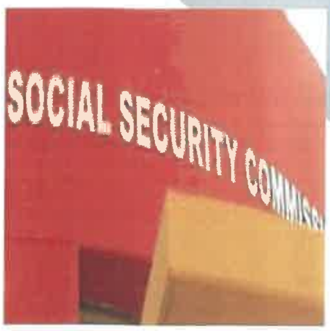
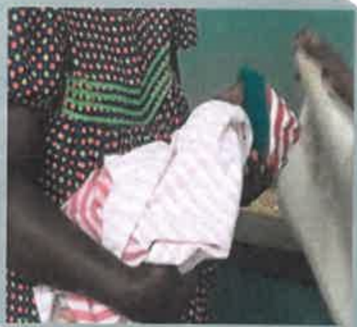
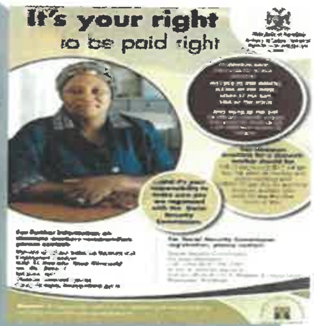
REPUBLIC OF NAMIBIA



AUDITOR-GENERAL REPORT ON THE

SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS

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

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2019

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REPUBLIC OF NAMIBIA

TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Social Security Commission, Employees' Compensation Fund and Maternity Leave, Sick Leave and Death Benefit Fund for the financial year ended 28 February 2019, 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, September 2019

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE SOCIAL SECURITY COMMISSION AND ASSOCIATED FUNDS AS AT 28 February 2019

1. UNQUALIFIED AUDIT OPINION

The accounts of the Social Security Commission and the Funds for the year ended 28 February 2019 were audited by me in terms of the provisions of Section 19 of the Act 1994, 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 2019, 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.

2. BASIS AUDIT OPINION

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

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

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have nothing to report in this regards.

4. OTHER INFORMATION

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. I have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

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

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

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

WINDHOEK, September 2019

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

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	Dr. D.I. Uirab (Chairperson) Ms. A. Titus Mr. K.B. Black Ms. P.H. Masabane (Deputy Chairperson) Mr. N. Ntelamo Mr. E. S. Maswahu Ms. J. Jonas Ms. T. V. P. Nauyoma Ms K. T. N. N. Sihlahla Ms. P.J. Olivier
Registered office	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia

General Information (continued)

Business address	Cnr A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Postal address	Private Bag 13223 Windhoek Namibia
Bankers	Bank Windhoek Limited First National Bank Namibia Limited
Auditors	Office of the Auditor – General
Secretary	Erenstine Tuneeko

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 28 February 2020 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.

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 1 to 3.

The consolidated annual financial statements set out on pages 8 to 69, which have been prepared on the going concern basis, were approved by the Board on 21 August 2019 and were signed on its behalf by:

Commissioner **Commissioner**

Windhoek
21 August 2019

Commissioners' Report

The Commissioners submit their report for the year ended 28 February 2019. The amounts reflected in this report are rounded to thousand Namibia Dollar (N$ '000).

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$ 313 317 (2018: N$ 259 196).

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$ 3 603 (2018: N$ 1 025) during the year under review, reclassifications from investment property of N$ 11 960 (2018: Nil), and disposals with a carrying amount of N$ Nil (2018: N$ 298) were made. There were additions to intangibles amounting to N$ 5 532 (2018: N$ 1 753) during the year under review.

6. Commissioners

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

Name	**Change**
Ms. A. Titus	Re-appointed 1 January 2018
Mr. E.S. Maswahu	Re-appointed 1 January 2018
Ms. J. Jonas	Re-appointed 1 January 2018
Ms. T.V.P. Nauyoma	Re-appointed 1 January 2018
Ms. P. Munkawa	Resigned 7 June 2018
Dr. D.I. Uirab (Chairperson)	Appointed 1 January 2018
Mr. K. B. Black	Appointed 1 January 2018
Ms. P. H. Masabane (Deputy Chairperson)	Appointed 1 January 2018
Mr. N. Ntelamo	Appointed 1 January 2018
Ms. P. J. Olivier	Appointed 1 January 2018
Ms K. T. N. N. Sihlahla	Appointed 1 November 2018

7. Secretary

The secretary of the Commission is Erenstine Tuneeko of:

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

8. Auditors

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

STATEMENT OF FINANCIAL POSITION

	Note	2019 N$ '000	2018 N$ '000
Assets			
Non-Current Assets			
Investment property	4	-	11 960
Property, plant and equipment	5	140 815	135 209
Intangible assets	6	7 932	9 025
Loans to related funds	7	-	-
		148 747	**156 194**
Current Assets			
Investments and other financial assets	8	3 728 552	3 409 012
Trade and other receivables	9	47 934	43 288
Cash and cash equivalents	10	30 396	35 486
		3 806 882	**3 487 786**
Non-current assets held for sale	26	78 523	78 523
Total Assets		**4 034 152**	**3 722 503**
Funds and Liabilities			
Funds			
Accumulated funds		3 418 918	3 181 122
Liabilities			
Non-Current Liabilities			
Retirement benefit obligation	20	80 624	69 561
Provisions	11	110 351	97 842
		190 975	**167 403**
Current Liabilities			
Trade and other payables	12	285 285	244 613
Retirement benefit obligation	20	603	354
Provisions	11	138 371	129 011
		424 259	**373 978**
Total Liabilities		**615 234**	**541 381**
Total Funds and Liabilities		**4 034 152**	**3 722 503**

STATEMENT OF COMPREHENSIVE INCOME

	Note	2019 N$ '000	2018 N$ '000
Revenue	13	683 300	620 967
Claims and benefits	14	(343 552)	(354 334)
Gross surplus		**339 748**	**266 633**
Other income	15	4 371	14 198
Operating expenses		(289 891)	(273 462)
Surplus before investment income		**54 228**	**7 369**
Investment income	17	259 089	251 827
Surplus for the year		**313 317**	**259 196**
Other comprehensive income		-	-
Total comprehensive income		**313 317**	**259 196**

STATEMENT OF CHANGES IN FUNDS

	Note	Accumulated funds N$ '000	Total funds N$ '000
Balance at 01 March 2017		**2 921 926**	**2 921 926**
Changes in funds			
Total comprehensive surplus for the year		259 196	259 196
Total changes		259 196	259 196
Balance at 01 March 2018		**3 181 122**	**3 181 122**
Restatement of accumulated funds due to change in accounting policy (IFRS9)	9	(15 204)	(15 204)
Restated balance at 1 March 2018		**3 165 918**	**3 165 918**
Changes in funds			
Total comprehensive surplus for the year		313 317	313 317
Transfer to Development Fund		(60 317)	(60 317)
Total changes		253 000	253 000
Balance at 28 February 2019		**3 418 918**	**3 418 918**

STATEMENT OF CASH FLOWS

	Note	2019 N$ '000	2018 N$ '000
Cash flows from operating activities			
Cash generated from operations	19	124 813	59 556
Interest income		259 089	251 827
Net cash from operating activities		**383 902**	**311 383**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(3 603)	(1 025)
Sale of property, plant and equipment		-	45
Purchase of intangible assets	6	(5 532)	(1 753)
Loans to related funds repaid		-	-
Purchase of financial assets		(319 540)	(287 754)
Net cash from investing activities		**(328 675)**	**(290 487)**
Cash flows from financing activities			
Distributions to Development Fund		(60 317)	-
Net cash from financing activities		**(60 317)**	**-**
Total cash movement for the year		**(5 090)**	**20 896**
Cash at the beginning of the year		35 486	14 590
Total cash at end of the year	10	**30 396**	**35 486**

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

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

These accounting policies are consistent with the previous period, except for changes set out in note 3.

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables, investments at amortised cost and Loans and other receivables

The fund assesses its trade receivables, investments at amortised cost and loans and other receivables for impairment at the end of each reporting period. The Fund recognises a loss allowance for expected credit losses on all financial assets measured at amortised cost.

The Fund measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a debt, loan or receivable has not increased significantly since initial recognition, then the loss allowance for that asset is measured at 12 month expected credit losses (12 month ECL).

The Fund makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade receivables, investments at amortised cost and loans and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

Fair value estimation

The fair value of financial instruments traded in active markets 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.

ACCOUNTING POLICIES (continued)

1.1 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation (continued)

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

Impairment testing

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - 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.

ACCOUNTING POLICIES (continued)

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.

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	**Average useful life**
Buildings	50 years
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.

ACCOUNTING POLICIES (continued)

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

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

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

1.4 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

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

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

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

ACCOUNTING POLICIES (continued)

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

Financial instruments held by the Fund are classified in accordance with the provisions of IFRS 9 Financial Instruments. The classification depends on the Fund's business model for managing the financial assets and the contractual terms of the cash flows.
Broadly, the classifications, which were adopted by the Fund are as follows:

- Financial assets which are equity instruments or any other financial instrument:
    - Mandatorily at fair value through profit or loss; or
    - Designated as at fair value through other comprehensive income.
- Financial assets which are debt instruments at amortised cost.
- Financial assets which are loans and receivables at amortised cost.
- Financial liabilities at amortised cost

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI), else it will be accounted for at fair value through profit and loss.

Debt instruments as well as loans and receivables measured at amortised cost that are not held for trading are initially recognized at amortised cost. They have been classified in this manner because the contractual terms of these instruments give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Fund's business model is to collect the contractual cash flows on these instruments.

Note 25 Financial instruments and risk management presents the financial instruments held by the Fund based on their specific classifications.

ACCOUNTING POLICIES (continued)

1.5 Financial instruments (continued)

Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales of financial assets that require delivery of assets are recognised and derecognised within the time frame established by regulation or convention in the marketplace. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership to the other party.

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 equity instrument, a debt instrument, loans and receivable or a financial liability in accordance with the substance of the contractual agreement.

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 fair value through comprehensive income.

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.
Debt instruments and other investments, held not for trading, 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.

ACCOUNTING POLICIES (continued)

1.5 Financial instruments (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the fund has transferred substantially all risks and rewards of ownership.

Fair value determination

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

Impairment of financial assets

The Fund recognises a loss allowance for expected credit losses on all financial assets measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Fund measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a debt, loan or receivable has not increased significantly since initial recognition, then the loss allowance for that asset is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of an asset. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a debt instrument, loan or receivable that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Fund considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan or receivable being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Fund compares the risk of a default occurring on the asset as at the reporting date with the risk of a default occurring as at the date of initial recognition.

ACCOUNTING POLICIES (continued)

1.5 Financial instruments (continued)

The Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan or receivable is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Fund has reasonable and supportable information that demonstrates otherwise.

By contrast, if a financial asset is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the asset has not increased significantly since initial recognition.

The Fund regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the Fund consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the Fund considers that default has occurred when a loan instalment or receivable is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The Fund writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Fund recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

ACCOUNTING POLICIES (continued)

1.5 Financial instruments (continued)

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan or receivable at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans and receivables are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan or receivable, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Fund has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Fund measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and vice versa.

An impairment gain or loss is recognised for all loans and receivables in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

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 and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal, penalties for late submission and interest on the principal outstanding, and the Fund's business model is to collect the contractual cash flows on trade and other receivables.

Trade and other receivables are recognised when the Fund becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any, and subsequently at amortised cost.

ACCOUNTING POLICIES (continued)

1.5 Financial instruments (continued)

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The Fund recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Fund measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

The Fund makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and shows significantly different loss patterns for assessment income and contribution income receivables. The loss allowance is calculated separately for each of these receivables. Details of the provision matrix is presented in note 9.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss and as a movement in credit loss allowance (note 9).

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.

ACCOUNTING POLICIES (continued)

1.6 Leases (continued)

Operating leases – lessor

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

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

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

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.
Any contingent rents are expensed in the period they are incurred.

1.7 Non-current assets held for sale (and) (disposal groups)

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

1.8 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.

ACCOUNTING POLICIES (continued)

1.8 Impairment of assets (continued)

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.

1.9 Provisions and contingencies

Provisions are recognised when:

- the fund has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

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

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

1.10 Government grants

Government grants are recognised when there is reasonable assurance that:

- the fund will comply with the conditions attaching to them; and
- the grants will be received.

ACCOUNTING POLICIES (continued)

1.10 Government grants (continued)

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).

1.11 Revenue

The Fund recognises revenue from the following major sources:

- Assessment income
- Contribution income
- Rental income - as per leases section IAS 17
- Investment income - as per financial instruments IFRS 9

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Fund recognises revenue when the parties to the contract are committed to perform their obligations in terms of the contract, the rights of each party and payment terms (including consideration) are identified, the contract has commercial substance and it is probable that the consideration will be collected. All these criteria are met when the employer submits a duly completed return. The recognition of revenue is at that point.

Contribution income

In terms of the Social Security Act 34 of 1994, all organisations and individuals who employ people have to register with the Social Security Commission as employers and pay a contribution to cover their emplyees for the benefits offered by the Fund. Employers must submit monthly returns, which indicate the amount due.

The Fund recognises contribution income when the employer is committed to perform his/her obligations in terms of the Act, the rights of each party and payment terms (including consideration) are identified, the contract has commercial substance and it is probable that the consideration will be collected. All these criteria are met when the employer submits a duly completed return. The recognition of revenue is at that point.

ACCOUNTING POLICIES (continued)

1.11 Revenue (continued)

Assessment income

In terms of the Employees Compensation Act, 5 of 1995, all organisations and individuals who employ people have to register with the Social Security Commission as employers and pay an assessment fee to cover their emplyees for the benefits offered by the Fund. Employers must submit an annual return each year, which will be used to determine the amount due.

The Fund recognises assessment income when the employer is committed to perform his/her obligations in terms of the Act, the rights of each party and payment terms (including consideration) are identified, the contract has commercial substance and it is probable that the consideration will be collected. All these criteria are met when the employer submits a duly completed return. The recognition of revenue is at that point.

1.12 Claims paid

An insurance contract is defined as a contract under which the insurer accepts significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholder if a specified uncertain future event, insured event, adversely affects the policyholder. The fund does not have any insurance contracts, but it accepts insurance risk as it is mandated by legislation to compensate victims of 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

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
4. Sustainable villages

ACCOUNTING POLICIES (continued)

1.12 Claims paid (continued)

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.

1.13 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.

ACCOUNTING POLICIES (continued)

1.13 Employee benefits (continued)

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.

Post-employment benefits

The Commission provides post-employment medical aid benefits to all employees subject to years of uninterrupted service with the Commission. The entitlement to post-employment medical aid benefits is based on the employee's remaining years in service up to retirement age. A provision is made in respect of the accrued liability for medical aid contributions for the future pensioners. The expected costs for these benefits are accrued over the period of employment, using the projected unit credit method to determine the present value of its defined benefit obligation, and are reviewed on an annual basis.

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.

ACCOUNTING POLICIES (continued)

1.13 Employee benefits (continued)

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.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Commission adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	**Effective date: Years beginning on or after**	**Expected impact:**
• IFRS 9 Financial Instruments	January 01, 2018	The adoption of this standard has not had a material impact on the results of the fund, but has resulted in more disclosure than would have previously been provided in the financial statements
• IFRS 15 Revenue from Contracts with Customers	January 01, 2018	The adoption of this standard has not had a material impact on the results of the fund, but has resulted in more disclosure than would have previously been provided in the financial statements
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	January 01, 2018	The impact of the standard is not material.
• Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	January 01, 2018	The impact of the standard is not material.
• Amendments to IAS 28: Annual Improvements to IFRS 2014 - 2016 cycle	January 01, 2018	The impact of the standard is not material.
• Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle	January 01, 2018	The impact of the standard is not material.

2. New Standards and Interpretations (continued)

2.1 Standards and interpretations effective and adopted in the current year (continued)

• Amendments to IAS 40: Transfers of Investment Property	January 01, 2018	The impact of the standard is not material.
• Foreign Currency Transactions and Advance Consideration	January 01, 2018	The impact of the standard is not material.
• Amendments to IFRS 4: Insurance Contracts	January 01, 2018	The impact of the standard is not material.
• Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	January 01, 2018	The impact of the standard is not material.

2.2 Standard and interpretations not yet effective

The Commission has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Commission's accounting periods beginning on or after 1 March 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	January 01, 2019	*
• IFRS 16 Leases	January 01, 2019	**

**The Commission is currently performing an assessment to determine the potential impact of the new standard on the Commission's statement of financial position and performance. The Commission is still considering the transaction approach to be applied. The Commission does not expect that significant additional disclosures will be added to the financial statements to meet the revised requirements of the standard.

*The Commission is in the process of assessing the impact of the standard and the transitional provisions.

3. Changes in accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the Fund's financial statements are described below.

The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is March 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that have not been derecognised as at March 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at March 01, 2018. Comparatives in relation to instruments that have not been derecognised as at March 01, 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at March 01, 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements are summarised below:

Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Other financial instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through profit and loss.

3. Changes in accounting policy (continued)

All other debt investments and equity investments are subsequently measured at fair value through profit or loss, unless specifically designated otherwise.

The Fund may, on initial recognition, irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies in other comprehensive income.

The Fund may irrevocably designate a debt investment that meets the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at fair value through other comprehensive income, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to new impairment provisions using an expected loss model. This contrasts the incurred loss model of IAS 39.

The commissioners reviewed and assessed the Fund's existing financial assets as at March 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards to their classification and measurement:

Investment with Avid Investment managers

The Fund's investment with Avid Investment managers that were classified as available-for-sale financial assets under IAS 39 have been re-classified as financial assets at amortised cost, as they are held within a business model whose objective is to collect the contractual cash flows, and they have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Held to maturity investments

Debt instruments and fixed term bank deposits classified as held-to-maturity and loans and receivables under IAS 39 and that were measured at amortised cost, continued to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

3. Changes in accounting policy (continued)

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Fund to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Fund to recognise a loss allowance for expected credit losses on debt investments subsequently measured at amortised cost or at fair value through profit and loss, lease receivables, contract assets and loan commitments to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires the Fund to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Fund is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

As at March 01, 2018, the commissioners reviewed and assessed the Fund's existing financial assets, amounts due from customers for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at March 01, 2018.The result of the assessment is as follows:

The additional loss allowance is charged against the provision for the loss allowance which is recognised against the reserve in equity. The application of the IFRS 9 impairment requirements has resulted in additional loss allowance of N$14 943 to be recognised in the current year (2018: N$ 15 204).

Reconciliation of the reclassifications and re-measurements of financial assets as a result of adopting IFRS 9

The following table presents a summary of the financial assets as at March 01, 2018. The table reconciles the movement of financial assets from their IAS 39 measurement categories and into their new IFRS 9 measurement categories. "FVPL" denotes "fair value through profit or loss" and "FVOCI" denotes "fair value through other comprehensive income."

