Namibia Medical Care
(Registration number "005")
Consolidated and Separate Annual Financial Statements
for the year ended 31 December 2023

Contents

Statement of Responsibility and Approval by the Board of Trustees

The Board of Trustees is responsible for the preparation, integrity and fair presentation of the consolidated and separate annual financial statements of Namibia Medical Care. These financial statements presented on pages 15 - 69 have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the Medical Aid Fund Act of Namibia and include amounts based on judgments and estimates made by management.

The Board of Trustees considers that in preparing the consolidated and separate annual financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates.

The Board of Trustees is satisfied that the information contained in the consolidated and separate annual financial statements, fairly present the results of the operations for the financial year and the financial position of the group and fund at year end.

The Board of Trustees is responsible for ensuring that accounting records are kept. The accounting records disclose with reasonable accuracy the financial position of the group and fund which enables the Board of Trustees to ensure that the consolidated and separate annual financial statements comply with relevant legislation.

The going concern basis has been adopted in preparing the consolidated and separate annual financial statements. The Board of Trustees has no reason to believe that the group and fund will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These consolidated and separate annual financial statements support the viability of the group and fund.

The group's external auditor, Ernst & Young Namibia, is responsible for auditing the consolidated and separate annual financial statements in terms of the International Standards on Auditing and their report is presented on pages 4 to 5. Ernst & Young Namibia has unrestricted access to all the financial records and related data, including minutes of all meetings of members, the Board of Trustees and all committees of the Board. The Board of Trustees believes that all representation made to the independent auditor during the audit were accurate and appropriate.

Chairman

Trustee

Trustee

Friday, 21 June 2024

Statement of Corporate Governance by the Board of Trustees

Namibia Medical Care is committed to the principles and practices of fairness, openness, integrity and accountability in all dealings with its stakeholders. The trustees are proposed and elected by the members of the fund in terms of the rules of the fund.

1. Board of Trustees

The Board of Trustees meets regularly and monitors the performance of the group and fund, administrators and other service providers. It addresses a range of key issues and ensures that discussion on items of policy, strategy and performance is critical, informed and constructive.

All board members have access to the advice and services of the principal officer and, where appropriate, may seek independent professional advice at the expense of the group and fund.

2. Risk management and internal controls

The Board of Trustees is accountable for risk management and internal controls. Risks are identified, regularly reviewed and appropriate resultant strategies implemented.

The administrators of the group and fund maintain internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the consolidated and separate annual financial statements and to safeguard, verify and maintain accountability for its assets adequately. Such controls are based on the rules of the group and fund and established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

No event has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.

Chairman

Trustee

Trustee

Friday, 21 June 2024

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF NAMIBIA MEDICAL CARE AND ITS SUBSIDIARY

Opinion

We have audited the consolidated and separate annual financial statements of Namibia Medical Care ("the Fund") and its subsidiary ("the Group") set out on pages 15 to 69, which comprise the Statement of Financial Position as at 31 December 2023, and the Statement of Surplus and Deficit and Other Comprehensive Income, the Statement of Changes in Funds and Reserves and the Statement of Cash Flows for the year then ended, and the notes to the consolidated and separate annual financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the financial position of the Group and Fund as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Medical Aid Funds Act of Namibia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Consolidated and Separate Annual Financial Statements*" section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards)* and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Trustees are responsible for the other information. The other information comprises the Contents, the Statement of Responsibility and Approval by the Board of Trustees, the Statement of Corporate Governance by the Board of Trustees, the Report of the Board of Trustees and the Supplementary Information, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate annual financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the Consolidated and Separate Annual Financial Statements

The Trustees are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Medical Aid Funds Act of Namibia and for such internal control as the Trustees determine is necessary to enable the preparation of the consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual financial statements, the Trustees are responsible for assessing the Group's and Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group and Fund and/or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Consolidated and Separate Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 consolidated and separate annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate annual 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees 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 Group's and Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate annual financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Danica van Wyk
Partner

Windhoek, Namibia

24 June 2024

Report of the Board of Trustees

The Board of Trustees hereby presents its annual report for the year ended 31 December 2023.

1. DESCRIPTION OF THE MEDICAL FUND

1.1 Terms of registration

The Namibia Medical Care ("NMC") fund is a "not for profit" open medical aid fund registered in Namibia in terms of the Medical Aid Funds Act 23 of 1995. In terms of the registration, a guarantee has been issued for N$ 750,000 by First National Bank of Namibia Limited in favour of Namibia Medical Care and lodged with Namibia Financial Institutions Supervisory Authority ("NAMFISA") (refer to note 30).

1.2 Benefit options within Namibia Medical Care

The medical aid fund offers eleven benefit options to employer groups and members of the public. These are:

Traditional options:	Opal Jade Ruby Sapphire Diamond
New Generation options:	Emerald Emerald Plus Amber Amber Plus
Low Cost options:	Topaz Topaz Plus

1.3 International travel arrangement

International travel arrangements are entered into with Hollard Insurance Company. Refer to note 17 for more information.

Report of the Board of Trustees

2. MANAGEMENT

2.1 Board of Trustees in office during the year under review

Directors	Company
Mr P Mutota	Electricity Control Board
Mr M Späth	IJG
Ms B Seibes-Bock	UNAM
Mr E Mansfeld	Medical Doctor
Ms I Hamulungu	UNAM
Ms C Kavezuva	First Capital
Ms A Emvula	Development Bank of Namibia
Mr C Bazuin	Namibian Stock Exchange
Ms B Auala	BB Boois Attorneys
Ms Z Nambahu	Nampower

There were no changes to the board of trustees for the current year under review.

2.2 Principal Officer

Mrs Alison Begley (1 January 2023 - 31 December 2023) (The new principal officer, J Crossman, started on 1 November 2023 for a hand over period):

Business address:	Postal address:
8 Newton Street	P.O. Box 24792
Windhoek	Windhoek
Namibia	Namibia

2.3 Registered office address and postal address

Business address:	Postal address:
8 Newton Street	P.O. Box 24792
Windhoek	Windhoek
Namibia	Namibia

2.4 Medical scheme administrators during the year

Methealth Namibia Administrators (Pty) Ltd

Business address:	Postal address:
Methealth Office Park	P.O. Box 6559
Maerua Park	Windhoek
Windhoek	Namibia
Namibia	

Report of the Board of Trustees

2.5 Investment managers during the year

Business address:	***Postal address:***
Namibia Asset Management Ltd Unit 5, Tenbergen Village Cnr. Julius Nyerere Street & Robert Mugabe Avenue Windhoek Namibia	P.O. Box 23329 Windhoek Namibia
Sanlam Investment Management Namibia 49 Rehobother Road Ausspannplatz Windhoek Namibia	P.O. Box 23081 Windhoek Namibia
Old Mutual Corporate Old Mutual Tower 223 Independence Avenue Windhoek Namibia	P.O. Box 165 Windhoek Namibia
M&G Investments Unit Trusts (Namibia) Ltd 6 Feld Street Windhoek Namibia	P.O. Box 25743 Windhoek Namibia
Capricorn Asset Management 4th Floor Capricorn House 119 Independence Avenue Windhoek Namibia	P.O. Box 284 Windhoek Namibia

2.6 Actuaries and Investment Advisors during the year

i3 Actuaries & Consultants

Business address:	**Postal address:**
Unit 7, The Village Liliencron street Windhoek Namibia	P.O. Box 80560 Windhoek Namibia

2.7 Auditors during the year

Ernst & Young Namibia

Business address:	**Postal address:**
C/o Otto Nitzsche and Maritz Streets Windhoek Namibia	P.O. Box 1857 Windhoek Namibia

3. INVESTMENT STRATEGY OF THE MEDICAL FUND

The fund's investment objectives are to maximise the return on its investments on a long-term basis at acceptable risk. The investment strategy takes into consideration any constraints imposed by legislation or the Board of Trustees.

