	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>6. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	12	12
Bank balances	7 256	2 898
	<b>7 268</b>	<b>2 910</b>
<b>7. Trade and other payables</b>		
Accruals	5 435	496
Value Added Tax	13	-
Deposits received	62	62
	<b>5 510</b>	<b>558</b>
<b>8. Surplus / (Deficit) before investment income</b>		
Surplus / (Deficit) before investment income for the year is stated after accounting for the following:		
Employee costs	-	-
<b>9. Investment income</b>		
<b>Interest income</b>		
Fixed term investments	2 244	1 778
<b>10. Auditors' remuneration</b>		
Fees	-	(19)
<b>11. Cash generated from operations</b>		
Surplus / (Deficit) for the year	2 385	(2 820)
<b>Adjustments for:</b>		
Investment Income	(2 244)	(1 778)
<b>Changes in working capital:</b>		
Trade and other receivables	7 332	(7 073)
Trade and other payables	4 952	144
	<b>12 425</b>	<b>(11 527)</b>

## 12. Related parties

### 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

Mr. J. !Gawaxab (Chairperson)

Dr. S.C Herman (Deputy Chairperson since 21 May 2015)

Mr. M. Fabianus

Mr. M. Ikanga

Adv. D.L. Sauls

Mr. E.S. Maswahu

Ms. J. Jonas

Ms. T.V.P. Nauyoma

Ms. L. Tjiho

Ms. R.P. Iyambo

### Related party balances

	<b>2015</b>	<b>2014</b>
	N\$'000	N\$'000
<b>Loan accounts - Owed (to) by related funds</b>		
Maternity Leave, Sick Leave and Death Benefit Fund	(21 304)	(15 810)
Employees' Compensation Fund	-	(3 991)
Maternity Leave, Sick Leave and Death Benefit Fund	22 051	9 664
Employees' Compensation Fund	-	3 598
National Pension Fund	3 805	2 691
Development Fund	-	803
National Medical Benefit Fund	2 778	1 985
Accident Pension Fund	-	71



### **13. 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 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.

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**13. Risk management (continued)**

**Liquidity risk**

**At 28 February 2015**

	<b>Loans and other receivables</b>	<b>Financial liabilities amortised at cost</b>
	N\$'000	N\$'000
Trade and other receivables	311	-
Loans to related funds	2 654	-
Cash and cash equivalents	7 267	-
Investments	19 771	-
Trade and other payables	-	(5 509)

**At 28 February 2014**

	<b>Loans and other receivables</b>	<b>Financial liabilities amortised at cost</b>
	N\$'000	N\$'000
Trade and other receivables	7 643	-
Loans from related funds	-	(5 665)
Cash and cash equivalents	7 267	-
Investments	17 779	-
Trade and other payables	-	(557)

**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.

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**13. Risk management (continued)**

**Cash flow interest rate risk**

<b>2015</b>	<b><u>Current</u></b>	<b><u>Due in less</u></b>
	<b><u>interest rate</u></b>	<b><u>than a year</u></b>
	%	N\$'000
Trade and other receivables	-%	311
Loans from related funds	-%	2 654
Cash and cash equivalents	5.00%	7 267
Trade and other payables	-%	(5 509)

**Cash flow interest rate risk**

<b>2014</b>	<b><u>Current</u></b>	<b><u>Due in less</u></b>
	<b><u>interest rate</u></b>	<b><u>than a year</u></b>
	%	N\$'000
Trade and other receivables	-%	7 643
Loans from related funds	-%	(5 665)
Cash and cash equivalents	4.25%	2 910
Fixed term investments	-%	1 479
Trade and other payables	5.00%	(557)
Funds held at fair value through profit or loss	-%	17 779

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

<b>Effect on surplus for the year</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
	N\$'000	N\$'000
Increase / (decrease) of 1 % in interest rates	198	15

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**13. Risk management (continued)**

**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

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**13. Risk management (continued)**

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 nil for domestic equities on the funds held by asset managers.

**Equity price sensitivity analyses**

At 28 February 2015, the Commission's listed equities were recorded at their fair value of nil (2014: N\$ 16.3 million). A hypothetical 10% decline or increase in each individual share price would decrease/increase the surplus for the year by nil (2014: N\$ 1.63 million).

**14. Events after the reporting period**

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

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**Detail Statement of Comprehensive Income**

		<b>2015</b>	<b>2014</b>
		N\$'000	N\$'000
<b>Other income</b>			
Other income		372	289
Interest received	9	2 244	1 778
		<b>2 616</b>	<b>2 067</b>
<b>Operating expenses</b>			
Auditors remuneration	10	-	19
Bad debts		-	(4 676)
Bank charges		(69)	(63)
SSC cards		(162)	(167)
		<b>(231)</b>	<b>(4 887)</b>
<b>Surplus / (deficit) for the year</b>		<b>2 385</b>	<b>(2 820)</b>