3. Changes in accounting policy (continued)

Reconciliation of the reclassifications and re-measurements of financial assets as a result of adopting IFRS 9 (continue)

	Previous measurement	**New measurement category: IFRS 9**						
	IAS 39	**FVPL – mandatory**	**FVPL – designated**	**Amortised cost**	**FVOCI – equity**	**FVOCI – debt**	**Re-measurement changes – Adjustment to equity**	**Change attributable to:**
Previously Fair value through profit or loss (designated):								
Funds held with approved asset managers	2 630 106	-	2 630 106	-	-		-	No change
Previously Held to maturity:								
Investments with fixed investment terms (debt instruments and fixed term deposits)	778 906	-	-	778 906	-	-	-	No change

3. Changes in accounting policy (continued)

Reconciliation of the reclassifications and re-measurements of financial assets as a result of adopting IFRS 9 (continued)

	Previous measurement	New measurement category: IFRS 9						
	IAS 39	FVPL – mandatory	FVPL – designated	Amortised cost	FVOCI – equity	FVOCI – debt	Re-measurement changes - Adjustment to equity	Change attributable to:
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Previously Available for sale:								
Investment with Avid investment managers	-	-	-	-	-	-	-	No change
Total investments	**3 409 013**	-	**2 630 106**	**778 908**	-	-	-	
Previously Loans and receivables:								
Study loans	-	-	-	-	-	-	-	No change
Trade and receivables	43 288	-	-	28 084	-	-	(15 204)	Additional loss allowance
Cash and cash equivalents	35 486	-	-	35 486	-	-	-	No change
Total	**78 774**	-	-	**63 569**	-	-	-	

3. Changes in accounting policy (continued)

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 9 for the current and prior year.

Impact on assets, liabilities and equity as at 1 March 2018

	As previously reported	As restated
	N$	N$
Trade and other receivables	43 288	28 084
Accumulated funds	(3 181 122)	(3 165 918)
	(3 137 834)	**(3 137 834)**

Application of IFRS 15 Revenue from contracts with customers

In the current year, the Fund has applied IFRS 15 Revenue from Contracts with Customers (as revised in April 2016) and the related consequential amendments to other IFRSs. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the Fund's financial statements are described below. Refer to the revenue accounting policy for additional details.

The Fund has applied IFRS 15 with an initial date of application of March 01, 2018 in accordance with the cumulative effect method, by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at March 01, 2018. The comparative information has therefore not been restated.

The implementation of IFRS 15 did not result in any changes to the financial results and financial position of the Fund.

Investment property

Land and buildings on Erf 1983 Keetmanshoop which were previously classified as investment property, have now been reclassified as property, plant and equipment. Major renovations are planned for the building and as such, all tenants were removed from the building and agreements were terminated. There is an indication from management, that after renovation, the property will be used for operations of the Commission only.

4. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Investment property	-	-	-	11 960	-	11 960

Reconciliation of investment property – 2019

	Opening balance	Re-classification	Total
	N$'000	N$'000	N$'000
Investment property	11 960	(11 960)	-

Reconciliation of investment property - 2018

	Opening balance	Fair value adjustments	Total
	N$'000	N$'000	N$'000
Investment property	11 960	-	11 960

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). The investment property was reclassified to property, plant and equipment due to the change in use.

5. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Land	23 450	-	23 450	49 411	-	49 411
Buildings	126 140	(21 256)	104 884	86 442	(14 362)	72 080
Leasehold property	2 483	(1 994)	489	2 483	(1 830)	653
Furniture and fixtures	6 363	(3 683)	2 680	5 653	(3 306)	2 347
Motor vehicles	9 671	(6 335)	3 336	9 671	(5 452)	4 219
Office equipment	5 040	(3 245)	1 795	4 930	(2 959)	1 971
Computer equipment	15 324	(11 143)	4 181	14 314	(9 786)	4 528
Total	**188 471**	**(47 656)**	**140 815**	**172 904**	**(37 695)**	**135 20**

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Other Changes	Depreciation	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Land	49 411	-	-	(25 961)	-	23 450
Buildings	72 080	1 777	-	37 923	(6 896)	104 884
Leasehold property	653	-	-	-	(164)	489
Furniture and fixtures	2 347	707	-	3	(377)	2 680
Motor vehicles	4 219	-	-	-	(883)	3 336
Office equipment	1 971	110	-	1	(287)	1 795
Computer equipment	4 528	1 009	-	-	(1 356)	4 181
	135 209	**3 603**	**-**	**11 966**	**(9 963)**	**140 815**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Other Changes	Depreciation	Total
	N$'000	N$'000	N$'000	N$'00	N$'000	N$'000
Land	49 414	-	-	(3)	-	49 411
Buildings	73 622	184	-	-	(1 726)	72 080
Leasehold property	154	547	-	-	(48)	653
Furniture and fixtures	2 699	73	(48)	(4)	(373)	2 347
Motor vehicles	5 122	-	-	-	(903)	4 219
Office equipment	2 261	48	(23)	4	(319)	1 971
Computer equipment	6 168	173	(227)	(2)	(1 584)	4 528
	139 440	**1 025**	**(298)**	**(5)**	**(4 953)**	**135 209**

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 with buildings thereon),
Erf 1983 Keetmanshoop (2 624 square metres with buildings thereon),
Erf 1610 Keetmanshoop (1 184 square meters without improvements),
Erf 1959 Otjiwarongo (1 081 square metres without improvements),
Erf 1964 Otjiwarongo (1 393 square metres without improvements),
Erf 1965 Otjiwarongo (1 310 square metres without improvements),
Erf 2269 Windhoek Khomasdal (10 029 square metres, with buildings thereon),
Erf 644 Luderitz (1 074 square metres, with buildings thereon),
Erf 1372 Windhoek North (949 square metres, with buildings thereon) and
Erf 8451 Windhoek North (2 168 square metres, with buildings thereon).

6. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Software License	34 162	(26 230)	7 932	28 630	(19 605)	9 025

Reconciliation of intangible assets – 2019

	Opening balance	Additions	Amortisation	Impairment	Total
	N$'000	N$'000	N$'000	N$'000	N$'000
Software License	9 025	5 532	(4 930)	(1 695)	7 932

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
	N$'000	N$'000	N$'000	N$'000
Software License	14 250	1 753	(6 978)	9 025

7. Loans to / (from) related funds

Related funds

	2019	2018
	N$'000	N$'000
National Medical Benefit Fund	3 943	3 943
National Pension Fund	13 606	12 845
	17 549	**16 788**
Total loss allowance	**(17 549)**	**(16 788)**
	-	-

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. Due to the aforementioned, the loss allowance for these loans are expected to be equal to the gross loan amount.

	2019	2018
	N$'000	N$'000
8. Investments and other financial assets		
At fair value through profit or loss		
Funds held with approved investment managers	2 927 213	2 630 106
Funds held with investment managers are fairly valued by the respective investment manager at year end.		
Available-for-sale		
Investment with Avid investment manager	-	20 116
Available-for-sale impairments	-	(20 116)
Total assets held as Available-for-sale	-	-
The above investment has been reclassified to financial asset held at amortised cost on adoption of IFRS 9. This investment is past maturity and is fully impaired.		
At amortized cost		
Fixed term deposits	949 836	-
Fixed term deposits are held with the financial institutions. The average investment period is 2 to 9 months from the statement of financial position date and interest rates are between 5.93% and 8.46% per annum. The carrying amounts approximate the fair value.		
Loss allowance on investments at amortised cost	(148 497)	-
Study loans to students	6 947	6 288
Study loans are repayable on completion of studies. The loans earn interest at 50% of the prime lending rate upon the date of issue. Loans are secured by collaterals. Due to the relaxed terms of the loans, and the credit quality of the lenders, the loans are impaired immediately.		
Loss allowance on study loans	(6 947)	(6 288)
Total financial assets at amortised cost	**801 339**	-
Held to maturity		
Fixed term deposits	-	907 287
Fixed term deposits are held with the financial institutions. The average investment period is 1 to 11 months from the statement of financial position date and interest rates are between 5.75% and 9.80% per annum. The carrying amounts approximate the fair value.		
The above investments have been reclassified at amortised cost on adoption of IFRS 9.		

	2019	2018
	N$'000	N$'000
8. Investments and other financial assets (continued)		
Impairment of financial assets at held to maturity	-	(128 381)
Total financial assets at held to maturity	-	**778 906**
Total investments	**3 728 552**	**3 409 012**
Current assets		
At fair value through profit or loss	2 927 213	2 630 106
Financial assets at amortized cost	801 339	-
Held to maturity	-	778 906
	3 728 552	**3 409 012**

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 rates for identical assets.
Level 2 applies to inputs other than quoted prices that are observable for the either directly (as prices) or indirectly (derived from prices).
Level 3 applies to inputs which are not based on observable market data.

	2019	2018
Level 1		
Financial Assets held through profit or loss	2 927 213	2 630 106

Credit quality of financial assets
Investments with Avid Investment managers and SME bank were fully impaired as they are past maturity date and recoverability of funds is uncertain.

Management considered the credit risk of the investments at amortised cost, and which are neither past due nor impaired at reporting date and subsequently and is of opinion that the risk did not increase significantly since the date at which the investment was initially made. Except for the investments which were impaired, none of the other investments are past due.
Due to the low income levels of the target market for study loans and the relaxed terms of the loans, study loans are impaired immediately. The risk of default for these loans are high, interest rate are below inflation and repayment terms can be renegotiated and extended to suit the lender.

	2019	2018
	N$'000	N$'000
9. Trade and other receivables		
Financial instruments		
Trade receivables	168 908	151 681
Loss allowances	(140 793)	(108 842)
Other	1 240	362
	29 355	43 201
Non-financial instruments		
Prepayments	59	87
Trade debtors with credit balances reclassified to payables	18 520	-
	18 579	87
Total	**47 934**	**43 288**

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	29 355	43 201
Non-financial instruments	18 579	87
	47 934	**43 287**

Exposure to credit risk

Trade receivables inherently expose the Fund to credit risk, being the risk that the Fund will incur financial loss if members fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

9. Trade and other receivables (continued)

Trade receivables arise from both contribution income and assessment income returns received from employers. The customer base is large and widespread, with a result that there is no specific significant concentration of credit risk from these trade receivables.

The average credit period on trade receivables is 30 days (2018: 30 days). No interest is charged on outstanding trade receivables for the first 30 days from date of invoicing. Thereafter, interest is charged on the trade receivables at the rate of 10% per annum for assessments income debtors and 20% per annum for contribution income debtors. The Fund makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. The fund previously had a policy of providing for accounts receivable which are outstanding for 12 months or more as potential bad debts.

The Fund's historical credit loss experience shows significantly different loss patterns for assessment income receivables and contribution income receivables. The provision for credit losses is therefore based on past due status for the different categories of receivables as mentioned above. The loss allowance provision for the assessment income receivables is determined as follows:

	2019	2019	2018	2018
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Not past due: 2% (2018: - %)	555	(8)	-	-
31 - 60 days past due: 3% (2018: - %)	1 668	(49)	-	-
61 - 90 days past due: 5% (2018: - %)	687	(35)	-	-
91 - 365 days past due: 7% (2018: - %)	18 758	(1 287)	-	-
More than 365 days past due: 100% (2018: - %)	71 840	(71 840)	-	-
Total	**93 508**	**(73 220)**	-	-

9. Trade and other receivables (continued)

The loss allowance provision for the contribution income receivables is determined as follows:

	2019	2019	2018	2018
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Not past due: 10% (2018: - %)	15 244	(1 515)	-	-
31 - 60 days past due: 19% (2018: - %)	4 210	(787)	-	-
61 - 90 days past due: 69% (2018: - %)	2 093	(1 452)	-	-
91 – 365+ days past due: 100% (2018: - %)	63 818	(63 819)	-	-
Total	**85 366**	**(67 573)**	**-**	**-**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

	2019 N$'000	2018 N$'000
Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	(108 842)	-
Adjustments upon application of IFRS 9	(15 204)	-
Opening balance in accordance with IFRS 9	**(124 046)**	-
Reclassifications and other adjustments	(1 804)	-
Re-measurement of loss allowance	(14 943)	-
Closing balance	**(140 793)**	-

9. Trade and other receivables (continued)

Credit risk disclosures under IAS 39 for comparatives
The following sections provide comparative information for trade receivables which have not been restated. The information is provided in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

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$ Nil (2018: N$ 32 869) 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 receivables is (2018: 120 days).
The ageing of amounts past due but not impaired is as follows:

60 days	-	(2 134)
90 days	-	(3 261)
Over 120 days	-	38 264
Movement in the loss allowance provision		
Balance beginning of the year	-	96 901
Movement in bad debts during the year	-	11 941
	-	**108 842**

The ageing of past due but impaired debtors is as follows:

+120 days	-	93 735
+365 days (debtors in suspense)	-	15 107
	-	**108 842**

10. Cash and cash equivalents

Cash and cash equivalents consist of:		
Cash on hand	-	11
Bank balances and short term deposits	30 396	35 475
	30 396	**35 486**

The average interest rates are between 5.93% to 8.25%.
The carrying amount approximates the fair value.

11. Provisions

Reconciliation of provisions - 2019	Opening balance	Movement	Total
	N$'000	N$'000	N$'000
ECF – Incurred but not reported compensation claims (IBNR)	137 615	9 288	146 903
MSD – Unreported incurred claims	82 893	13 993	96 886
Outstanding claims	4 057	(250)	3 807
Merit rebates	2 288	(1 162)	1 126
	226 853	**21 869**	**248 722**

Reconciliation of provisions - 2018	Opening balance	Movement	Total
	N$'000	N$'000	N$'000
ECF - Incurred but not reported compensation claims (IBNR)	119 621	17 994	137 615
MSD - Unreported incurred claims	74 178	8 715	82 893
Outstanding claims	7 765	(3 708)	4 057
Merit rebates	1 906	382	2 288
	203 470	**23 383**	**226 853**

	2019	2018
	N$'000	N$'000
Non-current liabilities	110 351	97 842
Current liabilities	138 371	129 011
	248 722	**226 853**
ECF - Fair value determination of the IBNR compensation claims		
Medical claims	17 138	13 133
Permanent disability	1 857	2 185
Temporary disability	2 020	3 085
Burial and transport expenses	152	231
Pension liability	89 753	87 304
Merit rebates	1 126	2 288
Claims handling provision	33 867	29 814
Data integrity provision	2 116	1 863
	148 029	**139 903**

	2019	2018
	N$'000	N$'000
11. Provisions (continued)		
MSD - Fair value determination of the unreported incurred claims		
Death	3 605	2 666
Maternity leave	32 398	28 607
Retirement benefits	9 689	7 589
Sick leave	3 993	3 647
Outstanding claims	3 807	4 057
Claim handling provision	42 232	36 133
Data integrity provision	4 969	4 251
	100 693	**86 950**

11.1 Incurred But Not Reported (IBNR Claims)

The unreported incurred claims represent the management estimate as at 28 February 2019 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.

11. Provisions (continued)

11.1 Incurred But Not Reported (IBNR Claims) (continue)

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.

11.2 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:

11.3 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.

11.4 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.

11.5 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.

11. Provisions (continued)

11.6 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 85% of the IBNR liability for the MSD fund and 160% 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 2015 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.

11.7 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.

	2019	2018
	N$'000	N$'000
12. Trade and other payables		
Financial instruments		
Trade payables	33 384	32 361
Accrued expenses	2 581	2 109
Deposits received	62	62
Accrued leave pay	16 678	14 168
Accrued bonus	2 938	2 568
	55 643	51 268
Non-financial instruments		
Value Added Tax	141	217
Unknown deposits	1 413	1 642
Trade receivables with credit balances	18 520	-
Revenue received in advance	207 043	189 604
Unclaimed monies	1 883	1 794
Other payables	642	88
	229 642	193 345
Total	**285 285**	**244 613**

	2019	2018
12. Trade and other payables (continued)	N$'000	N$'000
Categorisation of trade and other payables		
At amortised cost	55 643	51 268
Non-financial instruments	229 642	193 345
	285 285	**244 613**

13. Revenue

	2019	2018
Administrative fee income - Accident Pension Fund	2 014	3 403
Assessment income	115 735	113 791
Assessment interest	5 598	4 892
Assessment penalties	1 932	2 331
Contribution interest	3 241	3 113
Contribution revenue	490 861	489 342
Contributions from MSD Fund	60 317	-
Pension capitalized - Accident Pension Fund	3 602	4 095
	683 300	**620 967**

14. Claims and benefits

	2019	2018
Development fund schemes	6 831	26 192
Compensation payments	3 397	6 144
Medical expenses	18 839	15 912
Merit rebates	(239)	382
Capital pension paid - APF	3 602	4 095
Pension paid - APF	8 669	7 489
Maternity leave	222 853	215 886
Sick leave	21 785	19 839
Death benefit	10 308	10 726
Retirement benefit	36 382	33 172
Data integrity provision	972	1 050
Claims handling provision	10 153	13 447
	343 552	**354 334**

15. Other income

	2019	2018
Miscellaneous income	3 402	12 570
Rental income	969	1 628
	4 371	**14 198**

	2019	2018
	N$'000	N$'000

16. Surplus before investment income

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

	2019 N$'000	2018 N$'000
Operating lease charges		
Premises		
□ Contractual amounts	5 104	4 959
Loss on sale of property, plant and equipment	-	(253)
Amortisation on intangible assets	4 930	6 978
Impairment on intangible assets	1 695	-
Depreciation on property, plant and equipment	9 797	4 953
Employee costs	189 928	178 823
Research and development	267	506

17. Investment income

Interest income

	2019 N$'000	2018 N$'000
Financial institutions	66 287	62 937
Funds under investment managers	192 802	188 890
	259 089	**251 827**

18. Auditors' remuneration

	2019 N$'000	2018 N$'000
Fees	242	550

19. Cash generated from operations

	2019 N$'000	2018 N$'000
Surplus for the year	313 317	259 196
Adjustments for:		
Depreciation and amortization	14 890	11 931
Loss on sale of assets	-	253
Investment Income	(259 089)	(251 827)
Impairment of intangible assets	1 695	-
Adjustment on adoption of IFRS9	(15 204)	-
Movements in provisions	21 869	23 383
Movement in the retirement benefit liability	11 312	13 745
Other non-cash items	3	4
Changes in working capital:		
Trade and other receivables	(4 647)	(5 058)
Trade and other payables	40 667	7 929
	124 813	**59 556**

20. Retirement benefits

Defined benefit plan

Pension fund

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

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

20. Retirement benefits (continued)

The value of the assets of GIPF is valued by actuaries every third year. The latest valuation was done at 31 March 2015, 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$ 81.770 billion and assets of N$ 88.562 billion, the funding level at valuation date was 108.31%.

At the time of the report, no latest information had been received from GIPF on the new actuarial valuation as at 31 March 2019.

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.

Post-retirement medical benefit
The benefit is a final post-employment medical benefit plan. The employer pays 75% or 100% of the medical premium towards the medical scheme when qualifying employees retire.

	2019	2018
	N$'000	N$'000
20. Retirement benefits (continued)		
Carrying value		
Present value of the defined benefit obligation - wholly unfunded	**(81 227)**	**(69 915)**
Non-current liabilities	(80 624)	(69 561)
Current liabilities	(603)	(354)
	(81 227)	**(69 915)**
Movements for the year		
Opening balance	(69 915)	(56 170)
Net expense recognized in profit and loss	(11 312)	(13 745)
	(81 227)	**(69 915)**
Net expense recognized in profit and loss		
Past service cost	(5 576)	(7 478)
Interest cost	(7 272)	(6 463)
Actuarial gains/losses	1 167	-
Contribution payments by employer	369	196
	(11 312)	**(13 745)**

Key assumptions used

	2019	2018
Assumptions used on the last valuation on 28 February 2019.		
Normal retirement age	59	60
Discount rate used	9.80%	10.43%
Medical aid contribution increase rate	8.32%	8.95%

20. Retirement benefits (continued)

	2019	2018
	N$'000	N$'000

Assumptions for demographics

The most important demographic assumptions are the mortality rate that Applies after retirement and the withdrawal rate that applies before retirement. For mortality of the members the following mortality tables were used:

- Members before the age of retirement 100% SALT84-86 (2018: SA85-90).
- Continuation members (pensioners) PA(90) ultimate plus 0.5% improvement per annum. (2018: PA(90) life table less 1 year age adjustment and allowance for improvement in mortality of 0.5% per annum from 2007 onwards).