The Board of Trustees reviews the investment performance on a regular basis at Trustee, Advisory and Investment committee meetings with the assistance of i3 Actuaries and Consultants.

Report of the Board of Trustees

4. MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the fund assumes the risk of loss from members and their dependants that are directly subject to risk. The risk relates to the health of fund members. As such the fund is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The fund manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling, centralised management of risk transfer arrangements and the monitoring of emerging issues.

The fund uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analysis, scenarios analysis and stress testing. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims are greater than expected.

Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. There are no changes to assumptions (other than those brought upon the initial implementation of IFRS17) used to measure insurance assets and liabilities that have a material effect on the financial statements and there are no terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the fund's cash flow. Refer to note 31 of these financial statements for more information on insurance risk management.

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 Operational statistics per benefit option

	NMC Jade	NMC Opal	NMC Amber	NMC Amber Plus	NMC Ruby	NMC Sapphire	NMC Diamond	NMC Emerald	NMC Emerald Plus	NMC Topaz	NMC Topaz plus	Total
	2023											
Average number of principal members during the period	3,751	1,043	1,118	157	11,321	10,384	223	873	419	762	2,165	32,216
Number of principal members at 31 Dec	3,834	1,032	1,121	169	11,491	10,742	218	883	459	779	2,350	33,078
Average number of beneficiaries during the period	6,723	1,895	2,602	354	25,660	26,624	509	1,805	828	1,052	3,555	71,607
Total number of beneficiaries at 31 Dec	6,923	1,877	2,595	381	26,116	27,540	494	1,805	913	1,087	3,817	73,548
Dependent ratio at 31 Dec	1:0.79	1:0.82	1:1.33	1:1.25	1:1.27	1:1.56	1:1.28	1:1.07	1:0.98	1:0.38	1:0.64	1:1.22
Insurance revenue per average beneficiary per month	2,202	1,123	1,820	2,236	1,982	3,212	5,477	1,442	1,793	285	543	2,351
Insurance expenditure per average beneficiary per month	-23,110	-14,213	-22,729	-22,736	-23,658	-36,571	-69,572	-17,697	-17,711	-3,248	-5,137	-256,381
Other expenses per average beneficiary per month	-222	-260	-198	-167	-199	-166	-206	-223	-188	-308	-213	-193
Other expenses as a percentage of net contribution	-10%	-23%	-12%	-7%	-10%	-5%	-4%	-15%	-11%	-109%	-39%	-8%
Average age	35.55	44.32	53.70	47.66	42.23	46.34	46.34	46.00	40.85	37.45	35.88	42.84
Pensioner ratio at 31 Dec	1:0.02	1:0.05	1:0.23	1:0.08	1:0.05	1:0.09	1:0.36	1:0.1	1:0.05	1:0.006	1:0.01	1:0.06
Average future member liability per principal member at year-end	13,795	13,795	13,795	13,795	13,795	13,795	13,795	13,795	13,795	13,795	13,795	13,795

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 Operational statistics per benefit option

	NMC Jade	NMC Opal	NMC Amber	NMC Amber Plus	NMC Ruby	NMC Sapphire	NMC Diamond	NMC Emerald	NMC Emerald Plus	NMC Topaz	NMC Topaz plus	Total
	2022											
Average number of principal members during the period	3,316	1,094	1,146	131	11,354	9,829	233	896	347	719	1,680	30,745
Number of principal members at 31 Dec	3,413	1,080	1,146	141	11,322	10,158	228	889	373	787	1,843	31,380
Average number of beneficiaries during the period	5,880	1,998	2,708	300	25,528	25,259	539	1,846	682	999	2,805	68,544
Total number of beneficiaries at 31 Dec	6,100	1,973	2,699	317	25,724	26,215	529	1,843	719	1,072	3,066	70,257
Dependent ratio at 31 Dec	1:0.79	1:0.83	1:1.36	1:1.25	1:1.27	1:1.58	1:1.32	1:1.07	1:0.93	1:0.36	1:0.66	1:1.24
Insurance revenue per average beneficiary per month *	1,507	1,261	1,412	1,884	1,930	2,621	5,176	1,013	1,324	273	462	18,864
Insurance expenditure per average beneficiary per month *	18,943	11,772	18,944	14,673	21,308	32,292	66,966	12,966	18,410	2,182	3,745	222,202
Other expenses per average beneficiary per month *	508	518	397	388	413	334	412	454	451	627	512	403
Other expenses as a percentage of net contribution *	34%	41%	28%	21%	21%	13%	8%	45%	34%	229%	111%	20%
Average age	35.16	44.09	53.19	47.54	41.75	46.14	46.14	45.12	40.53	37.91	36.61	42.51
Pensioner ratio at 31 Dec	1:0.02	1:0.05	1:0.21	1:0.05	1:0.05	1:0.09	1:0.33	1:0.1	1:0.06	1:0.008	1:0.01	1:0.06
Average future member liability per principal member at year-end *	12,445	12,445	12,445	12,445	12,445	12,445	12,445	12,445	12,445	12,445	12,445	12,445

* These amounts were restated with the initial application of IFRS17

5.2 Operational statistics for the fund

GROUP & FUND	2023	2022
Average member fund liability (mutual fund) per member (N$'000) *	13.80	12.45
Breakdown of total amount paid to administrator:		
- Administration fees (N$'000)	129,861	116,457
- Managed care: management services (N$'000)	9,123	8,907
Investment income as percentage of investments at year-end	7.82%	6.76 %
Realised gains / (losses) as percentage of investments at year-end	2.30%	0.75 %
Unrealised gains/(losses) as percentage of investments at year-end	1.25%	(2.03) %

5.3 Results of operations

The results of the medical fund and its subsidiary are set out in the consolidated and separate annual financial statements, and the trustees believe that no further clarification is required.

5.4 Solvency ratios

GROUP	2023	2022
Member fund liability - Mutual fund (N$'000) *	446,370	390,705
Net contribution per statement of surplus or deficit and other comprehensive income (N$'000) *	1,884,215	1,660,449
Group statutory reserve level (based on the funds members) *	**23.7%**	**23.5%**

FUND	2023	2022
Member fund liability - Mutual fund (N$'000) *	445,370	390,484
Net contribution per statement of surplus or deficit and other comprehensive income (N$'000) *	1,884,215	1,660,449
Fund statutory reserve level (based on the funds members) *	**23.6%**	**23.5%**

GROUP	2023	2022
Total assets (N$'000) *	629,235	604,819
Total liabilities (N$'000) *	629,235	604,819
	1	**1**

FUND	2023	2022
Total assets (N$'000) *	627,109	604,069
Total liabilities (N$'000) *	627,109	604,069
	1	**1**

* These amounts were restated upon the initial application of IFRS17.