For withdrawal rates before retirement, experiences in the general population and other large schemes were used.

Sensitivity analysis

The valuation above is only an estimate of the cost of providing post-employment medical aid benefits. The actual cost to the Fund will be dependent on actual future levels of assumed variables. In order to illustrate

the sensitivity of our results to changes in certain key variables, we have recalculated the liability using the following assumptions:

- Real interest rate changes by 1% (real interest is the difference between the interest rate and the rate of increase in medical contribution)
- Assuming a change of 10% in the expected mortality (2018: mortality based on PA (90) without any adjustments).

Real interest rate

The real interest rate is the difference between the discount rate and the assumed increase in medical contribution rates. Changes in the real interest rate will result in the Fund paying more or less for the medical contribution, which will have an impact on the liability. We tested the effect of a 1% change in the real interest rate and the effect is as follows:

	2019	2018
1% increase in the real interest rate	(64 227)	(56 921)
Valuation assumption	(81 227)	(69 915)
1% decrease in the real interest rate	(104 111)	(86 885)

20. Retirement benefits (continued)

	2019	2018
	N$'000	N$'000

Demographics

Changes in the demographics of the members will have an impact on the actual cost to the Fund. If a heavier mortality rate is experience it will reduce cost and less pre-retirement withdrawals will increase the cost of the scheme. We tested the effect of a 10% change in the mortality rates (2018: PA (90) with no adjustments and also when no pre-retirement withdrawals occurs) and the effect is as follows:

	2019	2018
10% Higher mortality rate	(77 204)	(67 747)
Valuation assumption	(81 227)	(69 915)
10% Lower mortality rate	(85 735)	(72 082)

21. Commitments

Authorised capital expenditure

Not yet contracted for but authorised

	2019	2018
□ Property, plant and equipment	473 500	466 000
□ Intangible assets	87 500	100 000

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

22. Contingencies

1. 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$ 440 000 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. Mr Spanneberg was advised to consider admitting liability and settle on this basis. He indicated that he is not willing to settle and he was advised that the Commission will proceed with the legal proceedings. The fund did not incur any costs in this regard.

2. Avid - This matter relates to the failed investment of N$ 30 million of the Commission. The amount recovered through the liquidation process was only N$ 9 897 000. From 2005 to 2011, the SSC spent N$ 4 645 000 in respect of legal fees in an effort to recover the funds of N$ 30 million. The amount of N$ 20 100 000 remains unrecovered. The accused persons were convicted and sentenced on 5 July 2018. The application in terms of Section 300 of the Criminal Procedure Act 51 of 1977 on behalf of the Commission, for the accused persons to compensate the Commission for the loss suffered by the Commission, was dismissed on 5 July 2018. The legal consultant on behalf of the SSC advised that the tracing and recovery of the remaining balance be done through State Authorities and the Financial Intelligence Centre, as this will not come at a cost whilst further civil proceedings will be expensive.

3. Freedom Square (Pty) Ltd – On 13 September 2013, the Social Security Commission (SSC) and Freedom Square Pty Ltd (Freedom Square) entered into a Memorandum of Agreement of Sale to purchase Erf 8769, Windhoek for the purchase price of N$ 41 563 000. On 17 November 2017, the SSC was served with summons in terms of which Freedom Square is suing the SSC for breach of the Agreement of Sale entered into between the parties and they seek an order in the following terms:

   a) An order confirming the cancellation of the Agreement of Sale
   b) That the SSC be directed to retransfer Erf 8769 to Freedom Square.
   c) That the SSC pay damages to Freedom Square Pty Ltd in the sum of N$ 24 414 000.
   d) That the SSC be directed under its tender to repay to Freedom Square upon retransfer of Erf 8769 to Freedom Square, the purchase price of N$ 41 563 000 received by Freedom Square under the Agreement of Sale less the amount of N$ 24 414 000.
   e) Further and or alternative relief.

   The SSC is defending the matter and is represented by Mr. Patrick Kauta of the law firm Dr. Weder, Kauta and Kamuhanga Legal Practitioners.

23. Related parties

Relationships

Administrator	Social Security Commission
Related funds	Development Fund Maternity Leave, Sick Leave and Death Benefit Fund Employees' Compensation Fund National Pension Fund National Medical Benefit Fund
Commissioners	Dr. D.I. Uirab (Chairperson) Ms. A. Titus Mr. K.B. Black Ms. P.H. Masabane (Deputy Chairperson) Mr. N. Ntelamo Mr. E. S. Maswahu Ms. J. Jonas Ms. T. V. P. Nauyoma Ms K. T. N. N. Shilahla Ms. P.J. Olivier

24. Commissioners' emoluments

Emoluments of N$ 430 (2018: N$ 507) 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.

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 board sets limits on the minimum proportion of maturity funds available to meet such calls.

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

At 28 February 2019	Loans and other receivables	Held at fair value through profit or loss	Financial liabilities amortised at cost	Financial assets held at amortised cost
	N$'000	N$'000	N$'000	N$'000
Investments	-	2 927 213	-	801 339
Trade and other receivables	29 355	-	-	-
Trade and other payables	-	-	(55 643)	-
Retirement benefit obligation	-	-	(81 227)	-
Cash and cash equivalents	30 396	-	-	-
Provisions	-	-	(248 722)	-

25. Risk management (continued)

At 28 February 2018	**Loans and other receivables**	**Held at fair value through profit or loss**	**Financial liabilities at cost amortised**	**Financial assets held At amortised cost**
	N$'000	N$'000	N$'000	N$'000
Investments	-	2 630 196	-	778 906
Trade and other receivables	43 288	-	-	-
Trade and other payables	-	-	(244 613)	-
Retirement benefit obligation	-	-	(69 915)	-
Cash and cash equivalents	35 486	-	-	-
Provisions	-	-	(226 853)	-

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	**2019**	**2018**
	N$'000	N$'000
Increase/ (decrease) of 1% in interest rates	23 021	20 819

25. Risk management (continued)

Cash flow interest rate risk – 2019

Financial instrument	Current interest rate	Due in less than a year	Due in more than two years
	%	N$'000	N$'000
Trade and other receivables	15.00%	29 355	-
Funds held at fair value through profit or loss	6.59%	2 927 212	-
Cash and cash equivalents	5.75%	30 396	-
Funds held at amortised cost	7.99%	801 339	-
Trade and other payables	-%	(55 643)	-
Retirement benefit obligation	-%	-	(81 227)
Provisions	-%	(138 371)	(110 351)

Cash flow interest rate risk – 2018

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years
	%	N$'000	N$'000
Trade and other receivables	10.00%	43	-
Funds held at fair value through profit or loss	8.91%	2 630 106	-
Cash and cash equivalents	5.33%	35 486	-
Funds held to maturity	6.50%	778 906	-
Trade and other payables	-%	(224 613)	-
Retirement benefit obligation	-%	(354)	(69 561)
Provisions	-%	(129 011)	(97 482)

25. 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 fund's maximum exposure to credit risk at the reporting date is the carrying value of financial assets disclosed in notes 7 and 9. The fund does not hold any collateral as security. Receivables are presented net of the provision for credit loss allowances.

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 10 and the carrying value of investments in note 8. 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.

25. Risk management (continued)

Financial instruments

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

	2019	2018
	N$'000	N$'000
Financial assets		
Fair value through profit or loss	2 927 213	2 630 106
Funds held at amortised cost	801 339	778 906
Trade and other receivables	29 355	43 288
Cash and cash equivalents	30 396	35 486
	3 788 303	**3 487 786**
Financial liabilities		
Trade and other payables	55 643	244 613
Provisions	248 722	226 853
Retirement benefit obligation	81 227	69 915
	385 592	**541 381**

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:

Held for trading at fair value through profit and loss
Held at amortised cost
Held at fair value through Other Comprehensive Income

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.

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 36% (2018: 41%) for domestic equities on the funds held by asset managers.

Equity price sensitivity analysis

At 28 February 2019, the fund's listed equities were recorded at their fair value of N$ 1 314.0 million (2018: N$ 1 452.7 million). A hypothetical 10% decline or increase in each individual share price would decrease/increase the surplus for the year by N$ 131.4 million (2018: N$ 145.3 million).

26. Non-current asset held for sale

The fund has decided to dispose of the land situated on erf 8769 freedom square in the central business district of Windhoek.

	2019	2018
	N$'000	N$'000
Cost of land	78 523	78 523

The decision was made by the commission to dispose of the land in the financial year ended 2017 due to the high cost of developing the property. The sale of the erf was delayed due to legal proceedings instigated against the SSC by the previous owner. Item 3 on note 22 explains the legal case.

Detailed Statement of Comprehensive Income

	Note	2019 N$ '000	2018 N$ '000
Administrative fee income - Accident Pension Fund		2 014	3 403
Assessment income		115 735	113 791
Assessment interest		5 598	4 892
Assessment penalties		1 932	2 331
Contribution interest		3 241	3 113
Contribution revenue		490 861	489 342
Contributions from Maternity Leave, Sick Leave and Death		60 317	-
Pension capitalised - Accident Pension Fund		3 602	4 095
Revenue	13	**683 300**	**620 967**
Cost of sales			
Claims and benefits		(343 552)	(354 334)
Gross surplus		**339 748**	**266 633**
Investment and other income			
Rental income		969	1 628
Other income		3 402	12 570
Interest received	17	259 089	251 827
		603 208	**266 025**
Expenses (Refer to page 65)		**(289 891)**	**(273 462)**
Surplus for the year		**313 317**	**259 196**
Surplus for the year		**313 317**	**259 196**

Operating expenses	Note	**2019** N$ '000	**2018** N$ '000
Administration and management fees		(17 042)	(15 711)
Advertising		(1 903)	(2 078)
Auditors remuneration	18	(242)	(550)
Bad debts – Credit loss allowances on trade receivables		(16 364)	(19 420)
Bank charges		(779)	(877)
Cleaning		(1 278)	(937)
Compliance awareness		(380)	-
Computer expenses		(88)	(282)
Conferences and seminars		(2 186)	(1 865)
Corporate clothing		(272)	(296)
Debt collection expenses		(138)	-
Depreciation, amortisation and impairments		(14 890)	(11 931)
Donations		(564)	(442)
Employee costs		(189 928)	(178 823)
Entertainment		(253)	(239)
General expenses		(18)	(24)
Health and safety		(132)	(142)
IT expenses		(74)	-
Impairment of intangibles		(1 695)	-
Insurance		(620)	(583)
Lease rentals on operating lease		(5 104)	(4 959)
Legal expenses		(4 021)	(6 417)
Loss on disposal of assets		-	(253)
Motor vehicle expenses		(152)	(178)
Office expenditure		(116)	(100)
Petrol and oil		(638)	(538)
Postage		(1 233)	(1 184)
Printing and stationery		(2 112)	(1 885)
Property management fees		-	(236)
Recruitment expenditure		(155)	(145)
Repairs and maintenance		(1 384)	(1 132)
Research and development costs		(267)	(506)
Royalties and license fees		(7 613)	(2 805)
Security		(2 978)	(3 139)
Scanning and data capturing		-	(1 065)
Subscriptions		(427)	(585)
Telephone and fax		(4 680)	(4 323)
Training		(2 192)	(2 361)
Travel - local		(2 954)	(2 507)
Utilities		(5 019)	(4 944)
		(289 891)	**(273 462)**

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	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 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.
Board of Commissioners	Dr. D.I. Uirab (Chairperson) Ms. A. Titus Mr. K.B. Black Ms. P.H. Masabane (Deputy Chairperson) Mr. N. Ntelamo Mr. E. S. Maswahu Ms. J. Jonas Ms. T. V. P. Nauyoma Ms K. T. N. N. Shilahla Ms. P.J. Olivier
Registered office	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Business address	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Postal address	Private Bag 13323 Windhoek Namibia
Bankers	Bank Windhoek
Auditors	Office of the Auditor-General
Secretary	Erenstine Tuneeko

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 28 February 2020 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 72 to 108, which have been prepared on the going concern basis, were approved by the board on 21 August 2019 and were signed on its behalf by:

....	....
Commissioner	**Commissioner**

Windhoek, 21 August 2019

Commissioners' Report

The commissioners submit their report for the year ended 28 February 2019.

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$ 133 510 (2018: N$ 171 900).

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$ 3 011 (2018: N$ 768) during the year under review, reclassifications from investment property of N$ 5 980 (2018: Nil), and disposals with a carrying amount of N$ Nil (2018: N$ 299). There were additions to intangible assets amounting to N$ 4 619 (2018: N$ 1 463).

5. Transfer To Development Fund

There were transfers of N$ 60 317 (2018: N$ Nil) to Development Fund in the year under review.

6. Commissioners

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

Name	Change
Ms. A. Titus	Re-appointed 1 January 2018
Mr. E.S. Maswahu	Re-appointed 1 January 2018
Ms. J. Jonas	Re-appointed 1 January 2018
Ms. T.V.P. Nauyoma	Re-appointed 1 January 2018
Ms. P. Munkawa	Resigned 7 June 2018
Dr. D.I. Uirab (Chairperson)	Appointed 1 January 2018
Mr. K. B. Black	Appointed 1 January 2018
Ms. P. H. Masabane (Deputy Chairperson)	Appointed 1 January 2018
Mr. N. Ntelamo	Appointed 1 January 2018
Ms K. T. N. N. Shilahla	Appointed 1 November 2018
Ms. P. J. Olivier	Appointed 1 January 2018

7. Secretary

The secretary of the Fund is Erenstine Tuneeko of:

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

8. Auditors

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

Statement of Financial Position

	Note	2019 N$ '000	2018 N$ '000
Assets			
Non-Current Assets			
Investment property	4	-	5 980
Property, plant and equipment	5	88 271	87 378
Intangible assets	6	5 559	6 472
		93 830	**99 830**
Current Assets			
Loans to related funds	7	23 698	24 062
Investments and other financial assets	8	2 317 717	2 185 691
Trade and other receivables	9	22 711	32 822
Cash and cash equivalents	10	9 817	22 608
		2 373 943	**2 265 183**
Non-current assets held for sale	25	65 567	65 567
Total Assets		**2 533 340**	**2 430 580**
Funds and Liabilities			
Funds			
Accumulated funds		2 244 664	2 182 477
Liabilities			
Non-Current Liabilities			
Retirement benefit obligation	20	65 738	56 695
Provisions	11	7 991	4 794
		73 729	**61 489**
Current Liabilities			
Loans from related funds	7	11 195	10 346
Trade and other payables	12	110 558	93 823
Retirement benefit obligation	20	492	289
Provisions	11	92 702	82 156
		214 947	**186 614**
Total Liabilities		**288 676**	**248 103**
Total Funds and Liabilities		**2 533 340**	**2 430 580**

Statement of Comprehensive Income

	Note	2019 N$ '000	2018 N$ '000
Revenue	13	494 102	492 455
Claims	14	(298 145)	(283 869)
Gross surplus		**195 957**	**208 586**
Other income	15	2 589	11 360
Operating expenses		(226 097)	(209 600)
(Deficit)/Surplus before investment income		**(27 551)**	**10 346**
Investment income	17	161 061	161 554
Surplus for the year		**133 510**	**171 900**
Other comprehensive income		-	-
Total comprehensive income		**133 510**	**171 900**

Statement in Changes of Funds

	Note	Accumulated funds N$ '000	Total funds N$ '000
Balance at 1 March 2017		**2 010 577**	**2 010 577**
Changes in funds			
Total comprehensive income for the year		171 900	171 900
Transfer to Development Fund		-	-
Total Changes		171 900	171 900
Balance at 28 February 2018		**2 182 477**	**2 182 477**
Restatement of accumulated funds due to change in accounting policy (IFRS9)	9	(11 006)	(11 006)
Restated balance at 1 March 2018		**2 171 471**	**2 171 471**
Changes in funds			
Total comprehensive income for the year		133 510	133 510
Transfer to Development Fund		(60 317)	(60 317)
Total changes		73 193	73 193
Balance at 28 February 2019		**2 244 664**	**2 244 664**

Statement of Cash Flows

	Note	2019 N$ '000	2018 N$ '000
Cash flows from operating activities			
Cash generated from operations	19	24 911	33 671
Investment income		161 061	161 554
Net cash from operating activities		**185 972**	**195 225**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(3 011)	(768)
Sale of property, plant and equipment	5	-	46
Purchase of other intangible assets	6	(4 619)	(1 463)
Loans from related funds		1 210	(40 465)
Loans advanced to related funds		-	(1 317)
Purchase of financial assets		(132 026)	(132 134)
Net cash from investing activities		**(138 446)**	**(176 101)**
Cash flows from financing activities			
Distributions to Development Fund		(60 317)	-
Total cash movement for the year		**(12 791)**	**19 124**
Cash at the beginning of the year		22 608	3 484
Total cash at end of the year	10	**9 817**	**22 608**

3. Changes in accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the Fund's financial statements are described below.

The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is March 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that have not been derecognised as at March 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at March 01, 2018. Comparatives in relation to instruments that have not been derecognised as at March 01, 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at March 01, 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements are summarised below:

Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Other financial instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through profit and loss.

3. Changes in accounting policy (continued)

Classification and measurement of financial assets (continued)

All other debt investments and equity investments are subsequently measured at fair value through profit or loss, unless specifically designated otherwise.

The Fund may, on initial recognition, irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies in other comprehensive income.

The Fund may irrevocably designate a debt investment that meets the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at fair value through other comprehensive income, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to new impairment provisions using an expected loss model. This contrasts the incurred loss model of IAS 39.

The commissioners reviewed and assessed the Fund's existing financial assets as at March 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards to their classification and measurement:

Held to maturity investments

Debt instruments and fixed term bank deposits classified as held-to-maturity and loans and receivables under IAS 39 and that were measured at amortised cost, continued to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Fund to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

3. Changes in accounting policy (continued)

Impairment of financial assets (continued)

Specifically, IFRS 9 requires the Fund to recognise a loss allowance for expected credit losses on debt investments subsequently measured at amortised cost or at fair value through profit and loss, lease receivables, contract assets and loan commitments to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires the Fund to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Fund is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

As at March 01, 2018, the commissioners reviewed and assessed the Fund's existing financial assets, amounts due from customers for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at March 01, 2018.The result of the assessment is as follows:

The additional loss allowance is charged against the provision for loss allowances, and the loss allowance which is recognised against the reserve in equity. The application of the IFRS 9 impairment requirements has resulted in additional loss allowance of N$ 5 148 to be recognised in the current year (2018: N$ 11 006).

Reconciliation of the reclassifications and re-measurements of financial assets as a result of adopting IFRS 9

The following table presents a summary of the financial assets as at March 01, 2018. The table reconciles the movement of financial assets from their IAS 39 measurement categories and into their new IFRS 9 measurement categories. "FVPL" denotes "fair value through profit or loss" and "FVOCI" denotes "fair value through other comprehensive income."