5.5 FUNDS DUE TO MEMBERS

Change in accounting policies as a result of the adoption of IFRS 17 have been applied using the full retrospective approach. Based on the requirements of IFRS 17, the scheme was identified as a mutual entity which is different to the accounting under IFRS 4. It is expected that the remaining assets of the scheme will be used to pay current and future policyholders. As the scheme is in a surplus position, it recognised a liability in its statement of financial position to provide coverage to members.

Funds due to members are set out in the statement of financial position. Funds due to members increased during the current year with 14% compared to the prior year.

The funds due to members was adjusted in accordance with the IFRS17 changes. Refer to the accounting policies and note 3 for the detail.

5.6 Liability for incurred claims

The basis of calculation of the liability for incurred claims is discussed in the accounting policies paragraph 1.8 and note 13 and this is consistent the requirements of IFRS17. Movements on the liability for incurred claims are set out in note 13 to the consolidated and separate annual financial statements. There have been no unusual movements that the trustees believe should be brought to the attention of the members of the medical aid fund.

6. ACTUARIAL SERVICES

The fund's actuaries were consulted in 2022 in the determination of the contribution and benefit levels for the 2023 year-end. The actuaries are also appointed to assist with the calculations of the estimates relating to the insurance liabilities and the restatement calculations for the IFRS 17 adoption.

7. GUARANTEES RECEIVED BY THE FUND FROM A THIRD PARTY

In terms of section 4 of the Medical Aid Fund Act, First National Bank of Namibia Limited has provided a guarantee of N$750,000 (2022: N$750,000) to the fund.

8. INDUSTRY UPDATE

Since 2020 when Covid 19 started, the medical aid industry had a very volatile claims experience and significant pressure on the premium increases. 2021 to 2023 were marked with a very high claiming experience for all the funds in the industry and for NMC specifically as well. This had put the reserve levels under severe pressure and the trustees had to implement various savings and a higher premium increase.

The claims experienced for the first four months of the 2024 financial year, is in line with 2023 but given the very short period, this should not be seen as indicative of the expected claims for the full year. Namibia Medical Care is expected to maintain a healthy level of reserves at the end of 2024 which are expected to remain in line with the minimum regulatory reserve levels of 25%.

The fund is reliant on more than one investment manager to manage the risk of the markets and even though 2022 and 2023 were volatile performing years for the investment markets, the fund managed to retain their solvency levels. Due to the high claims experience since 2021 up to 2023 the fund is very reliant on the investment income and the performance of the markets and it directly influences the solvency levels of the fund. More than one financial year of poor investment returns will have a negative impact on the fund's sustainability.

The fund will be a going concern for 2024 and the trustees are actively planning the benefits and fee structures in order to sustain the fund in the long term.

9. EVENTS AFTER REPORTING DATE

The Board of Trustees are not aware of any material event which occurred after the reporting date and up to the date of this report.

10. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL FUND

The medical fund does not hold investments in or provide loans to participating employers of medical fund members.

Report of the Board of Trustees

11. RELATED PARTY TRANSACTIONS

Refer to related party disclosure in note 29 to the consolidated and separate annual financial statements.

12. INVESTMENT IN SUBSIDIARY COMPANY

The fund owns 100% of the share capital in NMC House (Pty) Ltd since 17 November 2015 as part of their investment strategy.

The group does not have any other subsidiaries or interest in any joint venture, joint arrangement or structured entities.

13. BOARD OF TRUSTEES AND SUB-COMMITTEE MEETING ATTENDANCE

The following schedule sets out Board of Trustees and sub-committee meeting attendance.

The trustees remuneration is disclosed in note 29 to the consolidated and separate annual financial statements.

Trustee / Board and Sub-committee member	Board meetings		Audit committee		Other meetings	
	A	**B**	**A**	**B**	**A**	**B**
P Mutota (Board Chairman)	7	6	3	2	4	2
B Seibes-Bock	7	7	0	0	2	0
E Mansfeld	7	7	0	0	2	2
M Späth	7	6	3	3	4	4
A Emvula	7	5	0	0	4	2
C Kavezuva	7	7	0	0	2	1
I Hamulungu	7	7	3	3	2	2
C Bazuin	7	5	3	3	4	3
B Auala	7	4	0	0	2	1
Z Nambahu	7	4	0	0	2	2

S Shiimi resigned during 2022.

A - Total possible number of meetings could have attended.
B - Actual number of meetings attended.
Other meetings include: Investment and benefit design sub-committee meetings.

14. AUDIT COMMITTEE

An audit committee was established in accordance with the guidelines on good corporate governance. The committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The committee consists of four members, all of which are members of the Board of Trustees. All the members, including the chairperson, are not officers of the medical fund or its third party administrator. The committee met on three occasions during the course of the year.

The primary responsibility of the committee is to assist the Board of Trustees in carrying out its duties relating to the medical fund's accounting policies, internal control systems and financial reporting practices. The external auditor formally reports to the committee on critical findings arising from audit activities.

The committee in office for the year under review:

Trustee	Position	Company
Mr M Späth	Chairman	IJG
Mr P Mutota		Electricity Control Board
Mr C Bazuin		Namibia Stock Exchange
Ms I Hamulungu		UNAM

There were no changes to the committee during the current financial year under review.

Statement of Financial Position as at 31 December 2023

		Group			Fund		
	Note(s)	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000
Assets							
Non-Current Assets							
Property, plant and equipment	5	3,451	3,519	3,542	3,451	3,519	3,542
Investment property	6	6,620	6,115	5,450	-	-	-
Investments in subsidiaries	7	-	-	-	7,450	7,450	7,450
		10,071	**9,634**	**8,992**	**10,901**	**10,969**	**10,992**
Current Assets							
Trade and other receivables*	8	271	243	542	297	203	538
Investments at fair value through surplus / deficit	9	558,756	559,471	629,945	558,756	559,471	629,945
Current tax receivable	27	17	119	112	-	-	-
Cash and cash equivalents	10	60,120	35,352	45,042	57,155	33,426	43,299
		619,164	**595,185**	**675,641**	**616,208**	**593,100**	**673,782**
Total Assets		**629,235**	**604,819**	**684,633**	**627,109**	**604,069**	**684,774**
Equity and Liabilities							
Liabilities							
Non-Current Liabilities							
Deferred tax	11	216	477	445	-	-	-
Current Liabilities							
Trade and other payables *	12	4,219	2,867	2,243	3,309	2,815	2,195
Insurance contract liability *	13	178,430	210,770	176,481	178,430	210,770	176,481
Liability for members - Mutual fund*	14	446,370	390,705	505,464	445,370	390,484	506,098
		629,019	**604,342**	**684,188**	**627,109**	**604,069**	**684,774**
Total Liabilities		**629,235**	**604,819**	**684,633**	**627,109**	**604,069**	**684,774**

* These amounts were restated upon the initial application of IFRS17. Refer to note 3 for the detail on the initial application of this standard.