3. Changes in accounting policy (continued)

Reconciliation of the reclassifications and re-measurements of financial assets as a result of adopting IFRS9 (continued)

	Previous measurement	**New measurement category: IFRS 9**						
	IAS 39	**FVPL – mandatory**	**FVPL – designated**	**Amortised cost**	**FVOCI – equity**	**FVOCI – debt**	**Re-measurement changes – Adjustment to equity**	**Change attributable to:**
Previously Fair value through profit or loss (designated):								
Funds held with approved asset managers	1 981 289	-	1 981 289	-	-			-No change
Previously Held to maturity:								
Investments with fixed investment terms (debt instruments and fixed term deposits)	204 402	-	-	204 402	-	-		-No change

3. Changes in accounting policy (continued)

Reconciliation of the reclassifications and re-measurements of financial assets as a result of adopting IFRS9 (continued)

	Previous measurement	New measurement category: IFRS 9						
	IAS 39	**FVPL – mandatory**	**FVPL – designated**	**Amortised cost**	**FVOCI – equity**	**FVOCI – debt**	**Re-measurement changes - Adjustment to equity**	**Change attributable to:**
Previously Loans and receivables:								
Loans to related funds	13 716	-	-	13 716	-	-	-	No change
Trade and receivables	32 822	-	-	21 816	-	-	(11 006)	Additional loss allowance
Cash and cash equivalents	22 608	-	-	22 608	-	-	-	No change
Total	**69 146**	-	-	**58 140**	-	-	-	-

3. Changes in accounting policy (continued)

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 9 for the current and prior year.

Impact on assets, liabilities and equity as at 1 March 2018

	As previously reported	**As restated**
	N$	N$
Trade and other receivables	32 822	21 816
Retained earnings	(2 182 477)	(2 171 471)
	(2 149 655)	**(2 149 655)**

Application of IFRS 15 Revenue from contracts with customers

In the current year, the Fund has applied IFRS 15 Revenue from Contracts with Customers (as revised in April 2016) and the related consequential amendments to other IFRSs. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the Fund's financial statements are described below. Refer to the revenue accounting policy for additional details.

The Fund has applied IFRS 15 with an initial date of application of March 01, 2018 in accordance with the cumulative effect method, by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at March 01, 2018. The comparative information has therefore not been restated.

The implementation of IFRS 15 did not result in any changes to the financial results and financial position of the Fund.

Investment property

Land and buildings on Erf 1983 Keetmanshoop which were previously classified as investment property, have now been reclassified as property, plant and equipment. Major renovations are planned for the building and as such, all tenants were removed from the building and agreements were terminated. There is an indication from management, that after renovation, the property will be used for operations of the Commission only.

4. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Investment property	-	-	-	5 980	-	5 980

Reconciliation of investment property – 2019

	Opening balance	Re-classification	Total
	N$'000	N$'000	N$'000
Investment property	5 980	(5 980)	

Reconciliation of investment property – 2018

	Opening balance	Fair value adjustments	Total
	N$'000	N$'000	N$'00C
Investment property	5 980	-	5 98

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). The asset was re-classified as property, plant and equipment due to the change in use as major maintenance and renovations is done to the property.

5. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Land	16 288	-	16 288	38 213	-	38 213
Buildings	82 067	(15 752)	66 315	52 679	(10 071)	42 608
Leasehold property	2 073	(1 665)	408	2 073	(1 528)	545
Furniture and fixtures	3 620	(2 080)	1 540	3 026	(1 788)	1 238
Motor vehicles	5 408	(4 167)	1 241	5 408	(3 518)	1 890
Office equipment	2 265	(1 701)	564	2 173	(1 470)	703
IT equipment	8 822	(6 907)	1 915	7 979	(5 798)	2181
Total	**120 543**	**(32 272)**	**88 271**	**111 551**	**(24 173)**	**87 378**

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – 2019

	Opening balance	Additions	Disposals	Depreciation	Other movements	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Land	38 213	-	-	-	(21 925)	16 288
Buildings	42 608	1 483	-	(5 681)	27 905	66 315
Leasehold property	545	-	-	(137)	-	408
Furniture and fixtures	1 238	593	-	(291)	-	1 540
Motor vehicles	1 890	-	-	(649)	-	1 241
Office equipment	703	92	-	(231)	-	564
IT equipment	2 181	843	-	(1 109)	-	1 915
	87 378	**3 011**	**-**	**(8 098)**	**5 980**	**88 271**

Reconciliation of property, plant and equipment – 2018

	Opening balance	Additions	Disposals	Depreciation	Other movements	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Land	38 213	-	-	-	-	38 213
Buildings	43 895	155	-	(1 442)	-	42 608
Leasehold property	129	457	-	(41)	-	545
Furniture and fixtures	1 513	61	(48)	(288)	-	1 238
Motor vehicles	2 555	-	-	(665)	-	1 890
Office equipment	947	39	(24)	(259)	-	703
IT equipment	3 650	56	(227)	(1 298)	-	2 181
	90 902	**768**	**(299)**	**(3 993)**	**-**	**87 378**

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 with buildings thereon),
Erf 1983 Keetmanshoop (2 624 square metres with buildings thereon),
Erf 1610 Keetmanshoop (1 184 square meters without improvements),
Erf 1959 Otjiwarongo (1 081 square metres without improvements),
Erf 1964 Otjiwarongo (1 393 square metres without improvements),
Erf 1965 Otjiwarongo (1 310 square metres without improvements),
Erf 2269 Windhoek Khomasdal (10 029 square metres, with buildings thereon),
Erf 644 Luderitz (1 074 square metres, with buildings thereon),
Erf 1372 Windhoek North (949 square metres, with buildings thereon) and
Erf 8451 Windhoek North (2 168 square metres, with buildings thereon).

6. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Software license	28 068	(22 509)	5 559 317	23 449	(16 977)	6 472

Reconciliation of intangible assets – 2019

	Opening balance	Additions	Amortisation	Impairment	Total
	N$'000	N$'000	N$'000	N$'000	N$'000
Software License	6 472	4 619	(4 116)	(1 416)	5 559

Reconciliation of intangible assets – 2018

	Opening balance	Additions	Amortisation	Total
	N$'000	N$'000	N$'000	N$'000
Software license	11 317	1 463	(6 308)	6 472

7. Loans to/(from) related funds

Related funds

	2019	2018
	N$'000	N$'000
Development Fund	(73)	(73)
Employees' Compensation Fund	(2 788)	(3 303)
Social Security Commission	(8 334)	(6 970)
Employees' Compensation Fund	-	688
Social Security Commission	23 698	23 374
	12 503	**13 716**
Current assets	23 698	24 062
Current liabilities	(11 195)	(10 346)
	12 503	**13 716**

The above loans are interest free, unsecured and have no fixed terms of repayment. The associated funds have sufficient resources to settle the loans, hence the loss allowance for these loans was not considered.

	2019 N$'000	2018 N$'000
8. Investments and other financial assets		
At fair value through profit or loss		
Funds held with approved investment managers	2 225 308	1 981 289
Funds held with investment managers are fairly valued by the respective investment manager at year end.		
At amortized cost		
Fixed term deposits	108 043	-
Fixed term deposits are held with the financial institutions. The average investment period is 2 to 9 months from the statement of financial position date and interest rates are between 5.93% and 8.46% per annum. The carrying amounts approximate the fair value.		
Loss allowance on investments at amortised cost	(15 634)	-
Total investments at amortised cost	**92 409**	-
Financial assets previously classified as Held to maturity		
Fixed term deposits are held with the financial institutions. The average investment period is 2 to 9 months from the statement of financial position date and interest rates are between 5.93% and 8.46% per annum. The carrying amounts approximate the fair value. The above investments have been reclassified at amortised cost on adoption of IFRS 9.	-	220 036
Impairment of financial assets	-	(15 634)
Total held to maturity investments	-	**204 402**
Total investments	**2 317 717**	**2 185 691**
Current assets		
At fair value through profit or loss	2 225 308	1 981 289
Held at amortized cost	92 409	-
Held to maturity	-	204 402
	2 317 717	**2 185 691**

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.

	2019 N$' 000	2018 N$' 000
8. Investments (continued)		
Level 1		
Financial assets held at fair value through profit or loss	2 225 308	1 981 289

Credit risk

Management considered the credit risk of the investments at amortised cost, and which are neither past due nor impaired at reporting date and subsequently and is of opinion that the risk did not increase significantly since the date at which the investment was initially made. Except for the investments which were impaired, none of the other investments are past due.

9. Trade and other receivables

	2019 N$' 000	2018 N$' 000
Financial instruments		
Trade receivables	81 297	75 398
Deposits	7 549	7 114
Operating lease rentals receivable	282	284
Loss allowances	(67 573)	(51 419)
	21 555	31 377
Non-financial instruments		
Other receivables	1 156	1 445
	22 711	**32 822**

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

	2019 N$' 000	2018 N$' 000
At amortised cost	21 555	31 377
Non-financial instruments	1 156	1 445
	22 711	**32 822**

Exposure to credit risk

Trade receivables inherently expose the Fund to credit risk, being the risk that the Fund will incur financial loss if members fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

9. Trade and other receivables (continue)

Exposure to credit risk (continue)

Trade receivables arise from contribution income returns received from employers. The customer base is large and widespread, with a result that there is no specific significant concentration of credit risk from these trade receivables.

The average credit period on trade receivables is 30 days (2018: 30 days). No interest is charged on outstanding trade receivables for the first 30 days from date of invoicing. Thereafter, interest is charged on the trade receivables at the rate of 20% per annum for contribution income debtors.

The Fund makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. The fund previously had a policy of providing for accounts receivable which are outstanding for 12 months or more as potential bad debts.

	2019	2019	2018	2018
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Not past due: 10% (2018: - %)	15 244	(1 515)	-	-
31 - 60 days past due: 19% (2018: - %)	4 210	(787)	-	-
61 - 90 days past due: 69% (2018: - %)	2 093	(1 452)	-	-
91 – 365+ days past due: 100% (2018: - %)	63 818	(63 819)	-	-
Total	**85 366**	**(67 573)**	**-**	**-**

	2019	2018
	N$' 000	N$'000

9. Trade and other receivables (continue)

Reconciliation of loss allowances

	2019	2018
The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:		
Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	(51 419)	-
Adjustments upon application of IFRS 9	(11 006)	-
Opening balance in accordance with IFRS 9	**(62 425)**	-
Re-measurement of loss allowance	(5 148)	
Closing balance	**(67 573)**	-

Credit risk disclosures under IAS 39 for comparatives

The following sections provide comparative information for trade receivables which have not been restated. The information is provided in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

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.

Included in the Fund's trade receivable are debtors with carrying amounts of N$ nil (2018: N$ 28 879) 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 (2018: +60/+90 days).

Ageing of past due but not impaired

	2019	2018
+60 days	-	(2 921)
+90 days	-	(5 355)
+120 days	-	37 155
	-	**28 879**

	2019 N$' 000	2018 N$' 000

9. Trade and other receivables (continued)

Movement in the allowance for doubtful debts

	2019 N$' 000	2018 N$' 000
Balance at the beginning of the year	-	47 788
Movement in bad debts during the year	-	3 631
	-	**51 419**

Ageing of impaired trade receivables

	2019 N$' 000	2018 N$' 000
+120 days	-	43 698
+365 days	-	7 721
	-	51 419

10. Cash and cash equivalents

Cash and cash equivalents consist of:

	2019 N$' 000	2018 N$' 000
Bank balances and short term deposits	9 817	22 608

The average interest rates are between 5.75% to 8.25%.
The carrying amount approximates the fair value.

11. Provisions

Reconciliation of provisions - 2019	Opening balance	Movements	Total
	N$'000	N$'000	N$'000
Unreported incurred claims	82 893	13 993	96 886
Outstanding claims	4 057	(250)	3 807
	86 950	**7 507**	**100 693**

Reconciliation of provisions - 2018	Opening balance	Movements	Total
	N$'000	N$'000	N$'000
Unreported incurred claims	74 178	8 715	82 893
Outstanding claims	7 766	(3 709)	4 057
	81 944	**5 006**	**86 950**

	2019	2018
	N$'000	N$'000
11. Provisions (continued)		
Non-current liabilities	7 991	4 794
Current liabilities	92 702	82 156
	100 693	**86 950**
Fair value determination of the unreported incurred claims		
Death	3 605	2 666
Maternity leave	32 398	28 607
Retirement benefits	9 689	7 589
Sick leave	3 993	3 647
Claim handling provision	42 232	36 133
Data integrity provision	4 969	4 251
	96 886	**82 893**

11.1 Incurred But Not Reported (IBNR Claims)

The unreported incurred claims represent the management estimate as at 28 February 2019 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

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.

11. Provisions (continued)

11.2 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:

11.2.1 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.

11.2.2 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.

11.2.3 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.

11.2.4 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 85% (2018: 85%) of the IBNR liability for the fund was set up to cover future expenses.

The claims handling provision was calculated as the ratio of expenses paid relative to claims paid for the past two years according to the actuarial valuation. Actuaries applied this ratio to the IBNR liabilities to arrive at an estimate of the claims handling provision.

11. Provisions (continued)

11.2 Pension Liabilities (continued)

11.2.5 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.

	2019	2018
	N$'000	N$'000
12. Trade and other payables		
Financial instruments		
Trade payables	3 225	3 442
Accrued expenses	1 056	1 610
Accrued leave pay	13 384	11 478
Accrued bonus	2 358	2 078
	20 023	18 608
Non-financial instruments		
Unclaimed monies	(145)	(33)
Unknown deposits	1 287	1 742
Amounts received in advance	88 829	73 397
Other payables	564	109
	90 535	75 215
Total	**110 558**	**93 823**
Categorisation of trade and other payables		
At amortised cost	20 023	18 608
Non-financial instruments	90 535	75 215
	110 558	**93 823**

13. Revenue

Contribution revenue	490 861	489 342
Contribution interest	3 241	3 113
	494 102	**492 455**

14. Claims

Maternity leave	222 853	215 886
Sick leave	21 785	19 839
Death benefit	10 308	10 726
Retirement benefit	36 382	33 172
Data integrity provision	718	447
Claims handling provision	6 099	3 799
	298 145	**283 869**

	2019	2018
	N$'000	N$'000
15. Other income		
Rental income	829	1 409
Miscellaneous income	1 760	9 951
	2 589	**11 360**
16. Surplus before investment income		
Surplus before investment income for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
□ Contractual amounts	4 262	4 141
Loss on sale of property, plant and equipment	-	(253)
Amortisation on intangible assets	4 116	6 309
Depreciation on property, plant and equipment	8 099	3 951
Impairment on intangible assets	1 416	-
Employee costs	152 077	143 861
17. Investment income		
Interest income		
Financial institutions	150 021	152 427
Fixed deposits and call accounts	11 040	9 127
	161 061	**161 554**
18. Auditors' remuneration		
Fees	202	460

19. Cash generated from operations

	2019 N$'000	2018 N$'000
Surplus for the year	133 510	171 900
Adjustments for:		
Depreciation and amortisation	12 215	10 301
Loss on sale of assets	-	253
Interest received	(161 061)	(161 554)
Impairment on intangible assets	1 416	-
Movements in Retirement benefit obligation	9 246	11 196
Movements in provisions	13 743	5 006
Adjustment on adoption of IFRS9	(11 006)	-
Other non-cash items	2	-
Changes in working capital:	-	-
Trade and other receivables	10 351	(2 478)
Trade and other payables	16 495	(953)
	24 911	**33 671**

20. Retirement benefits

Defined benefit plan

Pension fund

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

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

The value of the assets of GIPF is valued by actuaries every third year. The latest valuation was done at 31 March 2015, 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$ 81.770 billion and assets of N$ 88.562 billion, the funding level at valuation date was 108.31%.

	2019 N$'000	2018 N$'000

20. Retirement benefits (continue)

Pension fund (continue)

At the time of the report, no latest information had been received from GIPF on the new actuarial valuation as at 31 March 2019.

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.

Post-retirement medical benefit

The benefit is a final post-employment medical benefit plan. The employer pays 75% or 100% of the medical premium towards the medical scheme when qualifying employees retire.

Carrying value

	2019 N$'000	2018 N$'000
Present value of the defined benefit obligation - wholly unfunded	**(66 230)**	**(56 984)**
Non-current liabilities	(65 738)	(56 695)
Current liabilities	(492)	(289)
	(66 230)	**(56 984)**

Movements for the year

	2019 N$'000	2018 N$'000
Opening balance	(56 984)	(45 788)
Net expense recognized in profit and loss	(9 246)	(11 196)
	(66 230)	**(56 984)**

	2019	2018
	N$'000	N$'000

20. Retirement benefits (continued)

Post-retirement medical benefit (continued)

Net expense recognized in profit and loss

	2019	2018
Past service cost	(4 571)	(6 088)
Interest Cost	(5 927)	(5 268)
Actuarial gains/(loss)	951	
Contribution payments by employer	301	160
	(9 246)	**(11 196)**

Key assumptions used

	2019	2018
Assumptions used on the last valuation on 28 February 2019.		
Normal retirement age	59	60
Discount rate used	9.80%	10.43%
Medical aid contribution increase rate	8.32%	8.95%

Assumptions for demographics

The most important demographic assumptions are the mortality rate that applies after retirement and the withdrawal rate that applies before retirement. For mortality of the members the following mortality tables were used:

- Members before the age of retirement 100% SALT84-86 (2018: SA85-90).
- Continuation members (pensioners) PA(90) ultimate plus 0.5% improvement per annum (2018: PA(90) life table less 1 year age adjustment and allowance for improvement in mortality of 0.5% per annum from 2007 onwards).

For withdrawal rates before retirement, experiences in the general population and other large schemes were used.

Sensitivity analysis

The valuation above is only an estimate of the cost of providing post-employment medical aid benefits. The actual cost to the Fund will be dependent on actual future levels of assumed variables. In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liability using the following assumptions:

- Real interest rate changes by 1% (real interest is the difference between the interest rate and the rate of increase in medical contribution)
- Assuming a change of 10% in the expected mortality (2018: mortality based on PA (90) without any adjustments.

	2019	2018
	N$'000	N$'000

20. Retirement benefits (continued)

Post-retirement medical benefit (continue)

We also tested the result if pre-retirement withdrawals are ignored.

Key assumptions used (continued)

Real interest rate

The real interest rate is the difference between the discount rate and the assumed increase in medical contribution rates. Changes in the real interest rate will result in the Fund paying more or less for the medical contribution, which will have an impact on the liability. We tested the effect of a 1% change in the real interest rate and the effect is as follows:

	2019	2018
1% increase in the real interest rate	(52 369)	(46 390)
Valuation assumption	(66 230)	(56 984)
1% decrease in the real interest rate	(84 889)	(70 816)

Demographics

Changes in the demographics of the members will have an impact on the actual cost to the Fund. If a heavier mortality rate is experience it will reduce cost and less pre-retirement withdrawals will increase the cost of the scheme. We tested the effect of 10% change in mortality rates (2018: PA (90) with no adjustments and also when no pre-retirement withdrawals occurs) and the effect is as follows:

	2019	2018
Increase of 10% in mortality rates	(62 950)	(55 217)
Valuation assumption	(66 230)	(56 984)
Decrease of 10% in mortality rates	(69 905)	(58 751)

21. Commitments

Authorised capital expenditure

Not yet contracted for but authorised	2019	2018
□ Property, plant and equipment	392 372	389 110
□ Intangible assets	73 062	83 500
	465 434	**472 610**

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

22. Related parties

Relationships

Controlling organisation	Social Security Commission
Related funds	Employees' Compensation Fund
	Development Fund
	Accident Pension Fund
	National Pension Fund
	National Medical Benefit Fund
Commissioners	Dr. D.I. Uirab (Chairperson)
	Ms. A. Titus
	Mr. K.B. Black
	Ms. P.H. Masabane (Deputy Chairperson)
	Mr. N. Ntelamo
	Mr. E. S. Maswahu
	Ms. J. Jonas
	Ms. T. V. P. Nauyoma
	Ms K. T. N. N. Sihlahla
	Ms. P.J. Olivier

	2019	2018
	N$'000	N$'000
Related party balances		
Loan accounts - Owing (to)/ by related parties		
Social Security Commission	(8 334)	(6 970)
Employees' Compensation Fund	(2 788)	(3 303)
Development Fund	(73)	(73)
Social Security Commission	23 698	23 374
Employees' Compensation Fund	-	688
Related party transactions		
Transfer of funds to related party		
Development Fund	60 317	-

23. Commissioners' emoluments

Emoluments of N$ 359 (2018: N$ 423) were paid to the commissioners during the year.

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.

24. Risk management (continued)

At 28 February 2019	**Loans and other receivables**	**Held at fair value through profit or loss**	**Held at amortised cost**	**Financial liabilities at amortised cost**
	N$'000	N$'000	N$'000	N$'000
Trade and other receivables	21 555	-	-	-
Investments	-	2 225 308	92 409	-
Cash and cash equivalents	9 817	-	-	-
Loans to other funds	12 503	-	-	-
Trade and other payables	-	-	-	(20 023)
Provisions	-	-	-	(100 693)
Retirement benefit obligation	-	-	-	(66 230)

At 28 February 2018	**Loans and other receivables**	**Held at fair value through profit or loss**	**Held to maturity**	**Financial liabilities at amortised cost**
	N$'000	N$'000	N$'000	N$'000
Trade and other receivables	32 822	-	-	-
Investments	-	1 981 289	204 402	-
Cash and cash equivalents	22 608	-	-	-
Loans to other funds	13 716	-	-	-
Trade and other payables	-	-	-	(93 823)
Provisions	-	-	-	(86 950)
Retirement benefit obligation				(56 984)

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:

24. Risk management (continue)

	2019	2018
	N$'000	N$'000
Effect on surplus for the year		
Increase/ (decrease) of 1% in interest rates	12 587	10 519

Cash flow interest rate risk

2019	Current interest rate	Due in less than a year	Due in more than two years
	%	N$'000	N$'000
Trade and other receivables - normal credit terms	20.00%	21 555	-
Funds held at fair value through profit or loss	6.59%	2 225 308	-
Loans to other funds	-%	12 503	-
Cash and cash equivalents	5.75%	9 817	-
Funds held at amortised cost	7.99%	92 409	-
Trade and other payables	-%	(20 023)	-
Provisions	-%	(100 693)	-
Retirement benefit obligation		-	(66 230)

2018	Current interest rate	Due in less than a year	Due in one to two years
	%	N$'000	N$'000
Trade and other receivables - normal credit terms	10.00%	32 822	-
Funds held at fair value through profit or loss	8.00%	1 981 289	-
Cash and cash equivalents	5.50%	13 716	-
Funds held to maturity	6.50%	22 608	-
Trade and other payables	-%	204 402	-
Loans from other funds	-%	(93 823)	-
Provisions	-%	(82 156)	(4 794)
Retirement benefit obligation		(289)	(56 695)

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

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 6 and 8. The fund does not hold any collateral as security. Receivables are presented net of the provision for impairment losses.

Investments and cash and cash equivalents

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

The fund invests only with reputable financial institutions and the credit quality of financial assets is therefore good.

Financial instruments

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

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

	2019	2018
	N$'000	N$'000
Financial assets		
Fair value through profit or loss	2 225 308	1 981 289
Investments at amortised cost	92 409	204 402
Loans from other funds	12 503	13 716
Trade and other receivables	21 555	32 822
Cash and cash equivalents	9 817	22 608
	2 361 592	**2 254 837**
Financial liabilities		
Trade and other payables	20 022	93 823
Loans from other funds	-	-
Retirement benefit obligation	66 230	56 984
Provisions	100 693	86 950
	186 945	**237 757**

24. Risk management (continue)

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 44% (2018: 52%) for domestic equities on the funds held by asset managers.

Equity price sensitivity analysis at 28 February 2019, the fund's listed equities were recorded at their fair value of N$ 970 million (2018: N$ 1 149 million). A hypothetical 10% decline or increase in each individual share price would decrease/increase the surplus for the year by N$ 97.0 million (2018: N$ 114.9 million).

25. Non-current asset held for sale

The fund has decided to dispose of the land situated on erf 8769 freedom square in the central business district of Windhoek.

	2019	2018
	N$'000	N$'000
Cost of land	65 567	65 567

The decision was made by the commission to dispose of the land in the financial year ended 2017 due to the high cost of developing the property. The sale of the erf was delayed due to legal proceedings instigated against the SSC by the previous owner.

Detailed Statement of Comprehensive Income

	Note	2019 N$ '000	2018 N$ '000
Revenue			
Contributions		490 861	489 342
Contributions interest		3 241	3 113
	13	**494 102**	**492 455**
Direct expenses			
Claims	14	(298 145)	(283 869)
Gross surplus		**195 957**	**208 586**
Other income			
Rental income		829	1 409
Other income		1 760	9 951
Interest received	17	161 061	161 554
		163 650	**172 914**
Expenses (Refer to page 80)		**(226 097)**	**(209 600)**
Operating profit		**133 510**	**171 900**
Surplus for the year		**133 510**	**171 900**

Operating expenses	Note	2019 N$ '000	2018 N$ '000
Administration and consulting fees		(13 476)	(12 423)
Advertising		(1 130)	(1 298)
Auditors remuneration	18	(202)	(460)
Bad debts – loss allowances on trade receivables		(5 148)	(3 631)
Bank charges		(368)	(462)
Cleaning		(1 067)	(782)
Compliance awareness		(317)	-
Consulting fees		(3 705)	(5 793)
Computer expenses		(74)	(226)
Corporate functions		(227)	(247)
Depreciation, amortisation and impairments		(12 215)	(10 301)
Donations		(411)	(517)
Employee costs		(152 077)	(143 861)
Entertainment		(212)	(191)
General expenses		(91)	(2)
IT expenses		(62)	(892)
Impairment of intangible assets		(1 416)	-
Insurance		(518)	(487)
International conferences		(941)	(701)
Lease rentals on operating lease		(4 262)	(4 141)
Levies		(1 540)	(1 196)
Loss on disposal of assets		-	(253)
Motor vehicle expenses		(121)	(146)
Other expenses		(115)	-
Petrol and oil		(533)	(449)
Postage		(1 029)	(989)
Printing and stationery		(1 611)	(1 538)
Protective clothing		(1)	-
Recruitment expenses		(130)	(121)
Repairs and maintenance		(1 054)	(1 047)
Research and development		(223)	(259)
Royalties and license fees		(6 357)	(2 343)
Security		(2 484)	(2 630)

Operating expenses	Note	2019 N$ '000	2018 N$ '000
Seminars		(382)	(123)
Staff welfare		(107)	(196)
Subscriptions		(357)	(488)
Sundry expenses		(13)	(20)
Telephone and fax		(3 896)	(3 593)
Training		(1 832)	(1 972)
Travel - local		(2 203)	(1 694)
Utilities		(4 190)	(4 128)
		(226 097)	**(209 600)**

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	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.
Registered office	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Business address	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Postal address	Private Bag 13223 Windhoek Namibia
Bankers	Bank Windhoek
Auditors	Office of the Auditor-General
Secretary	Erenstine Tuneeko
Commissioners	Dr. D.I. Uirab (Chairperson) Ms. A. Titus Mr. K.B. Black Ms. P.H. Masabane (Deputy Chairperson) Mr. N. Ntelamo Mr. E. S. Maswahu Ms. J. Jonas Ms. T. V. P. Nauyoma Ms K. T. N. N. Sihlahla Ms. P.J. Olivier

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 28 February 2020 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 111 to 148, which have been prepared on the going concern basis, were approved by the board on 21 August 2019 and were signed on its behalf by:

....	....
Commissioner	**Commissioner**

Windhoek, 21 August 2019

Commissioner's Report

The commissioners submit their report for the year ended 28 February 2019.

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$ 115 915 (2018: N$ 109 748).

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$ 595 (2018: N$ 152) during the year under review, reclassifications from investment property of N$ 5 980 (2018: Nil) were made.

There were additions to intangibles amounting to N$ 911 (2018: N$ 289) during the year under review.

Commissioner's Report (continued)

5. Commissioners

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

Name	Change
Ms. A. Titus	Re-appointed 1 January 2018
Mr. E.S. Maswahu	Re-appointed 1 January 2018
Ms. J. Jonas	Re-appointed 1 January 2018
Ms. T.V.P. Nauyoma	Re-appointed 1 January 2018
Ms. P. Munkawa	Resigned 7 June 2018
Ms K. T. N. N. Sihlahla	Appointed 1 November 2018
Dr. D.I. Uirab (Chairperson)	Appointed 1 January 2018
Mr. K. B. Black	Appointed 1 January 2018
Ms. P. H. Masabane (Deputy Chairperson)	Appointed 1 January 2018
Mr. N. Ntelamo	Appointed 1 January 2018
Ms. P. J. Olivier	Appointed 1 January 2018

6. Secretary

The secretary of the fund is Erenstine Tuneeko of:

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

7. Auditors

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

Statement of Financial Position

	Note	2019 N$ '000	2018 N$ '000
Assets			
Non-Current Assets			
Investment property	4	-	5 980
Property, plant and equipment	5	51 608	46 723
Intangible assets	6	2 373	2 553
		53 981	**55 256**
Current Assets			
Loans to related funds	7	12 242	10 677
Investments and other financial assets	8	1 122 364	993 043
Trade and other receivables	9	24 682	9 267
Cash and cash equivalents	10	2 138	3 370
		1 161 426	**1 016 357**
Non-current assets held for sale	25	12 956	12 956
Total Assets		**1 228 363**	**1 084 569**
Funds and Liabilities			
Funds			
Accumulated funds		917 287	805 570
Liabilities			
Retirement benefit obligation	23	12 990	11 203
Provisions	11	102 360	93 049
		115 350	**101 688**
Current Liabilities			
Loans from group companies	7	5 463	5 869
Trade and other payables	12	144 497	121 967
Retirement benefit obligation	23	97	57
Provisions	11	45 669	46 854
		195 726	**174 747**
Total Liabilities		**311 076**	**278 999**
Total Funds and Liabilities		**1 228 363**	**1 084 569**

Statement of Comprehensive Income

	Note	2019 N$ '000	2018 N$ '000
Revenue	13	126 949	128 512
Claims	14	(38 575)	(44 272)
Gross surplus		**88 374**	**84 240**
Other income	15	2 743	2 594
Operating expenses		(54 653)	(49 630)
Surplus before investment income		**36 464**	**37 204**
Investment income	17	79 451	72 544
Surplus for the year		**115 915**	**109 748**
Other comprehensive income		-	-
Total comprehensive income		**115 915**	**109 748**

Statement of Changes in Funds

	Note	Accumulated funds	Total funds
		N$ '000	N$ '000
Balance at 01 March 2017		**695 818**	**695 822**
Changes in funds			
Total comprehensive income for the year		109 748	109 748
Total changes		109 748	109 748
Balance at 28 February 2018		**805 570**	**805 570**
Restatement of Accumulated funds due to change in accounting	9	(4 198)	(4198)
Restated balance at 1 March 2018		**801 372**	**801 372**
Changes in funds			
Total comprehensive income for the year		115 915	115 915
Total changes		115 915	115 915
Balance at 28 February 2019		**917 287**	**917 287**

Statement of Cash Flows

	Note	2019 N$ '000	2018 N$ '000
Cash flows from operating activities			
Cash generated from operations	19	52 116	56 344
Interest income		79 451	72 544
Net cash from operating activities		**131 567**	**128 888**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(595)	(152)
Purchase of other intangible assets	6	(911)	(289)
Repayments of loans to related funds		(1 972)	(2 174)
Purchases of financial assets		(129 321)	(125 917)
Net cash from investing activities		**(132 799)**	**(128 532)**
Total cash movement for the year		**(1 232)**	**356**
Cash at the beginning of the year		3 370	3 014
Total cash at end of the year	10	**2 138**	**3 370**

3. Changes in accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the Fund's financial statements are described below.

The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is March 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that have not been derecognised as at March 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at March 01, 2018. Comparatives in relation to instruments that have not been derecognised as at March 01, 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at March 01, 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements are summarised below:

Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Other financial instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through profit and loss.

3. Changes in accounting policy (continued)

Classification and measurement of financial assets (continued)

All other debt investments and equity investments are subsequently measured at fair value through profit or loss, unless specifically designated otherwise.

The Fund may, on initial recognition, irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies in other comprehensive income.

The Fund may irrevocably designate a debt investment that meets the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at fair value through other comprehensive income, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to new impairment provisions using an expected loss model. This contrasts the incurred loss model of IAS 39.

The commissioners reviewed and assessed the Fund's existing financial assets as at March 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards to their classification and measurement:

Held to maturity investments

Debt instruments and fixed term bank deposits classified as held-to-maturity and loans and receivables under IAS 39 and that were measured at amortised cost, continued to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Fund to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

3. Changes in accounting policy (continued)

Impairment of financial assets (continued)

Specifically, IFRS 9 requires the Fund to recognise a loss allowance for expected credit losses on debt investments subsequently measured at amortised cost or at fair value through profit and loss, lease receivables, contract assets and loan commitments to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires the Fund to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Fund is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

As at March 01, 2018, the commissioners reviewed and assessed the Fund's existing financial assets, amounts due from customers for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at March 01, 2018.The result of the assessment is as follows:

The additional loss allowance is charged against the provision for loss allowances, and the loss allowance which is recognised against the reserve in equity. The application of the IFRS 9 impairment requirements has resulted in additional loss allowance of N$ 9 796 to be recognised in the current year (2018: N$ 4 198).

Reconciliation of the reclassifications and re-measurements of financial assets as a result of adopting IFRS 9

The following table presents a summary of the financial assets as at March 01, 2018. The table reconciles the movement of financial assets from their IAS 39 measurement categories and into their new IFRS 9 measurement categories. "FVPL" denotes "fair value through profit or loss" and "FVOCI" denotes "fair value through other comprehensive income."

3. Changes in accounting policy (continued)

Reconciliation of the reclassifications and re-measurements of financial assets as a result of adopting IFRS9 (continued)

	Previous measurement	New measurement category: IFRS 9						
	IAS 39	**FVPL – mandatory**	**FVPL – designated**	**Amortised cost**	**FVOCI – equity**	**FVOCI – debt**	**Re-measurement changes – Adjustment to equity**	**Change attributable to:**
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Previously Fair value through profit or loss (designated):								
Funds held with approved asset managers	618 400	-	618 400	-	-	-	-	No change
Previously Held to maturity:								
Investments with fixed investment terms (debt instruments and fixed term deposits)	452 353	-	-	452 353	-	-	-	No change

3. Changes in accounting policy (continued)

Reconciliation of the reclassifications and re-measurements of financial assets as a result of adopting IFRS9 (continued)

	Previous measurement	New measurement category: IFRS 9						
	IAS 39	**FVPL – mandatory**	**FVPL – designated**	**Amortised cost**	**FVOCI – equity**	**FVOCI – debt**	**Re-measurement changes - Adjustment to equity**	**Change attributable to:**
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Previously Loans and receivables:								
Loans to related funds	4 808	-	-	4 808	-	-	-	No change
Trade and receivables	9 267	-	-	5 069	-	-	(4 198)	Additional loss allowance
Cash and cash equivalents	3 370	-	-	3 370	-	-	-	No change
Total	**17 445**	-	-	**13 247**	-	-	-	

3. Changes in accounting policy (continued)

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 9 for the current and prior year.

Impact on assets, liabilities and equity as at 1 March 2018

	As previously reported	As restated
	N$	N$
Trade and other receivables	9 267	5 069
Retained earnings	(805 570)	(801 372)
	(796 303)	**(796 303)**

Application of IFRS 15 Revenue from contracts with customers

In the current year, the Fund has applied IFRS 15 Revenue from Contracts with Customers (as revised in April 2016) and the related consequential amendments to other IFRSs. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the Fund's financial statements are described below. Refer to the revenue accounting policy for additional details.

The Fund has applied IFRS 15 with an initial date of application of March 01, 2018 in accordance with the cumulative effect method, by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at March 01, 2018. The comparative information has therefore not been restated.

The implementation of IFRS 15 did not result in any changes to the financial results and financial position of the Fund.

Investment property

Land and buildings on Erf 1983 Keetmanshoop which were previously classified as investment property, have now been reclassified as property, plant and equipment. Major renovations are planned for the building and as such, all tenants were removed from the building and agreements were terminated. There is an indication from management, that after renovation, the property will be used for operations of the Commission only.

4. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Investment property	-	-	-	5 980	-	5 980

Reconciliation of investment property – 2019

	Opening balance	Re-classification	Total
	N$'000	N$'000	N$'000
Investment property	5 980	(5 980)	-

Reconciliation of investment property – 2018

	Opening balance	Fair value adjustments	Total
	N$'000	N$'000	N$'000
Investment property	5 980	-	5 980

Land and buildings comprise of:

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). The asset was re-classified as property, plant and equipment due to the change in use as major maintenance and renovations is done to the property.

5. Property, plant and equipment (continued)

	2019			2018		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Land	7 162	-	7 162	11 198	-	11 198
Buildings	44 073	(5 504)	38 569	33 764	(4 291)	29 473
Furniture and fixtures	2 390	(1 422)	968	2 273	(1 365)	908
Motor vehicles	3 319	(1 784)	1 535	3 319	(1 656)	1 663
Office equipment	2 624	(1 466)	1 158	2 606	(1 420)	1 186
Computer equipment	6 245	(4 110)	2 135	6 078	(3 891)	2 187
Leasehold improvement	410	(329)	81	410	(302)	108
Total	**66 223**	**(14 615)**	**51 608**	**59 648**	**(12 925)**	**46 723**

Reconciliation of property, plant and equipment – 2019

	Opening balance	Additions	Depreciation	Other movements	Total
	N$'000	N$'000	N$'000	N$'000	N$'000
Land	11 198	-	-	(4 036)	7 162
Buildings	29 473	293	(1 212)	10 015	38 569
Furniture and fixtures	908	117	(57)	-	968
Motor vehicles	1 663	-	(128)	-	1 535
Office equipment	1 186	18	(46)	-	1 158
Computer equipment	2 187	167	(219)	-	2 135
Leasehold improvements	108		(27)	-	81
	46 723	**595**	**(1 689)**	**5 979**	**51 608**

Reconciliation of property, plant and equipment – 2018

	Opening balance	Additions	Depreciation	Transfers	Total
	N$'000	N$'000	N$'000	N$'000	N$'000
Land	11 198	-	-	-	11 198
Buildings	29 727	31	(285)	-	29 473
Furniture and fixtures	958	12	(58)	-	912
Motor vehicles	1 795	-	(132)	-	1 663
Office equipment	1 225	8	(51)	-	1 182
Computer equipment	2 432	11	(256)	-	2 187
Leasehold improvements	25	90	(7)	-	108
	47 360	**152**	**(789)**	**-**	**46 723**

5. 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 1589 Oshakati (3 515 square metres with buildings thereon),
Erf 1983 Keetmanshoop (2 624 square metres with buildings thereon),
Erf 1610 Keetmanshoop (1 184 square meters without improvements),
Erf 1959 Otjiwarongo (1 081 square metres without improvements),
Erf 1964 Otjiwarongo (1 393 square metres without improvements),
Erf 1965 Otjiwarongo (1 310 square metres without improvements),
Erf 2269 Windhoek Khomasdal (10 029 square metres, with buildings thereon),
Erf 644 Luderitz (1 074 square metres, with buildings thereon),
Erf 1372 Windhoek North (949 square metres, with buildings thereon) and
Erf 8451 Windhoek North (2 168 square metres, with buildings thereon).