* See Note 3

Statement of Surplus and Deficit and Other Comprehensive Income

		Group		Fund	
	Note(s)	2023 N$ '000	2022 Restated * N$ '000	2023 N$ '000	2022 Restated * N$ '000
Insurance revenue*	15	1,884,215	1,660,449	1,884,215	1,660,449
Insurance service expense*	16	(1,934,684)	(1,676,460)	(1,933,905)	(1,675,605)
Insurance service result *		**(50,469)**	**(16,011)**	**(49,690)**	**(15,156)**
Other income / (expenses)					
Expenses on other insured benefits*	17	(1,780)	(1,777)	(1,780)	(1,777)
Other operating expenses*	18	(9,419)	(10,736)	(9,184)	(10,504)
Investment income	19	43,674	37,683	43,661	37,683
Rental income	20	624	621	-	-
Asset management fee	21	(3,479)	(3,004)	(3,479)	(3,004)
Fair value adjustment - Investment property	6	505	586	-	-
Other operating income *	22	657	584	657	584
Net realised gain on financial assets	23	12,843	5,630	12,843	5,630
Unrealised gains/(losses) on financial assets	24	6,972	(13,456)	6,972	(13,456)
Surplus / (Deficit) before taxation *		**128**	**120**	**-**	**-**
Taxation	25	(128)	(120)	-	-
Total comprehensive surplus / (deficit) *		**-**	**-**	**-**	**-**

* These amounts are restated upon the initial application of IFRS17. Refer to note 3 for the detail on the initial application of this standard. The expenses on other insured benefits was also removed from insurance expenses where it was previously disclosed as risk transfer arrangements and is now disclosed separately.

Statement of Changes in Funds and Reserves

	Retained income * N$ '000	Total equity N$ '000
Group		
Opening balance as previously reported	541,785	541,785
Adjustments		
IFRS17 inital application - Transfer to liabilities for members	(541,785)	(541,785)
Restated* Balance at 1 January 2022	-	-
Opening balance as previously reported	430,870	430,870
Adjustments		
IFRS17 inital application - Transfer to liabilities for members	(430,870)	(430,870)
Restated Balance as at 1 January 2023	-	-
Balance at 31 December 2023	-	-
Fund		
Opening balance as previously reported	542,419	542,419
Adjustments		
IFRS17 inital application - Transfer to liabilities for members	(542,419)	(542,419)
Restated* Balance at 1 January 2022	-	-
Opening balance as previously reported	441,280	441,280
Adjustments		
IFRS17 inital application - Transfer to liabilities for members	(441,280)	(441,280)
Restated Balance as at 1 January 2023	-	-
Balance at 31 December 2023	-	-

* The equity statement is restated for the group upon the initial application of IFRS17. All fund reserves are now classified as a liability to members because the fund is classified as a mutual entity. Refer to note 3 for the detail on the initial application of this standard.

Because all fund reserves are now classified as a liability there are no reserves anymore.

* See Note 3

Statement of Cash Flows

		Group		Fund	
	Note(s)	2023 N$ '000	2022 Restated * N$ '000	2023 N$ '000	2022 Restated * N$ '000
Cash flows from operating activities					
Cash used in operations	26	(35,660)	(106,774)	(36,973)	(107,131)
Interest income received	19	4,224	2,127	4,211	2,127
Tax paid	27	(287)	(95)	-	-
Net cash utilized in operating activities		**(31,723)**	**(104,742)**	**(32,762)**	**(105,004)**
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(19)	(69)	(19)	(69)
Proceeds from sale of property, plant and equipment	5	10	-	10	-
Additions to investment property	6	-	(79)	-	-
Purchase from investments	9	(148,000)	(122,000)	(148,000)	(122,000)
Proceeds from sale of investments	9	204,500	217,200	204,500	217,200
Net cash from investing activities		**56,491**	**95,052**	**56,491**	**95,131**
Total cash movement for the year		**24,768**	**(9,690)**	**23,729**	**(9,873)**
Cash and cash equivalents at the beginning of the year		35,352	45,042	33,426	43,299
Cash and cash equivalents at the end of the year	10	**60,120**	**35,352**	**57,155**	**33,426**

* These amounts were restated upon the initial application of IFRS 17. Refer to note 26 for the detail on the initial application of this standard. There is no effect on the actual cash-flow only the disclosure of the financial statements.

* See Note 3

Accounting Policies

1. Material accounting policies

The material accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below. These policies comply with IFRS and have been consistently applied for all years presented, except for the standards adopted that became effective during the current year (refer to note 2).

1.1 Basis of preparation

The preparation of the consolidated and separate annual financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated and separate annual financial statements are disclosed in policy 1.13.

The consolidated and separate annual financial statements are presented in Namibian Dollars. These financial statements are rounded to the nearest thousand.

These accounting policies are consistent with the previous period, except for the changes set out in note 2 New standards and Interpretations.

1.2 Consolidation

Basis of consolidation

The group annual financial statements comprise the consolidated annual financial statements of the fund and its subsidiary as at 31 December 2023.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date when such control ceases. The annual financial statements of the subsidiary are prepared for the same reporting period as the parent entity, using consistent accounting policies. All intra group transactions and dividends are eliminated in full.

Control is achieved when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the investor controls an investee if and only if the investor has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect returns.

When necessary, adjustments are made when necessary to the consolidated and separate annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in surplus or deficit; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to surplus or deficit or retained earnings, as appropriate.

Accounting Policies

1.3 Property, plant and equipment

Property, plant and equipment are reflected at historical cost less accumulated depreciation and accumulated impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance's are charged to surplus or deficit during the financial period in which they are incurred.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, after taking into consideration the asset's residual value, over their estimated useful lives, as followed:

Item	Average useful life
Buildings	50 years
Motor vehicles and office equipment	3 - 8 years
Leasehold improvements	5 years

The assets' residual values and useful lives are reviewed, and adjusted prospectively if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than it's estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 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.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of surplus or deficit and other comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view of sale.

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 surplus or deficit for the period in which it arises.

Accounting Policies

1.5 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses.

1.6 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through surplus or deficit; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through surplus or deficit. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through surplus or deficit. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:
- Amortised cost; or
- Mandatorily at fair value through surplus or deficit. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through surplus or deficit. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through surplus or deficit).

Note 31 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Accounting Policies

1.6 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 8).

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 and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

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

They are subsequently measured at amortised cost.

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.

Impairment

The group 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 group 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.

Measurement and recognition of expected credit losses

The group 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 does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 8.

An impairment gain or loss is recognised in surplus or deficit 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 surplus or deficit.

Write off policy

The group writes off a receivable 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. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in surplus or deficit.

Accounting Policies

1.6 Financial instruments (continued)

Investments in equity instruments

Classification

Investments in equity instruments are classified as mandatorily at fair value through surplus or deficit. The Fund invests in liquid and short-term assets which can be withdrawn anytime and be fully terminated within 30 days, to manage its claims and expenses as part of its normal operating activities. The strategy is not to keep investments long-term and thus the investments meet the definition of 'as held for trading' and are classified as current assets.

As an exception to this classification, the group may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income. The group did not elect to recognize any investments at fair value through other comprehensive income.

Recognition and measurement

Investments in equity instruments are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in surplus or deficit.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in surplus or deficit or in other comprehensive income. Details of the valuation policies and processes are presented in note 4.

Dividends received on equity investments are recognised in surplus or deficit when the group's right to received the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income (note 19).

Investments denominated in foreign currencies

When an investment in an equity instrument is denominated in a foreign currency, the fair value of the investment is determined in the foreign currency. The fair value is then translated to the Namibian Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in surplus or deficit and other comprehensive income as part of the fair value adjustment for investments which are classified as at fair value through surplus or deficit.

Impairment

Investments in equity instruments are not subject to impairment provisions.

Accounting Policies

1.6 Financial instruments (continued)

Investments in debt instruments at fair value through surplus or deficit

Classification

Certain investments in debt instruments are classified as mandatorily at fair value through surplus or deficit. These investments do not qualify for classification at amortised cost or at fair value through other comprehensive income because either the contractual terms of these instruments do not give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, or the objectives of the group business model are met by selling the instruments rather than holding them to collect the contractual cash flows.

The Fund invests in liquid and short-term assets which can be withdrawn anytime and be fully terminated within 30 days, to manage its claims and expenses as part of its normal operating activities. The strategy is not to keep investments long-term and thus the investments meet the definition of 'as held for trading' and are classified as current assets.

The group hold investments in debentures and corporate bonds which are mandatorily at fair value through surplus or deficit.

Recognition and measurement

Investments in debt instruments at fair value through surplus or deficit are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in surplus or deficit.

Interest received on debt instruments at fair value through surplus or deficit are included in investment income (note 19).

Investments denominated in foreign currencies

When an investment in a debt instrument at fair value through surplus or deficit is denominated in a foreign currency, the fair value of the investment is determined in the foreign currency. The fair value is then translated to the Namibian Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised as part of the fair value adjustment in surplus or deficit.

Impairment

Investments in debt instruments at fair value through surplus or deficit are not subject to impairment provisions.

Borrowings and loans from related parties

Classification

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

Recognition and measurement

Borrowings and loans from related parties are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 31 for details of risk exposure and management thereof.

Accounting Policies

1.6 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 12), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 31 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. Cash and cash equivalents are subsequently measured at amortised cost using the effective interest method. Cash and cash equivalents are defined as cash, or instruments that can be converted into cash immediately. Refer to note 10 for the detail.

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit.

Reclassification

Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

Accounting Policies

1.7 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated and separate statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Accounting Policies

1.8 Insurance contracts

Identification of insurance contracts

The contracts issued by the fund indemnify covered members (the policyholder) and their covered dependants against the risk of loss arising from the occurrence of a health event (insured event). The timing, frequency and severity of the health event covered is uncertain. These contracts fall under the scope of IFRS 17.

Whilst the timing, frequency, severity and type of health events are uncertain, the ultimate insurance risk covered by the fund can be defined as a single risk – that of providing cover for a health event that the member may incur. The risk under the insurance contracts issued by the fund can be expressed as the probability that an insured event (“health event”) occurs, multiplied by the expected amount of the resulting claim.

Level of aggregation

The fund as a whole was identified as a portfolio. All contracts issued by the fund are subject to similar risks and managed together. As the fund rules required by the Act constrains the entity’s practical ability to set a different price or level of benefits for members with different characteristics the fund as a whole was also identified as the group. The fund assesses if the group as whole is onerous or profitable.

If the group is onerous, no further liability is recognised as a liability to future members is recognised (as the scheme is regarded as a mutual entity for accounting purposes). Due to the above the fund determined that all the options will be seen as one single insurance contract and if the group is seen as onerous, it will all be aggregated as a single onerous contract.

Recognition and derecognition

Insurance contracts issued shall be recognised from the earliest of the following:

(a) The beginning of the coverage period;
(b) The date when the first payment from a policyholder becomes due; and
(c) For onerous contracts, when the contracts become onerous.

An insurance contract is derecognised when it is extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled).

Premium allocation approach (PAA)

The contract boundary for the contracts issued does not exceed 12 months and consequently the fund elected to apply the PAA.

The classification of the fund as a mutual entity does not impact the extent of insurance cover / insurance contract services to be provided by the medical aid fund in terms of the member contracts and therefore the PAA is still applicable.

The fund measures the liability for incurred claims for as the fulfilment cash flows relating to incurred claims. The future cash flows are not adjusted for the time value of money and the effect of financial risk as these cash flows are expected to be paid in one year or less from the date the claims are incurred.

Accounting Policies

Liability for remaining coverage (LRC)

As the coverage period and the financial year for the fund is the same, there would be no liability for remaining coverage at the year-end reporting date, assuming that the actual cash collected for contributions equals the contributions recognised.

The liability for remaining coverage will therefore include all premiums received in advance less the amounts still outstanding at year-end and adding the portion of the loss component of any onerous contracts. The back-up benefit liability is also included in the LRC because it relates to funds paid by members for future coverage of claims, limited to the amount paid to the fund.

The group does not discount its liability for remaining coverage, since the effect of time value of money is not considered material, as the contracts are all limited to a maximum of twelve months.

Liability for incurred claims (LIC)

Claims outstanding at year end comprise provisions for the group's and fund's estimated cost of settling all claims incurred but not yet reported or reported but not yet processed at the reporting date. Claims outstanding are determined as accurately as possible based on the actual claims relating to the financial year received in the first month after year end plus an estimation for expected claims relating to the financial year that will be paid out during the following three month period. This estimate was calculated using the basic chain-ladder approach and it is based on the historical claims payment patterns. (The chain ladder method calculates incurred but not reported claim estimates, using run-off triangles which is populated with historical paid claims and incurred claims. The chain ladder method operates under the assumption that patterns in claims activities in the past will continue to be seen in the future. In order for this assumption to hold, data from past loss experiences must be accurate.) Claim handling expenses have been added to the liability based on the estimated cost of making these payments. The estimate was determined by considering the proportion of the total administration fee that is allocated towards the payment of claims, and then by allocating these costs to the value of outstanding claims compared to the value of claims paid during the financial year. The allowance for the expenses amounts to 0.82% (2022: 0.79%) of the total outstanding claims provision, including the risk adjustment.

In addition, a non financial risk adjustment is added to the estimated part of the claims to allow for the risk that the estimated claims would be less than the eventual paid claims. The risk adjustment is equal to 10.3% (2022: 12.40%) of the estimated outstanding claims, which excludes the actual claims already paid in the first month after the reporting date. The estimated portion of the outstanding claims amounts to 24% (2022: 22%) of the total provision. The 10.3% (2022: 12.4%) margin was calculated to correspond to a 65% confidence level.

Estimated co-payments and payments from the backup benefit are deducted in calculating the liability for incurred claims. The group does not discount its liability for incurred claims, since the effect of time value of money is not considered material, as claims must be settled within four months of the medical event.

The main non-financial risk of the fund is the morbidity risk. Morbidity risk refers to the statistical chance that an individual will develop a condition or disease given certain factors such as age and gender. The fund will use the margin of adverse deviations method to value the non-financial risk. Therefore the risk adjustment is equal to the difference between the value of the projected cashflows on the best assumptions and the projected cashflows after the margin had been added. A margin of 10.3% was added to the claims projection to determine the risk adjustment. The 10.3% (2022:12.4%)% margin was calculated to correspond to a 65% confidence level.

The confidence level is calculated as follow:

- The average variance between the projected outstanding claims and the actual outstanding claims was determined over a period of 10 years from 2014 to 2023.
- It was assumed that the deviation is normally distributed, and a normal curve was fitted using the average and the standard deviation of this variance.
- A risk adjustment of 10.3% (2022: 12.4%) of the estimated outstanding claims at the reporting date was determined to correspond to a cumulative probability of 65% using the distribution determined above.

Accounting Policies

Onerous contracts

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract, any previously recognised insurance acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total are a net outflow.

Due to the fact that the fund is evaluated as fund and not on option level (as determined in the level of aggregation), an assessment is done with the benefit review of the following year to determine whether the contracts will be onerous or not. This assessment is reviewed on a quarterly basis by the actuaries to determine whether the contracts became onerous or not during the financial year.