6. Intangible assets

	2019			2018		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Software license	6 094	(3 721)	2 373	5 181	(2 628)	2 553

Reconciliation of intangible assets – 2019

	Opening balance	**Additions**	**Amortisation**	**Impairment**	**Total**
	N$'000	N$'000	N$'000	N$'000	N$'000
Software License	2 553	911	(813)	(278)	2 373

Reconciliation of intangible assets – 2018

	Opening balance	**Additions**	**Amortisation**	**Total**
	N$'000	N$'000	N$'000	N$'000
Software license	2 929	289	(665)	2 553

7. Loans to/(from) related funds

	2019	2018
	N$ '000	N$ '000
Maternity Leave, Sick Leave and Death Benefit Fund	2 789	3 303
Development Fund	533	533
Social Security Commission	8 920	6 841
Social Security Commission	(5 463)	(5 181)
Maternity Leave, Sick Leave and Death Benefit Fund	-	(688)
	6 779	**4 808**
Current assets	12 242	10 677
Current liabilities	(5 463)	(5 869)
	6 779	**4 808**

The above loans are interest free, unsecured and have no fixed terms of repayment. The associated funds have sufficient resources to settle the loans, hence the loss allowance for these loans was not considered.

8. Investments and other financial assets

	2019	2018
	N$ '000	N$ '000
At fair value through profit or loss		
Funds held with approved investment managers	680 500	618 400
Funds held with investment managers are fairly valued by the respective investment manager at year end.		
At amortized cost		
Fixed term deposits	522 228	-
Fixed term deposits are held with the financial institutions. The average investment period is 2 to 9 months from the statement of financial position date and interest rates are between 5.93% and 8.46% per annum. The carrying amounts approximate the fair value.		
Loss allowance on investments at amortised cost	(80 363)	-
Total investments at amortised cost	**441 865**	**-**
Financial assets previously classified as Held to maturity		
Fixed term deposits are held with the financial institutions. The average investment period is 2 to 9 months from the statement of financial position date and interest rates are between 5.93% and 8.46% per annum. The carrying amounts approximate the fair value. The above investments have been reclassified at amortised cost on adoption of IFRS 9.	-	452 353
Impairment of financial assets	-	(77 710)
Total held to maturity investments	**-**	**374 643**
Total investments	**1 122 365**	**993 043**
Current assets		
At fair value through profit or loss	680 500	618 400
Held at amortized cost	441 865	-
Held to maturity	-	374 643
	1 122 365	**993 043**

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.

	2019 N$ '000	2018 N$ '000
8. Investments (continued)		
Level 1		
Financial assets held at fair value through profit or loss	680 500	618 400

Credit risk

Management considered the credit risk of the investments at amortised cost, and which are neither past due nor impaired at reporting date and subsequently and is of opinion that the risk did not increase significantly since the date at which the investment was initially made. Except for the investments which were impaired, none of the other investments are past due.

9. Trade and other receivables

	2019	2018
Financial instruments		
Trade receivables	78 231	67 019
Other receivables	1 166	1 489
Loss allowances	(73 220)	(59 226)
	6 177	9 282
Non-financial instruments		
Debtors with credit balances	18 505	(15)
	24 682	**9 267**

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

	2019	2018
At amortised cost	6 177	9 282
Non-financial instruments	18 505	(15)
	24 682	**9 267**

Exposure to credit risk

Trade receivables inherently expose the Fund to credit risk, being the risk that the Fund will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

	2019	2018
	N$' 000	N$'000

9. Trade and other receivables (continued)

Exposure to credit risk (continued)

Trade receivables arise from assessment income returns received from employers. The customer base is large and widespread, with a result that there is no specific significant concentration of credit risk from these trade receivables.

The average credit period on trade receivables is 30 days (2018: 30 days). No interest is charged on outstanding trade receivables for the first 30 days from date of invoicing. Thereafter, interest is charged on the trade receivables at the rate of 10% per annum for assessments income debtors.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

The Fund's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2019	2019	2018	2018
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Not past due: 2% (2018: - %)	555	(8)	-	-
31 - 60 days past due: 3% (2018: - %)	1 668	(49)	-	-
61 - 90 days past due: 5% (2018: - %)	687	(35)	-	-
91 - 365 days past due: 7% (2018: - %)	18 758	(1 287)	-	-
More than 365 days past due: 100% (2018: - %)	71 840	(71 840)	-	-
Total	**93 508**	**(73 220)**	**-**	**-**

	2019 N$' 000	2018 N$'000

9. Trade and other receivables (continued)

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

	2019	2018
Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	(59 226)	-
Adjustments upon application of IFRS 9	(4 198)	-
Opening balance in accordance with IFRS 9	**(63 424)**	**-**
Re-measurement of loss allowance	(9 796)	
Closing balance	**(73 220)**	**-**

Credit risk disclosures under IAS 39 for comparatives

The following sections provide comparative information for trade receivables which have not been restated. The information is provided in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

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.

Included in the Fund's trade receivable are debtors with carrying amounts of N$ nil (2018: N$ 3 989) 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 (2018: +60/+90 days).

Ageing of past due but not impaired

	2019	2018
+60 days	-	786
+90 days	-	2 094
+120 days	-	1 109
	-	**3 989**

	2019	2018
	N$' 000	N$'000

9. Trade and other receivables (continued)

Movement in the allowance for doubtful debts

	2019	2018
Balance at the beginning of the year	-	50 67
Movement in bad debts during the year	-	8 55
	-	**59 226**

Ageing of impaired trade receivables

	2019	2018
+120 days	-	51 83
+365 days	-	7 386
	-	**59 226**

10. Cash and cash equivalents

Cash and cash equivalents consist of:

	2019	2018
Bank balances	**2 138**	**3 370**

11. Provisions

Reconciliation of provisions – 2019

	Opening balance	Movement	Total
	N$'000	N$'000	N$'000
Incurred but not reported compensation claims (IBNR)	137 615	9 288	146 903
Merit rebates	2 288	(1 162)	1 126
	139 903	**8 126**	**148 029**

Reconciliation of provisions – 2018

	Opening balance	Movement	Total
	N$'000	N$'000	N$'000
Incurred but not reported compensation claims (IBNR)	119 621	17 994	137 615
Merit rebates	1 907	381	2 288
	121 528	**18 375**	**139 903**

11. Provisions (continued)

	2019	2018
	N$'000	N$'000
Non-current liabilities	102 360	93 049
Current liabilities	45 669	46 854
	148 029	**139 903**

Fair value determination of the IBNR compensation claims

Medical claims	17 138	13 133
Permanent disability	1 856	2 185
Temporary disability	2 020	3 085
Burial and transport expenses	152	231
Pension liability	89 753	87 304
Claims handling provision	33 867	29 814
Data integrity provision	2 117	1 863
Merit rebates	1 126	2 288
	148 029	**139 903**

11.1 IBNR

The incurred but not reported claims represent the management estimate as at 28 February 2019 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

11. Provisions (continued)

11.2 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:

11.2.1 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.

11.2.2. 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.

11.2.3. 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.

11.2.4. 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 160% (2018: 140%) of the IBNR liability for the ECF was set up to cover future expenses. This claims handling provisions were reviewed and adjusted during this year. The claims handling provision was calculated as the ratio of expenses paid relative to claims paid for the past two years 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.

11.2.5. 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 over the last years.

	2019	2018
	N$'000	N$'000

12. Trade and other payables

	2019 N$'000	2018 N$'000
Financial instruments		
Trade payables	1 920	1 555
Accrued leave pay	2 645	2 268
Accrued bonus	466	411
Accruals	1 526	499
	6 557	4 733
Non-Financial instruments		
Unclaimed money	1 080	1 127
Customers with credit balances	18 520	-
Unknown deposits	125	(100)
Revenue received in advance	118 215	116 207
	137 940	117 234
Total	**144 497**	**121 967**

Categorisation of trade and other payables

	2019 N$'000	2018 N$'000
At amortised cost	6 557	4 733
Non-financial instruments	137 940	117 234
	144 497	**121 967**

13. Revenue

	2019 N$'000	2018 N$'000
Assessment income	115 735	113 791
Assessment interest	5 598	4 892
Pension capitalised - Accident Pension Fund	3 602	4 095
Assessment penalties	-	2 331
Administrative fee income - Accident Pension Fund	2 014	3 403
	126 949	**128 512**

14. Claims

	2019 N$'000	2018 N$'000
Compensation payments	3 397	6 144
Medical expenses	18 839	15 912
Merit rebates	(239)	381
Capital pension paid - APF	3 602	4 095
Pension paid – APF	8 669	7 489
Data provision	254	603
Claim handling provision	4 053	9 648
	38 575	**44 272**

	2019	2018
	N$'000	N$'000

15. Other income

Rental income	139	219
Other income	2 604	2 375
	2 743	**2 594**

16. Surplus before investment income

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

Operating lease charges		
Premises		
□ Contractual amounts	842	818
Amortisation on intangible assets	813	665
Depreciation on property, plant and equipment	1 691	789
Impairment on intangible assets	278	-
Employee costs	30 055	28 426

17. Investment income

Interest income

Funds under investment managers	42 399	37 510
Fixed deposits	37 052	35 034
	79 451	**72 544**

18. Auditors' remuneration

Fees	40	91

19. Cash generated from operations

	2019 N$'000	2018 N$'000
Surplus for the year	115 915	109 748
Adjustments for:		
Depreciation and amortisation	2 504	1 455
Interest received	(79 451)	(72 544)
Impairment of intangible assets	278	-
Adjustment on adoption of IFRS9	(4 198)	-
Movements in provision for post-retirement medical aid obligation	1 827	2 212
Movements in provisions	8 126	18 375
Other non-cash items	-	(1)
Changes in working capital:		
Trade and other receivables	(15 415)	(1 902)
Trade and other payables	22 530	(999)
	52 116	**56 344**

20. Commitments

Authorised capital expenditure

Not yet contracted for but authorised

	2019 N$'000	2018 N$'000
Property, plant and equipment	78 128	76 890
Intangible assets	14 438	16 500
	92 566	**93 390**

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

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 Accident Pension Fund
Commissioners	Dr. D.I. Uirab (Chairperson) Ms. A. Titus Mr. K.B. Black Ms. P.H. Masabane (Deputy Chairperson) Mr. N. Ntelamo Mr. E. S. Maswahu Ms. J. Jonas Ms. T. V. P. Nauyoma Ms K. T. N. N. Sihlahla Ms. P.J. Olivier

	2019	2018
	N$'000	N$'000
Related party balances		
Loan accounts - Owing to related parties		
Social Security Commission	5 463	5 181
Maternity Leave, Sick Leave and Death Benefit Fund	-	688
Loan accounts - Owing by related parties		
Social Security Commission	8 920	6 841
Maternity Leave, Sick Leave and Death Benefit Fund	2 789	3 303
Development Fund	533	533

22. Commissioners' emoluments

Emoluments of N$71 (2018: N$ 84) were paid to the commissioners during the year.

23. Retirement benefits

Defined benefit plan

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

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

The value of the assets of GIPF is valued by actuaries every third year. The latest valuation was done at 31 March 2015, 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$ 81.770 billion and assets of N$ 88.562 billion, the funding level at valuation date was 108.31%. At the time of the report, no latest information had been received from GIPF on the new actuarial valuation as at 31 March 2019.

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.

Post-retirement medical benefit
The benefit is a final post-employment medical benefit plan. The employer pays 75% or 100% of the medical premium towards the medical scheme when qualifying employees retire.

23. Retirement benefits (continued)

	2019	2018
	N$'000	N$'000
Carrying value		
Present value of the defined benefit obligation - wholly unfunded	**(13 087)**	**(11 260)**
Non-current liabilities	(12 990)	(11 203)
Current liabilities	(97)	(57)
	(13 087)	**(11 260)**
Movements for the year		
Opening balance	(11 260)	(9 048)
Net expense recognized in profit and loss	(1 827)	(2 212)
	(13 087)	**(11 260)**
Net expense recognized in profit and loss		
Past service cost	(903)	(1 203)
Interest Cost	(1 171)	(1 041)
Actuarial gain/(loss)	188	-
Contribution by employer	59	32
	(1 827)	**(2 212)**
Key assumptions used		
Assumptions used on the last valuation on 28 February 2019.		
Normal retirement age	59	60
Discount rate used	9.80%	10.43%
Medical aid contribution increase rate	8.32%	8.95%

Assumptions for demographics

The most important demographic assumptions are the mortality rate that applies after retirement and the withdrawal rate that applies before retirement. For mortality of the members the following mortality tables were used:

- Members before the age of retirement 100% SALT84-86 (2018: SA85-90).
- Continuation members (pensioners) PA(90) ultimate plus 0.5% improvement per annum (2018: PA(90) life table less 1 year age adjustment and allowance for improvement in mortality of 0.5% per annum from 2007 onwards).

For withdrawal rates before retirement, experiences in the general population and other large schemes were used.

Sensitivity analysis

The valuation above is only an estimate of the cost of providing post-employment medical aid benefits. The actual cost to the Fund will be dependent on actual future levels of assumed variables. In order to illustrate the sensitivity of our results to

	2019	2018
	N$'000	N$'000

23. Retirement benefits (continued)

changes in certain key variables, we have recalculated the liability using the following assumptions:

- Real interest rate changes by 1% (real interest is the difference between the interest rate and the rate of increase in medical contribution)
- Assuming a change of 10% in the expected mortality (2018: heavier post-retirement mortality based on PA (90) without any adjustments).

Key assumptions used (continued)

We also tested the result if pre-retirement withdrawals are ignored.

Real interest rate

The real interest rate is the difference between the discount rate and the assumed increase in medical contribution rates. Changes in the real interest rate will result in the Fund paying more or less for the medical contribution, which will have an impact on the liability. We tested the effect of a 1% change in the real interest rate and the effect is as follows:

	2019	2018
1% increase in the real interest rate	(10 348)	(9 170)
Valuation assumption	(13 087)	(11 260)
1% decrease in the real interest rate	(16 774)	(13 993)

Demographics

Changes in the demographics of the members will have an impact on the actual cost to the Fund. If a heavier mortality rate is experience it will reduce cost and less pre-retirement withdrawals will increase the cost of the scheme. We tested the effect of a 10% change in mortality rates (2018: heavier mortality rate of PA (90) with no adjustments and also when no pre-retirement withdrawals occurs) and the effect is as follows:

	2019	2018
10% Higher mortality rate	(12 439)	(10 911)
Valuation assumption	(13 087)	(11 260)
10% Lower mortality rate	(13 813)	(11 609)

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.

24. Risk management (continued)

Liquidity risk (continued)

At 28 February 2019	**Loans and other receivables**	**Held at fair value through profit or loss**	**Financial liabilities amortised at cost**	**Financial assets held at amortised cost**
	N$'000	N$'000	N$'000	N$'000
Investments	-	680 500	-	441 865
Trade and other receivables	6 177	-	-	-
Trade and other payables	-	-	(6 557)	-
Loans to related funds	6 779	-	-	-
Cash and cash equivalents	2 138	-	-	-
Provisions	-	-	(148 029)	-
Retirement benefit obligation	-	-	(13 087)	-

At 28 February 2018	**Loans and other receivables**	**Held at fair value through profit or loss**	**Financial liabilities amortised at cost**	**Financial assets held to maturity**
	N$'000	N$'000	N$'000	N$'000
Investments	-	618 400	-	374 643
Trade and other receivables	9 267	-	-	-
Trade and other payables	-	-	(121 967)	-
Loans to related funds	4 808	-	-	-
Cash and cash equivalents	3 370	-	-	-
Provisions	-	-	(139 903)	-
Retirement benefit obligation	-	-	(11 260)	-

24. Risk management (continued)

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:

	2019	2018
	N$'000	N$'000
Effect on surplus before tax		
Increase / (decrease) of 1% in interest rates	7 659	7 681

Cash flow interest rate risk

2019

	Current interest rate	Due in less than a year	Due in more than two years
	%	N$'000	N$'000
Trade and other receivables	10.00%	6 177	-
Funds held through profit or loss	6.59%	680 500	-
Funds held to maturity	5.50%	441 865	-
Loans to other funds	-%	6 779	-
Cash in current banking institutions	5.75%	2 138	-
Provisions	-%	(45 669)	(102 360)
Retirement benefit obligation	-%	(97)	(12 990)
Trade and other payables	-%	(6 557)	-

2018

	Current interest rate	Due in less than a year	Due in one to two years
	%	N$'000	N$'000
Trade and other receivables	10.00%	9 267	-
Funds held through profit or loss	8.00%	618 400	-
Funds held to maturity	5.50%	374 643	-
Loans to other funds	-%	4 808	-
Cash in current banking institutions	6.50%	3 370	-
Provisions	-%	(46 854)	(93 049)
Retirement benefit obligation	-%	(57)	(11 203)
Trade and other payables	-%	(121 967)	-

24. 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.

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 9. 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 10 and the carrying value of investments in note 8. 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.

	2019	2018
	N$'000	N$'000
Financial assets		
Funds held through profit or loss	618 400	618 400
Funds held to maturity	441 865	374 643
Loans to related funds	6 779	4 808
Trade and other receivables	6 177	9 267
Cash and cash equivalents	2 138	3 370
	1 075 359	**1 010 488**

24. Risk management (continued)

Financial Instruments (continued)	**2019** N$'000	**2018** N$'000
Financial liabilities		
Provisions	148 029	139 903
Trade and other payables	6 557	121 967
Retirement benefit obligation	13 087	11 260
	167 673	**273 130**

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 25% (2018: 28%) for domestic equities on the funds held by asset managers.

Equity price sensitivity analyses

As at 28 February 2019, the fund's listed equities were recorded at their fair value of N$ 333.0 million (2018: N$ 303.6 million). A hypothetical 10% decline or increase in each individual share price would decrease/increase the surplus for the year by N$ 33.3 million (2018: N$ 30.4 million).

	2019	2018
	N$'000	N$'000

25. Non-current asset held for sale

The fund has decided to dispose of the land situated on Erf 8769 freedom square in the central business district of Windhoek.

	2019	2018
Cost of the land	12 956	12 956

The decision was made by the commission to dispose of the land in the financial year ended 2017 due to the high cost of developing the property. The sale of the erf was delayed due to legal proceedings instigated against the SSC by the previous owner.