As per the requirements of IFRS17, onerous contracts are recognized when the contract becomes onerous. For contributions received in December which are due in January, this would result in such cash flows relating to the following financial year /coverage period, being required to be recognised in the current reporting period as a liability for remaining coverage and the loss component of the onerous contract will then also be recognized in the current year for the following year losses that is expected to be incurred.

No additional liability for onerous contracts is recognized because the fund as a whole is aggregated as a single insurance contract. The onerous loss component was recognized as part of the LRC. Refer to note 13 for the detail of the movement in the liability.

1.9 Expense on other insured benefits

Expenses on other insured benefits are recognised as an expense when incurred. These benefits includes the premium waiver benefit and international travel benefit.

Expenses on other insured benefits is recognized in the statement of surplus or deficit and other comprehensive income.

Any claims exceeding the excess amount is directly paid by the travel insurer to the member and no amount is receivable from or payable to the travel insurer.

1.10 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.10 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is provided, for all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax asset is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred income tax asset and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of surplus or deficit and other comprehensive income.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.11 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Accounting Policies

1.11 Leases (continued)

Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

The group is using part of the building for own use and the rest of the property is rented out. The leases are managed with fixed lease agreements determining all the terms and conditions relating to rental payments and all other risks that arise with the rental of the building.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in other operating income.

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

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.12 Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of disposal and value in use.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. In determining the fair value less cost of disposal, recent market transactions are taken into account, if available. If no such transactions are identified, an appropriate valuation model is used.

For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffer an impairment are reviewed for possible reversals of impairment, each reporting date.

Accounting Policies

1.13 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are addressed below.

In the process of applying the group's accounting policies, management has made the following estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities:

a*) Impairment of financial assets*

The group follows the guidance of IFRS 9 to determine when a financial asset is impaired. This determination requires judgment in determining the credit risk of the financial asset. (Refer to note 8.)

b*) Fair value of financial assets*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group and fund uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. (Refer to note 4.)

c*) Fair value of investment property*

The fair value of the investment property is determined by using the observable market data as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note 6.

d*) Insurance liabilities*

For the Liability for Incurred Claims, the incurred claims were estimated using the basic chain ladder method. The chain ladder method use historical claims data and claims trends to forecast what the total liabiility for incurred claims should be.

The Liability for Remaining Coverage - loss component for the onerous contracts was calculated by projecting the premiums, claims and attributable expenses for a period of 12 months for the fund as a whole. These cashflows were not discounted due to the short projection period. If the expected net result of the projected cashflows is negative, then a loss component is calculated as the net result of these cashflows. If the net result of these cashflows is positive, then no liability is created.

Refer to note 13.

e) Mutual entity consideration

The fund will be classified as a mutual entity because it is expected that the remaining assets of the scheme will be used to pay current and future policyholders. Once the members sign the membership application the fund has a contractual commitment to adhere to it.

The fund is considered to be a mutual entity because it is obliged to:

- provide coverage to every member;
- pay incurred claims of every member; or
- provide coverage to all future members.

Refer to note 14.

1.14 Insurance revenue

Insurance revenue for the period is the amount of expected premium receipts allocated to the period adjusted for the premiums outstanding that is expected not to be recovered. Net insurance income represent gross contributions after deduction of the backup benefit. The scheme allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

Accounting Policies

1.15 Insurance service expenses

The scheme presents insurance service expense in surplus or deficit in insurance service expenses comprising incurred claims (excluding repayments of investment components) and other incurred insurance service expenses.

Insurance service expenses includes all costs relating to delivery of the insurance product such as claims, managed care cost, administration fees, actuarial fees and all other fees directly attributable to insurance revenue.

Net Claims incurred

Gross claims incurred comprise of the total estimated cost of all claims arising from healthcare events that have occurred in the year and for which the group and fund is responsible, whether or not reported at year end. Net claims incurred represents claims incurred net of discounts received, recoveries from members for co-payments and the backup benefit account after taking into account recoveries from third parties.

Net claims incurred comprise of:
- Movement in the provision for outstanding claims;
- Claims settled.
- Ex-gratia claims.

Managed care: management services cost

These expenses represent the cost of managing healthcare expenditure and the amounts paid or payable to third party administrators, related parties and other third parties for managing the utilisation, cost and quality of healthcare services to the group.

Attributable expense**s**

Attributable expenses are all the expenses incurred in the delivering the insurance service to the members such as administration fees, actuarial fees etc.

(Deficit)/ Surplus component on onerous contracts

This relate to the expected loss or reversal of such a loss that is expected to be incurred on the onerous contracts in the fund.

Surplus / (Deficit) attributable to future members

This is the funds that are allocated to the members for the payment of future claims. (Previously always reported as the surplus or deficit of the fund.)

1.16 Investment and rental income

Investment income mainly comprise of dividends, interest and rent income.

Dividend income:
Dividend income is recognised when the right to receive payment is established.

Interest income:
Interest income is recognised using the effective interest rate method. When a loan or receivable is impaired, the group and fund reduces the carrying amount to its receivable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues to unwind the discount as interest income. Interest income from impaired loans and receivables is recognised using the effective interest rate.

Rental income:
Rental income received under operating leases is charged to the surplus or deficit on a straight-line basis over the lease period of the lease. Lease incentives received are recognised in the surplus or deficit as an integral part of total lease expense.

Other investment income:
Income from collection investments schemes and insurance policies are recognised when the entitlement to revenue is established and it can be measured reliably.

N$ '000

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has 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:
• International tax reform - Pillar two model rules - amendments to IAS 12	1 January 2023	The impact of the amendment is not material.
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	1 January 2023	The impact of the amendment is not material.
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	The impact of the amendment is not material.
• Definition of accounting estimates: Amendments to IAS 8	1 January 2023	The impact of the amendment is not material.
• IFRS 17 Insurance Contracts	1 January 2023	The impact of the amendment is set out in note 3.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	1 January 2024	Unlikely there will be a material impact
• Lease liability in a sale and leaseback - Amendments to IFRS 16	1 January 2024	Unlikely there will be a material impact

There are some other standards that are issued which are not yet effective but they are not relevant to the fund and therefore the detail of those standards are not disclosed.

Notes to the Consolidated And Separate Annual Financial Statements

3. First time adoption of IFRS17

The consolidated and separate annual 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.

Transition to IFRS 17 and mutual entity considerations

The insurance contracts will include the contracts with members where insurance risk is transferred.

NMC also offers two benefits that are insured by NMC. These benefits are the premium waiver benefit and the international travel cover benefit. These two benefits will not be covered by IFRS 17.

The contract boundary for all contributions and benefits, both from a contractual and a practical point of view, is equal to at most 12 months. Therefore, the insurance contracts for all members would be eligible for using the premium allocation approach (PAA) for measurement according to paragraph 53(3) of the Standard and NMC will elect to use the PAA for measurement.

Each of the groups of insurance products will be assessed relative to the eligibility to use the Premium Allocation Approach for measurement. The fund has classified the the fund as one group of Insurance Contracts.

Change in accounting policies as a result of the adoption of IFRS 17 have been applied using the full retrospective approach.

Based on the requirements of IFRS 17, the scheme was identified a mutual entity which is different to the accounting under IFRS 4.

An entity will be classified as a mutual entity if it is expected that the remaining assets of the scheme will be used to pay current and future policyholders.

As the scheme is in a surplus position, it recognised a liability in its statement of financial position to provide coverage to future members.

This liability is in essence incurred because the scheme is obliged to:

- provide coverage to that member;
- pay incurred claims of that member; or
- provide coverage to future members.

On measurement of the liability to future members, the fulfilment cash flows of this liability are measured incorporating information about the fair value of the other assets and liabilities of the scheme.

Any increase in the onerous loss component will decrease the surplus that is attributable to members.

The aggregate effect of the changes in accounting policy on the consolidated and separate annual financial statements for the year ended 31 December 2022 is as follows:

Notes to the Consolidated And Separate Annual Financial Statements

3. First time adoption of IFRS17 (continued)

Statement of Financial Position

Trade and other receivables	**Group 2022 N$'000**	**Group 2021 N$'000**	**Fund 2022 N$'000**	**Fund 2021 N$'000**
Previously stated	7,324	8,825	7,284	8,821
Adjustment	(7,081)	(8,283)	(7,081)	(8,283)
	243	**542**	**203**	**538**
Retained income				
Previously stated	430,870	541,785	441,280	542,419
Adjustment - Transferred to the Liability to members	(430,870)	(541,785)	(441,280)	(542,419)
	-	**-**	**-**	**-**
Trade and other payables				
Previously stated	40,722	35,886	40,670	35,838
Adjustment	(37,855)	(33,643)	(37,855)	(33,643)
	2,867	**2,243**	**2,815**	**2,195**
Insurance contract liability				
Previously stated	-	-	-	-
Adjustment	210,770	176,481	210,770	176,481
	210,770	**176,481**	**210,770**	**176,481**
Liability to members				
Previously stated	-	-	-	-
Adjustment	390,705	505,464	390,484	506,098
	390,705	**505,464**	**390,484**	**506,098**
Outstanding claims provision				
Previously stated	129,200	114,800	129,200	114,800
Adjustment	(129,200)	(114,800)	(129,200)	(114,800)
	-	**-**	**-**	**-**

* See Note 3

Notes to the Consolidated And Separate Annual Financial Statements

3. First time adoption of IFRS17 (continued)

Surplus or deficit

Statement of surplus / deficit and Other comprehensive income	Group 2022 Previously stated N$'000	Adjustment N$'000	Group 2022 Restated N$'000	Fund 2022 Previously stated N$'000	Adjustment N$'000	Fund 2022 Restated N$'000
Net contribution income	1,663,972	(1,663,972)	-	1,663,972	(1,663,972)	-
Insurance service revenue	-	1,660,449	1,660,449	-	1,660,449	1,660,449
Claims incurred	(1,639,590)	1,639,590	-	(1,639,590)	1,639,590	-
Risk transfer arrangement fees	(1,777)	1,777	-	(1,777)	1,777	-
Insurance service expenses	-	(1,676,460)	(1,676,460)	-	(1,675,605)	(1,675,605)
Managed care management services	(8,907)	8,907	-	(8,907)	8,907	-
Other operating expenses	(138,982)	128,246	(10,736)	(138,750)	128,246	(10,504)
Movement in credit loss allowances	(3,954)	3,954	-	(3,954)	3,954	-
Expenses on other insured benefits	-	(1,777)	(1,777)	-	(1,777)	(1,777)
Other operating income	1,014	(430)	584	1,014	(430)	584
Surplus / (Deficit) before taxation	**(128,224)**	**100,284**	**(27,940)**	**(127,992)**	**101,139**	**(26,853)**

4. Fair value information

Valuation techniques and assumptions are applied for the purpose of measuring fair value measurements recognised in the statement of financial position (fair value hierarchy).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible by the group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The carrying amount less impairment provision for trade receivables and the carrying amount of trade payables is assumed to approximate the fair value due to short-term nature. The same applies to the outstanding claims provision, as claims should be settled within four months after year end according to the terms of the fund. Cash and cash equivalents have by definition a maturity of less than three months and therefore their value is also approximated by the carrying amount.

As at 31 December 2023, the group recognised financial instruments based on the following fair value hierarchy:

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Notes to the Consolidated And Separate Annual Financial Statements

4. Fair value information (continued)

Levels of fair value measurements

Level 1

Recurring fair value measurements		**Group 2023 N$'000**	**Group 2022 N$'000**	**Group 2021 N$'000**	**Fund 2023 N$'000**	**Fund 2022 N$'000**	**Fund 2021 N$'000**
Assets	Note(s)						
Equity investments at fair value through surplus and deficit	9						
Investments at fair value (listed equity, property, smoothed bonus funds and other securities)		202,223	270,291	324,175	202,223	270,291	324,175
Total		**202,223**	**270,291**	**324,175**	**202,223**	**270,291**	**324,175**

The significant inputs for the items in level 1 is quoted market prices in active markets.

Level 2

Recurring fair value measurements							
Assets	Note(s)						
Equity investments at fair value through surplus and deficit	9						
Investments at fair value (debt instruments and cash and deposits and other investments)		356,533	289,180	305,770	356,533	289,180	305,770
Total		**356,533**	**289,180**	**305,770**	**356,533**	**289,180**	**305,770**

The valuation technique for the items in level 2 is based on discounted future estimated cashflows. Investments in money market funds are valued according to the price per unit quoted by the money market funds based on underlying investments. Bonds are valued at discounted future estimated cashflows based on the quoted interest rate. Cash and deposits' fair value is equal to the carrying value thereof.

Level 3

Recurring fair value measurements							
Assets	Note(s)						
Investment property	6						
Investment property		6,620	6,115	5,450	-	-	-
Total		**6,620**	**6,115**	**5,450**	**-**	**-**	**-**

Refer to note 6 for the detail of the valuation technique and inputs applied.

There were no transfers between level 1 and level 2 fair value measurements during the period, and no transfers into or out of level 3 fair value measurements for the financial years ended 31 December 2023, 2022 or 2021.

Notes to the Consolidated And Separate Annual Financial Statements

	Group			Fund		
	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000

5. Property, plant and equipment

Group and fund	2023			2022		
	Cost N$'000	Accumulated depreciation N$'000	Carrying value N$'000	Cost N$'000	Accumulated depreciation N$'000	Carrying value N$'000
Land	1,680	-	1,680	1,680	-	1,680
Buildings	2,434	(742)	1,692	2,433	(694)	1,739
Motor vehicles	169	(169)	-	169	(169)	-
Office equipment	500	(434)	66	495	(411)	84
Leasehold improvements	20	(7)	13	20	(4)	16
Total	**4,803**	**(1,352)**	**3,451**	**4,797**	**(1,278)**	**3,519**

Reconciliation of property, plant and equipment - Group and Fund - 2023

	Opening balance N$'000	Additions N$'000	Disposals N$'000	Depreciation N$'000	Total N$'000
Land	1,680	-	-	-	1,680
Buildings	1,739	-	-	(47)	1,692
Office equipment	84	19	(4)	(33)	66
Leasehold improvements	16	-	-	(3)	13
	3,519	**19**	**(4)**	**(83)**	**3,451**

Reconciliation of property, plant and equipment - Group & Fund - 2022

	Opening balance N$'000	Additions N$'000	Depreciation N$'000	Total N$'000
Land	1,680	-	-	1,680
Buildings	1,789	-	(50)	1,739
Motor vehicles	11	-	(11)	-
Office equipment	62	52	(30)	84
Leasehold improvements	-	17	(1)	16
	3,542	**69**	**(92)**	**3,519**