Detailed Statement of Comprehensive Income

	Note	2019 N$ '000	2018 N$ '000
Revenue			
Assessment interest		115 735	113 791
Assessment income		5 598	4 892
Pension capitalised - Accident Pension Fund		3 602	4 095
Assessment penalties		-	2 331
Administrative fee income - Accident Pension Fund		2 014	3 403
	13	**126 949**	**128 512**
Direct expenses			
Claims	14	(38 575)	(44 272)
Gross surplus		**88 374**	**84 240**
Other income			
Rental income		139	219
Other income		2 604	2 375
Interest received	17	79 451	72 544
		82 194	**75 138**
Expenses (Refer to page 116)		**(54 653)**	**(49 630)**
Operating profit		**115 915**	**109 748**
Surplus for the year		**115 915**	**109 748**

		2019	2018
		N$'000	N$'000
Operating expenses			
Administration fees on investments		(3 566)	(3 288)
Advertising		(223)	(257)
Auditors remuneration	18	(40)	(91)
Bad debts – loss allowances on trade receivables		(9 796)	(8 553)
Bank charges		(279)	(266)
Cleaning		(211)	(155)
Computer expenses		(15)	(221)
Corporate function		(45)	(49)
Debt collection		(23)	-
Depreciation, amortisation and impairments		(1 689)	(1 455)
Donations		(81)	(70)
Employee costs		(30 367)	(28 426)
Entertainment		(42)	(38)
IT expenses		(12)	-
Insurance		(102)	(96)
International conference		(256)	(138)
Impairment of Intangible		(278)	-
Lease rentals on operating lease		(842)	(818)
Legal expenses		(662)	(999)
Motor vehicle expenses		(138)	(29)
Petrol and oil		(63)	(89)
Postage		(203)	(195)
Printing and stationery		(318)	(304)
Promotions		-	(145)
Recruitment expenses		(76)	(24)
Repairs and maintenance		(200)	(207)
Research costs		(44)	(84)
Royalties and license fees		(1 256)	(463)
Security		(491)	(520)
Seminars		(26)	(24)
Staff welfare		(18)	-
Subscriptions		(70)	(97)
Sundry expenses		(3)	(4)
Telephone and fax		(770)	(710)
Training		(686)	(665)
Travel - local		(425)	(334)
Utilities		(827)	(816)
		(54 143)	**(49 630)**

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Under the Social Security Act 34 of 1994, the SSC principal purpose is to administer the Fund namely tl Development Fund (DF). In administering the Fund, the SSC's principal operatioı include providing training and employment schemes; aı providing financial aid to students.
Commissioners	Dr. D.I. Uirab (Chairperson) Ms. A. Titus Mr. K.B. Black Ms. P.H. Masabane (Deputy Chairperson) Mr. N. Ntelamo Mr. E. S. Maswahu Ms. J. Jonas Ms. T. V. P. Naujoma Ms K.T. N. N. Sihlahla Ms. P.J. Olivier
Registered office	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Business address	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Postal address	Private Bag 13223 Windhoek Namibia
Bankers	Bank Windhoek
Auditors	Office of the Auditor-General
Secretary	Erenstine Tuneeko

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 28 February 2020 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 151 to 175, which have been prepared on the going concern basis, were approved by the board on 21 August 2019 and were signed on its behalf by:

....	....
Commissioner	**Commissioner**

Windhoek, 21 August 2019

Commissioner's Report
The commissioners submit their report for the year ended 28 February 2019.

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/deficit of the fund was N$ 62 320 (2018: N$ 17 206).

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$ Nil (2018: N$ 106) 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:

Name	**Change**
Ms. A. Titus	Re-appointed 1 January 2018
Mr. E.S. Maswahu	Re-appointed 1 January 2018
Ms. J. Jonas	Re-appointed 1 January 2018
Ms. T.V.P. Nauyoma	Re-appointed 1 January 2018
Ms. P. Munkawa	Resigned 7 June 2018
Dr. D.I. Uirab (Chairperson)	Appointed 1 January 2018
Mr. K. B. Black	Appointed 1 January 2018
Ms. P. H. Masabane (Deputy Chairperson)	Appointed 1 January 2018
Mr. N. Ntelamo	Appointed 1 January 2018
Ms K. T. N. N. Sihlahla	Appointed 1 November 2018
Ms. P. J. Olivier	Appointed 1 January 2018

Commissioner's report (continued)

6. Secretary

The secretary of the Social Security Commission is Erenstine Tuneeko of:

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

7. Auditors

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

Statement of Financial Position

	Note	2019 N$ '000	2018 N$ '000
Assets			
Non-Current Assets			
Property, plant and equipment	4	936	1 108
Current Assets			
Loans to related funds	5	315	800
Investments and other financial assets	6	273 590	216 481
Trade and other receivables	7	13	13
Cash and cash equivalents	8	1 000	638
		274 918	**217 932**
Total Assets		**275 854**	**219 040**
Funds and Liabilities			
Funds			
Accumulated funds		246 540	184 220
Liabilities			
Non-Current Liabilities			
Retirement benefit obligation	15	1 896	1 663
Current Liabilities			
Loans from related funds	5	5 401	6 288
Trade and other payables	9	22 003	26 861
Retirement benefit obligation		14	8
		27 418	**33 157**
Total liabilities		**29 314**	**34 820**
Total Funds and Liabilities		**275 854**	**219 040**

Statement of Surplus or Deficit and Other Comprehensive Income

	Note	2019 N$ '000	2018 N$ '000
Revenue	10	60 317	-
Benefits	11	(6 831)	(26 192)
Gross surplus / (deficit)		**53 486**	**(26 192)**
Operating expenses		(8 283)	(7 045)
Surplus / (Deficit) before investment income		**45 203**	**(33 237)**
Investment income	13	17 117	16 031
Surplus / (Deficit) for the year		**62 320**	**(17 206)**
Other comprehensive income		-	-
Total comprehensive surplus/(deficit)		**62 320**	**(17 206)**

Statement of Changes in Funds

	Accumulated funds	Total funds
	N$'000	N$'000
Balance at 01 March 2017	**201 426**	**201 426**
Changes in surplus		
Total comprehensive deficit for the year	(17 206)	(17 206)
Total changes	(17 206)	(17 206)
Balance at 28 February 2018	**184 220**	**184 220**
Changes in surplus		
Total comprehensive surplus for the year	62 320	62 320
Total changes	62 320	62 320
Balance at 28 February 2019	**246 540**	**246 540**

Statement of Cash Flows

	Note	2019 N$ '000	2018 N$ '000
Cash flows from operating activities			
Cash (used in)/generated from operations	14	40 753	(21 191)
Investment income		17 117	16 031
Net cash from operating activities		**57 870**	**(5 160)**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	-	(106)
(Payments to)/Proceeds from loans from related funds		(402)	37 143
Acquisition of investments		(57 106)	(32 063)
Net cash from investing activities		**(57 508)**	**4 974**
Total cash movement for the year		**362**	**(186)**
Cash at the beginning of the year		638	824
Total cash at end of the year	8	**1 000**	**638**

3. Changes in accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the Fund's financial statements are described below.

The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is March 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that have not been derecognised as at March 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at March 01, 2018. Comparatives in relation to instruments that have not been derecognised as at March 01, 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at March 01, 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements are summarised below:

Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Other financial instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through profit and loss.

3. Changes in accounting policy (continued)

Classification and measurement of financial assets (continued)

All other debt investments and equity investments are subsequently measured at fair value through profit or loss, unless specifically designated otherwise.

The Fund may, on initial recognition, irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies in other comprehensive income.

The Fund may irrevocably designate a debt investment that meets the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at fair value through other comprehensive income, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to new impairment provisions using an expected loss model. This contrasts the incurred loss model of IAS 39.

The commissioners reviewed and assessed the Fund's existing financial assets as at March 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards to their classification and measurement:

Investment with Avid Investment managers

The Fund's investment with Avid Investment managers that were classified as available-for-sale financial assets under IAS 39 have been re-classified as financial assets at amortised cost, as they are held within a business model whose objective is to collect the contractual cash flows, and they have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Held to maturity investments

Debt instruments and fixed term bank deposits classified as held-to-maturity and loans and receivables under IAS 39 and that were measured at amortised cost, continued to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

3. Changes in accounting policy (continued)

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Fund to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Fund to recognise a loss allowance for expected credit losses on debt investments subsequently measured at amortised cost or at fair value through profit and loss, lease receivables, contract assets and loan commitments to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires the Fund to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Fund is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

As at March 01, 2018, the commissioners reviewed and assessed the Fund's existing financial assets, amounts due from customers for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at March 01, 2018.The result of the assessment is as follows:

The additional loss allowance is charged against the respective asset or provision for financial guarantee, except for the investments at fair value through other comprehensive income, the loss allowance for which is recognised against the reserve in equity. The application of the IFRS 9 impairment requirements has resulted in no additional loss allowance on investments and loans and receivables

Reconciliation of the reclassifications and re-measurements of financial assets as a result of adopting IFRS 9

The following table presents a summary of the financial assets as at March 01, 2018. The table reconciles the movement of financial assets from their IAS 39 measurement categories and into their new IFRS 9 measurement categories. "FVPL" denotes "fair value through profit or loss" and "FVOCI" denotes "fair value through other comprehensive income."

3. Changes in accounting policy (continued)

Reconciliation of the reclassifications and re-measurements of financial assets as a result of adopting IFRS9 (continue)

	Previous measurement	**New measurement category: IFRS 9**						
	IAS 39	**FVPL – mandatory**	**FVPL – designated**	**Amortised cost**	**FVOCI – equity**	**FVOCI – debt**	**Re-measurement changes – Adjustment to equity**	**Change attributable to:**
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Previously Held to maturity:								
Investments with fixed investment terms (debt instruments and fixed term deposits)	216 481	-	-	216 481	-	-	-	No change
Previously Available for sale:								
Investment with Avid investment managers	-	-	-	-	-	-	-	No change
Total investments	**216 481**	-	-	**216 481**	-	-	-	

3. Changes in accounting policy (continued)

Reconciliation of the reclassifications and re-measurements of financial assets as a result of adopting IFRS9 (continued)

	Previous measurement	New measurement category: IFRS 9						
	IAS 39	FVPL – mandatory	FVPL – designated	Amortised cost	FVOCI – equity	FVOCI – debt	Re-measurement changes - Adjustment to equity	Change attributable to:
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Previously Loans and receivables:								
Study loans	-	-	-	-	-	-	-	No change
Trade and receivables	13	-	-	13	-	-	-	No change
Cash and cash equivalents	638	-	-	638	-	-	-	No change
Total	**651**	-	-	**651**	-	-	-	

4. Property, plant and equipment

	2019			2018		
	Cost/ Valuation	Accumulated depreciation	Carrying Value	Cost/ Valuation	Accumulated depreciation	Carrying Value
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000
Furniture and fittings	354	(180)	174	354	(155)	201
Office equipment	150	(79)	71	150	(69)	81
Motor vehicles	944	(384)	560	944	(278)	666
IT equipment	257	(126)	131	257	(97)	160
Total	**1 705**	**(769)**	**936**	**1 705**	**(597)**	**1 108**

Reconciliation of property, plant and equipment – 2019

	Opening balance	Additions	Other adjustments	Depreciation	Total
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000
Furniture and fittings	201	-	-	(27)	174
Motor vehicles	666	-	-	(106)	560
Office equipment	81	-	-	(10)	71
IT equipment	160	-	-	(29)	131
Total	**1 108**	**-**	**-**	**(172)**	**936**

Reconciliation of property, plant and equipment – 2018

	Opening balance	Additions	Other adjustments	Depreciation	Total
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000
Furniture and fittings	229	-	-	(28)	201
Motor vehicles	772	-	-	(106)	666
Office equipment	90	-	-	(9)	81
IT equipment	84	106	-	(30)	160
Total	**1 175**	**106**	**-**	**(173)**	**1 108**

	Note	2019 N$ '000	2018 N$ '000
5. Loans to / (from) related funds			
Related funds			
Maternity Leave, Sick Leave and Death Benefit Fund		73	800
Social Security Commission		(4 868)	(6 288)
Social Security Commission		242	-
Employees' Compensation Fund		(533)	-
		(5 086)	**(5 488)**

The above loans are interest free, unsecured and have no fixed terms of repayment. The associated funds have sufficient resources to settle the loans, hence the loss allowance for these loans was not considered.

		2019 N$ '000	2018 N$ '000
Current assets		315	800
Current liabilities		(5 401)	(6 288)
		(5 086)	**(5 488)**

6. Investments and other financial assets

At fair value through profit or loss

		2019 N$ '000	2018 N$ '000
Investment in unit trusts		10 880	-

Funds held in unit trust are quoted at market prices.

At amortized cost

		2019 N$ '000	2018 N$ '000
Fixed term deposits		304 415	-

Fixed term deposits are held with the financial institutions. The average investment period is 2 to 9 months from the statement of financial position date and interest rates are between 5.93% and 8.46% per annum. The carrying amounts approximate the fair value.

		2019 N$ '000	2018 N$ '000
Loss allowance on investments at amortised cost		(41 705)	-
Total investments at amortised cost		**262 710**	**-**

Financial assets previously classified as Held to maturity

		2019 N$ '000	2018 N$ '000
Fixed term deposits are held with the financial institutions. The average investment period is 2 to 9 months from the statement of financial position date and interest rates are between 5.93% and 8.46% per annum. The carrying amounts approximate the fair value.		-	238 070

The above investments have been reclassified at amortised cost on adoption of IFRS 9.

		2019 N$ '000	2018 N$ '000
Impairment of financial assets held at maturity		-	(21 589)
Total eld to maturity investments		**-**	**216 481**
Total investments		**273 590**	**216 481**

6. Investments (continued)

	2019	2018
	N$' 000	N$' 000
Loans and receivables at amortised cost		
Study loans	6 947	6 288
Loans are repayable on completion of studies. The loans earn interest at 50% of the prime lending rate upon the date of issue. Loans are secured by collaterals. Due to the relaxed terms of the loans, and the credit quality of the lenders, the loans are impaired immediately.		
Loss allowance	(6 947)	(6 288)
Total loans and receivables	-	-
Current assets		
At fair value through profit or loss	10 880	-
Held at amortized cost	262 710	-
Held to maturity	-	216 482
	273 590	**216 482**

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.

	2019	2018
Level 1		
Financial assets held at fair value through profit or loss	10 880	-

Credit risk

Management considered the credit risk of the investments at amortised cost, and which are neither past due nor impaired at reporting date and subsequently and is of opinion that the risk did not increase significantly since the date at which the investment was initially made. Except for the investments which were impaired, none of the other investments are past due.

7. Trade and other receivables

	2019	2018
Trade receivables – non financial instruments	13	13

	2019	2018
	N$'000	N$'000
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	1 000	638
	1 000	**638**
Current assets	1 000	638
Current liabilities	-	-
	1 000	**638**
9. Trade and other payables		
Financial instruments		
Trade payables	21 226	26 651
Accrued leave pay	649	423
Accrued bonus	114	79
	21 989	27 153
Non-financial instruments		
Other payables	-	(330)
Unclaimed money	14	(4)
	14	(334)
Total	**22 003**	**26 819**
Categorisation of trade and other payables		
At amortised cost	21 989	27 153
Non-financial instruments	14	(334)
	22 003	**26 819**
10. Revenue		
Contributions from Maternity Leave, Sick Leave and Death Benefit Fund	60 317	-
11. Benefits - Development fund schemes		
Study bursary	7 797	13 286
Training scheme	(1 718)	9 877
Employment scheme	752	3 029
	6 831	**26 192**

	2019	2018
	N$'000	N$'000

12. Surplus before investment income

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

Depreciation on property, plant and equipment	172	173
Employee costs	5 774	4 825

13. Investment income

Interest income

Fixed term deposits and bank balances	17 117	16 031
Funds held with professional assets managers	-	-
	17 117	**16 031**

14. Cash used in operations

Surplus/(Deficit) for the year	62 320	(17 206)
Adjustments for:		
Depreciation and amortization	172	173
Investment income	(17 117)	(16 031)
Movement in retirement benefit asset and liabilities	239	338
Non-cash items	(3)	-
Changes in working capital:		
Trade and other receivables	-	-
Trade and other payables	(4 858)	11 535
	40 753	**(21 191)**

15. 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.

15. Retirement benefits (continued)

Defined benefit plan (continued)

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 2015, 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$ 81.770 billion and assets of N$ 88.562 billion, the funding level at valuation date was 108.31%. At the time of the report, no latest information had been received from GIPF on the new actuarial valuation as at 31 March 2019.

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.

Post-retirement medical benefit

The benefit is a final post-employment medical benefit plan. The employer pays 75% or 100% of the medical premium towards the medical scheme when qualifying employees retire.

Carrying value	**2019**	**2018**
	N$' 000	N$' 000
Present value of the defined benefit obligation - wholly unfunded	(1 910)	(1 671)
Non-current liabilities	(1 896)	(1 663)
Current liabilities	(14)	(8)
	(1 910)	**(1 671)**
Movements for the year		
Opening balance	(1 671)	(1 333)
Net expense recognized in profit and loss	(239)	(338)
	(1 910)	**(1 671)**
Net expense recognized in profit and loss		
Past service cost	(102)	(189)
Interest cost	(174)	(154)
Actuarial gain/(loss)	28	-
Contribution by employer	9	5
	(239)	**(338)**

	2019	2018
	N$' 000	N$' 000

15. Retirement benefits (continued)

Defined benefit plan (continued)

Post-retirement medical benefit (continued)

Key assumptions used

Assumptions used on the last valuation on 28 February 2019.		
Normal retirement age	59	60
Discount rate used	9.80%	10.43%
Medical aid contribution increase rate	8.32%	8.95%

Assumptions for demographics
The most important demographic assumptions are the mortality rate that applies after retirement and the withdrawal rate that applies before retirement. For mortality of the members the following mortality tables were used:

- Members before the age of retirement 100% SALT84-86 (2018: SA85-90).
- Continuation members (pensioners) PA(90) ultimate plus 0.5% improvement per annum (2018: PA(90) life table less 1 year age adjustment and allowance for improvement in mortality of 0.5% per annum from 2007 onwards).

For withdrawal rates before retirement, experiences in the general population and other large schemes were used.

Sensitivity analysis
The valuation above is only an estimate of the cost of providing post-employment medical aid benefits. The actual cost to the Fund will be dependent on actual future levels of assumed variables. In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liability using the following assumptions:

- Real interest rate changes by 1% (real interest is the difference between the interest rate and the rate of increase in medical contribution)
- Assuming a change of 10% in the expected mortality (2018: mortality based on PA (90) without any adjustments).

We also tested the result if pre-retirement withdrawals are ignored.

Real interest rate
The real interest rate is the difference between the discount rate and the assumed increase in medical contribution rates. Changes in the real interest rate will result in the Fund paying more or less for the medical contribution, which will have an impact on the liability. We tested the effect of a 1% change in the real interest rate and the effect is as follows:

	2019 N$'000	2018 N$'000
1% increase in the real interest rate	(1 511)	(1 360)
Valuation assumption	(1 910)	(1 671)
1% decrease in the real interest rate	(2 449)	(2 075)

Demographics
Changes in the demographics of the members will have an impact on the actual cost to the Fund. If a heavier mortality rate is experience it will reduce cost and less pre-retirement withdrawals will increase the cost of the scheme. We tested the effect of a 10% change in mortality rates (2018: heavier mortality rate of PA (90) with no adjustments and also when no pre-retirement withdrawals occurs) and the effect is as follows:

10% Higher mortality rate	(1 816)	(1 618)
Valuation assumption	(1 910)	(1 671)
10% Lower mortality rate	(2 016)	(1 722)

16. Related parties

Relationships

Administrator	Social Security Commission
Related funds	Employees' Compensation Fund Maternity Leave, Sick Leave and Death Benefit Fund National Pension Fund National Medical Benefit Fund Accident Pension Fund National Pension Fund
Commissioners	Dr. D.I. Uirab (Chairperson) Ms. A. Titus Mr. K.B. Black Ms. P.H. Masabane (Deputy Chairperson) Mr. N. Ntelamo Mr. E.S. Maswahu Ms. J. Jonas Ms. T.V.P. Nauyoma Ms. P.J. Olivier Ms K. T. N. N. Sihlahla

	2019	2018
	N$'000	N$'000
Related party balances		
Loan accounts - Owing (to) by related funds		
Social Security Commission	(4 868)	(6 288)
Maternity Leave, Sick Leave and Death Benefit Fund	73	800
Employees' Compensation Fund	(533)	-
Social Security Commission	242	-
Related party transactions		
Contributions received from related funds		
Maternity Leave, Sick Leave and Death Benefit Fund	60 317	-

17. 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 minimize 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 recognize 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.

17. Risk management (continued)

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 call.

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 29 February 2019	Financial assets at fair value through profit and loss	Financial liabilities at amortised cost	Held at amortised cost	Over 5 years
	N$'000	N$'000	N$'000	N$'000
Investments	10 880	-	262 710	-
Trade and other payables	-	(21 989)	-	-
Loans from related funds	-	(5 086)	-	-
Retirement benefit obligation	-	-	-	(1 910)
Cash and cash equivalents	-	1 000	-	-
Loans and other receivables	-	13	-	-

At 29 February 2018	Financial liabilities at amortised cost	Held to maturity funds	Over 5 years
	N$'000	N$'000	N$'000
Investments	-	216 481	-
Trade and other payables	(26 861)	-	-
Loans from related funds	(5 488)	-	-
Retirement benefit obligation	-	-	(1 671)
Cash and cash equivalents	638	-	-
Loans and other receivables	13	-	-

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.

17. 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:

	2019	2018
	N$'000	N$'000
Effect on surplus for the year		
Increase / (decrease) of 1 % in interest rates	2 627	2 372

Cash flow interest rate risk

2019	Current interest rate	Due in less than a year	Due in more than a year
	%	N$'000	N$'000
Funds held at amortised cost	6.62%	262 710	-
Funds held at fair value through profit and loss		10 880	-
Loans to related funds	-%	(5 086)	-
Trade and other payables	-%	(21 989)	-
Retirement benefit obligation	-%	(14)	(1 896)
Cash and cash equivalents	-%	1 000	-
Loans and other receivables	10%	13	-
2018			
Funds held to maturity	5.50%	216 481	-
Loans from related funds	-%	(5 488)	-
Trade and other payables	-%	(26 861)	-
Retirement benefit obligation	-%	(8)	(1 663)
Cash and cash equivalents	5.00%	638	-
Loans and other receivables	10%	13	-

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.

17. Risk management (continued)

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 7. The fund does not hold any collateral as security. Receivables are presented net of the provision for loss allowances.

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 8 and the carrying value of investments in note 6. The Commission deposits only with reputable financial institutions and the credit quality of financial assets are therefore good.

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

	2019	2018
	N$'000	N$'000
Financial assets		
Fair value through profit or loss	10 880	-
Funds held at amortised cost	262 710	-
Funds held to maturity	-	216 481
Trade and other receivables	13	13
Cash and cash equivalents	1 000	638
	274 603	**217 132**
Financial liabilities		
Trade and other payables	21 989	26 861
Retirement benefit obligation	1 910	1 671
	23 899	**25 532**

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 at amortised cost

17. Risk management (continued)

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

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

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

Price risk

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

The fund's objective is to earn competitive relative returns by investing in a diverse portfolio of high quality, liquid securities. Portfolio characteristics are analyzed regularly and equity price risk is actively managed through a variety of modeling methods by asset managers. The fund's holdings are diversified across industries, and concentration in any one company or industry is limited by parameters established by asset managers and statutory requirements. The fund's exposure to movement in equities is 4% (2018: 0%) for domestic equities on the funds held by asset managers.

Equity price sensitivity analyses

As at 28 February 2019, the fund's listed equities were recorded at their fair value of N$ 10.9 million (2018: N$ Nil). A hypothetical 10% decline or increase in each individual share price would decrease/increase the surplus for the year by N$ 1.1 million (2018: N$ Nil).

Detailed Statement of Surplus or Deficit and Other Comprehensive Income

	Note	2019 N$'000	2018 N$'000
Revenue			
MSD Contributions		60 317	-
		60 317	**-**
Direct expenses			
Development fund schemes		(6 831)	(26 192)
Gross surplus		**53 486**	**(26 192)**
Other income and expenses			
Investment income	14	17 117	16 031
		17 117	**16 031**
Operating expenses			
Advertising		(549)	(523)
Bad debts		(659)	(238)
Bank charges		(37)	(46)
Depreciation		(172)	(172)
Corporate social investment		(72)	(18)
Employee costs		(5 774)	(4 825)
Entertainment		-	(11)
Minor assets		(8)	(10)
Seminars		(310)	(139)
Legal expenses		(11)	(360)
Levies		(51)	(46)
Printing and stationery		(182)	(42)
Repairs and maintenance		(120)	(111)
Telephone and fax		(14)	(19)
Travel - local		(324)	(485)
Total expenses		**(8 283)**	**(7 045)**
Surplus/(Deficit) for the year		**62 320**	**(17 206)**

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.
Commissioners	Dr. D. I. Uirab (Chairperson) Ms. A. Titus Mr. K. B. Black Ms. P.H. Masabane (Deputy Chairperson) Mr. N. Ntelamo Mr. E.S. Maswahu Ms. J. Jonas Ms. T.V.P. Nauyoma Ms K. T. N. N. Sihlahla Ms. P.J. Olivier
Registered office	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Business address	Cnr. A. Kloppers & Haupt Streets Khomasdal Windhoek Namibia
Postal address	Private Bag 13223 Windhoek Namibia

General Information (continued)

Bankers	Bank Windhoek
Auditors	Office of the Auditor General
Secretary	Erenstine Tuneeko

Commissioners' Responsibilities and Approval

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

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

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

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

The commissioners have reviewed the commission's cash flow forecast for the year to 28 February 2020 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 179 to 199, which have been prepared on the going concern basis, were approved by the board on 21 August 2019 and were signed on its behalf by:

....	....
Commissioner	**Commissioner**

Windhoek, 21 August 2019

SOCIAL SECURITY COMMISSION
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2019

Commissioners' Report
The commissioners submit their report for the year ended 28 February 2019.

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 fund was N$ 1 574 (2018: N$ 5 246 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.

5. Commissioners

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

Name	Change
Ms. A. Titus	Re-appointed 1 January 2018
Mr. E.S. Maswahu	Re-appointed 1 January 2018
Ms. J. Jonas	Re-appointed 1 January 2018
Ms. T.V.P. Nauyoma	Re-appointed 1 January 2018
Ms K. T. N. N. Sihlahla	Appointed 1 November 2018
Mr. K. B. Black	Appointed 1 January 2018
Dr. D.I. Uirab (Chairperson)	Appointed 1 January 2018
Ms. P. Munkawa	Resigned 7 June 2018
Ms. P. H. Masabane (Deputy Chairperson)	Appointed 1 January 2018
Mr. N. Ntelamo	Appointed 1 January 2018
Ms. P. J. Olivier	Appointed 1 January 2018

6. Secretary

The secretary of the commission is Erenstine Tuneeko of:

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

7. Auditors

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

Statement of Financial Position

	Note	2019 N$'000	2018 N$'000
Assets			
Non-Current Assets			
Loans to related funds	4	-	-
Current Assets			
Loans to related funds	4	18 619	17 872
Other financial assets	5	14 882	13 797
Trade and other receivables	6	573	510
Cash and cash equivalents	7	17 440	8 870
Total Assets		**51 514**	**41 049**
Funds and Liabilities			
Funds			
Accumulated funds		10 402	8 828
Liabilities			
Current Liabilities			
Loans from related funds	4	32 814	30 908
Trade and other payables	8	8 298	1 313
		41 112	**32 221**
Total Funds and Liabilities		**51 514**	**41 049**

Statement of Comprehensive Income

	Note	2019 N$'000	2018 N$'000
Other income		970	244
Operating expenses		(855)	(7 188)
Surplus/(Deficit) before investment income		**115**	**(6 944)**
Investment income	9	1 459	1 698
Surplus/(Deficit) for the year		**1 574**	**(5 246)**
Other comprehensive income		-	-
Total comprehensive income		**1 574**	**(5 246)**

Statement of Changes in Funds

	Accumulated funds	Total funds
	N$ '000	N$ '000
Balance at 01 March 2017	**14 074**	**14 074**
Changes in funds		
Total comprehensive income for the year	(5 246)	(5 246)
Total changes	(5 246)	(5 246)
Balance at 28 February 2018	**8 828**	**8 828**
Changes in funds		
Total comprehensive income for the year	1 574	1 574
Total changes	1 574	1 574
Balance at 28 February 2019	**10 402**	**10 402**

Statement of Cash Flows

	Note	2019 N$ '000	2018 N$ '000
Cash flows from operating activities			
Cash (utilized)/ generated from operations	10	7 037	(9 271)
Interest income		1 459	1 698
Net cash from operating activities		**8 496**	**(7 573)**
Cash flows from investing activities			
Repayments on loans to related funds		1 159	6 812
(Purchase) / Sale of financial assets		(1 085)	2 362
Net cash from investing activities		**74**	**9 174**
Total cash movement for the year		**8 570**	**1 601**
Cash at the beginning of the year		8 870	7 269
Total cash at end of the year	7	**17 440**	**8 870**

3. Changes in accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the Fund's financial statements are described below.

The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is March 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that have not been derecognised as at March 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at March 01, 2018. Comparatives in relation to instruments that have not been derecognised as at March 01, 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at March 01, 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements are summarised below:

Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Other financial instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through profit and loss.

3. Changes in accounting policy (continued)

Classification and measurement of financial assets (continued)

All other debt investments and equity investments are subsequently measured at fair value through profit or loss, unless specifically designated otherwise.

The Fund may, on initial recognition, irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies in other comprehensive income.

The Fund may irrevocably designate a debt investment that meets the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at fair value through other comprehensive income, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to new impairment provisions using an expected loss model. This contrasts the incurred loss model of IAS 39.

The commissioners reviewed and assessed the Fund's existing financial assets as at March 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards to their classification and measurement:

Held to maturity investments

Debt instruments and fixed term bank deposits classified as held-to-maturity and loans and receivables under IAS 39 and that were measured at amortised cost, continued to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Fund to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

3. Changes in accounting policy (continued)

Impairment of financial assets (continued)

Specifically, IFRS 9 requires the Fund to recognise a loss allowance for expected credit losses on debt investments subsequently measured at amortised cost or at fair value through profit and loss, lease receivables, contract assets and loan commitments to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires the Fund to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Fund is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

As at March 01, 2018, the commissioners reviewed and assessed the Fund's existing financial assets, amounts due from related funds for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at March 01, 2018.The result of the assessment is that no additional loss allowance is necessary.

Reconciliation of the reclassifications and re-measurements of financial assets as a result of adopting IFRS 9

The following table presents a summary of the financial assets as at March 01, 2018. The table reconciles the movement of financial assets from their IAS 39 measurement categories and into their new IFRS 9 measurement categories. "FVPL" denotes "fair value through profit or loss" and "FVOCI" denotes "fair value through other comprehensive income."

3. Changes in accounting policy (continued)

Reconciliation of the reclassifications and re-measurements of financial assets as a result of adopting IFRS9 (continued)

	Previous measurement	New measurement category: IFRS 9						
	IAS 39	FVPL – mandatory	FVPL – designated	Amortised cost	FVOCI – equity	FVOCI – debt	Re-measurement changes – Adjustment to equity	Change attributable to:
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Previously Held to maturity:								
Investments with fixed investment terms (debt instruments and fixed term deposits)	13 797	-	-	13 797	-	-		-No change
Total investments	**13 797**	**-**	**-**	**13 797**	**-**	**-**	**-**	
Previously Loans and receivables:								
Loans to related funds	(13 036)	-	-	(13 036)	-			-No change
Trade and receivables	510	-	-	510	-			-No change
Cash and cash equivalents	8 870	-	-	8 870	-			-No change
Total	**(3 656)**	**-**	**-**	**(3 656)**	**-**	**-**	**-**	**-**

4. Loans to / (from) related funds

	2019	2018
	N$'000	N$'000
Related funds		
Maternity Leave, Sick Leave and Death Benefit Fund	8 334	17 872
Employees' Compensation Fund	5 417	-
Development Fund	4 868	-
Maternity Leave, Sick Leave and Death Benefit Fund	(23 698)	(30 908)
Employees' Compensation Fund	(8 874)	-
Development Fund	(242)	-
National Medical Benefit Fund	3 943	3 943
National Pension Fund	13 608	12 845
	3 356	3 752
Impairment of loans to related funds	(17 551)	(16 788)
	(14 195)	**(13 036)**

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. Due to the aforementioned, the loss allowance for these loans are expected to be equal to the gross loan amount. For all other loans there is no expectation of default as the funds have sufficient resources to settle the loans.

Non-current assets	-	-
Current assets	18 619	17 872
Current liabilities	(32 814)	(30 908)
	(14 195)	**(13 036)**

Loans to related funds impaired

As of 28 February 2019, loans to related funds of N$ 17 551 (2018: N$ 16 788) were impaired and provided for.

5. Investments	2019	2018
	N$'000	N$'000
At amortized cost		
Fixed term deposits	25 677	-
Fixed term deposits are held with the financial institutions. The average investment period is 2 to 9 months from the statement of financial position date and interest rates are between 5.93% and 8.46% per annum. The carrying amounts approximate the fair value.		
Loss allowance on investments at amortised cost	(10 795)	-
Total investments at amortised cost	**14 882**	-
Held to maturity		
Fixed term investments	-	24 592
Short term investments are held with financial institutions. The average investment period is 1 to 11 months from the statement of financial position date and the interest rates are between 5.75% and 9.70% per annum.		
Impairment of investments	-	(10 795)
Total other financial assets	-	**13 797**
Current assets		
Held to maturity	-	13 797
Held at amortised cost	14 882	-
	14 882	**13 797**

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.

	2019	2018
	N$'000	N$'000

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.

	2019	2018
Level 1		
Financial Assets held at fair value through profit or loss	-	-

6. Trade and other receivables

	2019	2018
Non-financial instruments		
Other receivables	731	668
Impairment of other receivables	(245)	(245)
Value Added Tax	28	-
Prepayments	59	87
	573	**510**

Trade and other receivables impaired

As of 28 February 2019, other receivables of N$ 245 (2018: N$ 245) were impaired and provide for.

7. Cash and cash equivalents

	2019	2018
Cash and cash equivalents consist of:		
Cash on hand	0	11
Bank balances	17 440	8 859
	17 440	**8 870**

	2019	2018
	N$'000	N$'000
8. Trade and other payables		
Financial instruments		
Accruals	8 236	1 034
Deposits received	62	62
	8 298	1 096
Non-financial instruments		
Value Added Tax	-	217
	-	217
Total	**8 298**	**1 313**
Categorisation of trade payables		
Non-financial instruments	-	217
At amortised cost	8 298	1 096
	8 659	**1 313**

9. Investment income

	2019	2018
Interest income		
Fixed term investments and bank deposits	1 459	1 698

10. Cash (utilized)/ generated by operations

	2019	2018
Surplus / (Deficit) for the year	1 574	(5 246)
Adjustments for:		
Investment Income	(1 459)	(1 698)
Non-cash item	3	1
Changes in working capital:		
Trade and other receivables	(390)	(2)
Trade and other payables	7 309	(2 326)
	7 034	**(9 271)**

11. 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	Dr. D. I. Uirab (Chairperson) Ms. A. Titus Mr. K.B. Black Ms. P.H. Masabane (Deputy Chairperson) Mr. N. Ntelamo Mr. E.S. Maswahu Ms. J. Jonas Ms. T.V.P. Nauyoma Ms. P.J. Olivier Ms K. T. N. N. Sihlahla

Related party balances

	2019	2018
	N$'000	N$'000
Loan accounts – Owed/ (to) by related funds		
Maternity Leave, Sick Leave and Death Benefit Fund	(23 698)	(30 908)
Maternity Leave, Sick Leave and Death Benefit Fund	8 334	17 872
Employees' Compensation Fund	5 417	-
Employees' Compensation Fund	(8 874)	-
Development Fund	4 868	-
Development Fund	(242)	-
National Pension Fund	13 608	12 845
National Medical Benefit Fund	3 943	3 943

12. 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.

12. Risk management (continued)

Liquidity risk

At 28 February 2019	Loans and other receivables at amortised cost	Financial liabilities amortised at cost
	N$'000	N$'000
Trade and other receivables	573	-
Loans to related funds	-	(14 195)
Cash and cash equivalents	17 440	-
Investments at amortised cost		-
Trade and other payables	-	(8 293)
At 28 February 2018		
Trade and other receivables	510	-
Loans from related funds	-	(13 036)
Cash and cash equivalents	8 870	-
Investments	13 797	-
Trade and other payables	-	(1 313)

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.

12. Risk management (continued)

2019	Current interest rate	Due in less than a year
	%	N$'000
Trade and other receivables	-%	573
Financial assets held at amortised cost	7.20%	14 882
Loans from related funds	-%	(13 942)
Cash and cash equivalents	6.08%	17 548
Trade and other payables	-%	(8 659)

Cash flow interest rate risk

2018		
Trade and other receivables	10.00%	510
Loans from related funds	-%	(13 036)
Cash and cash equivalents	5.50%	8 870
Trade and other payables	-%	(1 313)

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:

	2019	2
Effect on surplus for the year	N$'000	N$'
Increase / (decrease) of 1 % in interest rates	148	

12. 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.

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

	2019	2018
	N$'000	N$'000
Financial assets		
Funds held to maturity	-	13 797
Funds held at amortised cost	14 882	-
Trade and other receivables	573	510
Cash and cash equivalents	17 440	8 870
	32 895	**23 177**
Financial liabilities		
Trade and other payables	8 298	1 313
Loans to related funds	14 195	13 036
	22 493	**14 349**

12. 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 at amortised cost

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 2019, the Commission's listed equities were recorded at their fair value of Nil (2018: Nil). A hypothetical 10% decline or increase in each individual share price would decrease/increase the surplus for the year by Nil (2018: N$ Nil).

Detail Statement of Comprehensive Income

	Note	2019 N$'000	2018 N$'000
Other income			
Other income		970	244
Interest received	9	1 459	1 698
		2 429	**1 942**
Operating expenses			
Bank charges		(94)	(103)
SSC cards		-	(87)
Bad debt provision		(761)	(6 998)
		(855)	**(7 188)**
Surplus/(Deficit) for the year		**1 574**	**(5 246)**