* See Note 3

Notes to the Consolidated And Separate Annual Financial Statements

	Group			Fund		
	2023	2022 Restated *	2021 Restated *	2023	2022 Restated *	2021 Restated *
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000

6. Investment property

Group	2023		2022	
	Cost / Valuation N$'000	Carrying value N$'000	Cost / Valuation N$'000	Carrying value N$'000
Investment property	6,620	6,620	6,115	6,115

Reconciliation of investment property - Group - 2023

	Opening balance N$'000	Fair value adjustments N$'000	Total N$'000
Investment property	6,115	505	6,620

Reconciliation of investment property - Group - 2022

	Opening balance N$'000	Building improvements (existing building) N$'000	Fair value adjustments N$'000	Total N$'000
Investment property	5,450	79	586	6,115

Details of property

Erf 1791, 8 Newton Street, Windhoek, Sectional Title No. 39/2007(1).	**Group 2023 N$'000**	**Group 2022 N$'000**	**Fund 2023 N$'000**	**Fund 2022 N$'000**
- Cost price: 2007	1,847	1,847	-	-
- Valuations since acquisition	4,694	4,189	-	-
- Building improvements (existing building)	79	79	-	-
	6,620	**6,115**	**-**	**-**

* See Note 3

6. Investment property (continued)

Details of valuation

The valuation was performed by Pierewiet Wilders Valuations on 30 November 2023. He is an independent valuator who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The next valuation is due to be performed for the year ended 31 December 2024.

The valuator assessed the current property market and considered if there were any indicators that will impact the value of the property significantly since the last valuation was performed earlier during the financial year. No indicators were identified and the valuator and trustees consider the fair value of the property to be accurate.

The valuation was performed using the income capitalisation method.

Significant unobservable valuation input:	
Price per square metre office	N$ 185
Price per unit parking	N$ 450
Expenses	N$10,590
Net income	N$48,245
Vacancy rate	3 %
Capitalisation rate	8.75 %
Lettable area (This area is fixed and cannot change)	301m^2

A 10% change in the following would have the following effect on the fair value:

	Increase N$'000	Decrease N$'000
Price per square metre office and parking	1,266	(1,266)
Net income	1,121	(1,121)
Capitalisation	805	(805)
Expenses	13	(13)
Vacancy rate	2	(2)

Amounts recognised in surplus and deficit for the year

	Group 2023 N$'000	**Group 2022 N$'000**	**Fund 2023 N$'000**	**Fund 2022 N$'000**
Rental income from investment property	624	621	-	-
Direct operating expenses from rental generating property	(207)	(63)	-	-
	417	**558**	**-**	**-**

	Group			Fund		
	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000

7. Investments in subsidiaries

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Company

Name of company	Held by	% holding 2023	% holding 2022	Carrying amount 2023 N$'000	Carrying amount 2022 N$'000
NMC House (Pty) Ltd	NMC	100.00 %	100.00 %	7,450	7,450

Restrictions relating to subsidiaries

There are no significant restrictions in place that relates to the subsidiary.

8. Trade and other receivables*

	Group 2023	Group 2022	Group 2021	Fund 2023	Fund 2022	Fund 2021
Financial instruments:						
Other receivable	255	227	520	281	187	516
Non-financial instruments:						
Prepayments	16	16	22	16	16	22
Total trade and other receivables	**271**	**243**	**542**	**297**	**203**	**538**

Split between non-current and current portions

Current assets	271	243	542	297	203	538

* This note have been restated upon the initial application of IFRS 17. The premiums outstanding is now netted of from the insurance liability and all the expected credit losses from the prior year are now netted of from the insurance revenue. Refer to note 13 and 15 for the detail.

Exposure to credit risk

The main components of insurance receivables are member and service provider claims receivables. The ageing of the components of insurance receivable at year end was:

Group	2023	2023	2022	2022	2021	2021
Expected credit loss rate:	Estimated gross carrying amount at default N$'000	Loss allowance (Lifetime expected credit loss) N$'000	Estimated gross carrying amount at default N$'000	Loss allowance (Lifetime expected credit loss) N$'000	Estimated gross carrying amount at default N$'000	Loss allowance (Lifetime expected credit loss) N$'000
Current	271	-	243	-	542	-

The fund will consider a debtor to default once the payment is 120 days and older and no payment was received. None of the debtors are older than 30 days and therefore no credit impairment had to be calculated.

* See Note 3

Notes to the Consolidated And Separate Annual Financial Statements

	Group			Fund		
	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000

8. Trade and other receivables* (continued)

Fund	2023	2023	2022	2022	2021	2021
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)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Current	297	-	203	-	538	-

Exposure to currency risk

Currencies of debtors						
Namibia Dollar	255	227	520	281	187	516

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

* See Note 3

9. Investments at fair value through surplus / deficit

Reconciliation of the investments

	Group 2023 N$'000	**Group 2022 N$'000**	**Fund 2023 N$'000**	**Fund 2022 N$'000**
Fair value at the beginning of the year	559,471	629,945	559,471	629,945
Additional investments	148,000	122,000	148,000	122,000
Disinvestments	(204,500)	(217,200)	(204,500)	(217,200)
Dividends received	4,994	4,974	4,994	4,974
Interest received	34,456	30,582	34,456	30,582
Realised gains	12,843	5,630	12,843	5,630
Unrealised gains / (losses)	6,972	(13,456)	6,972	(13,456)
Asset management fees	(3,479)	(3,004)	(3,479)	(3,004)
	558,756	**559,471**	**558,756**	**559,471**

All dividends and interest received are immediately reinvested and never forms part of the cash flow of the fund.

Distribution of investments

GROUP AND FUND 2023	**Foreign N$'000**	**Local N$'000**	**Total N$'000**
Cash and deposits	58,338	111,977	170,315
Listed equity	60,611	12,933	73,544
Debt instruments	72,273	113,945	186,218
Property	966	2,330	3,296
Smoothed bonus fund and other investments	81,499	43,884	125,383
	273,687	**285,069**	**558,756**

GROUP AND FUND 2022	**Foreign N$'000**	**Local N$'000**	**Total N$'000**
Cash and deposits	91,229	25,785	117,014
Listed equity	23,151	92,308	115,459
Debt instruments	112,878	59,288	172,166
Property	2,425	5,941	8,366
Smoothed bonus fund and other investments	50,878	95,588	146,466
	280,561	**278,910**	**559,471**

Mandatorily at fair value through surplus and deficit:	**Group 2023 N$'000**	**Group 2022 N$'000**	**Fund 2023 N$'000**	**Fund 2022 N$'00**
Financial instruments	558,756	559,471	558,756	559,471

Split between non-current and current portions

Current assets	558,756	559,471	558,756	559,471

* See Note 3

9. Investments at fair value through surplus / deficit (continued)

Fair value information

The fund complies with Regulation 9, which requires that a minimum of 45% of the total asset value of the fund is invested in Namibia.

For financial assets traded in active markets (listed equity, property, smoothed balanced funds and commodities), the fair value is based on their current bid prices in an active market. The fair values of listed or quoted investments are based on the quoted market price. The fair values on investments not listed or quoted are estimated using the market price for instruments with similar characteristics or based on cash flows discounted using a rate based on the market interest rate and the risk premium specific to the investment.

A bonus fund is a vehicle whereby an investment reserve is maintained to smooth out returns over the longer term and as a result negate market volatility. This particular vehicle the Fund is invested in are further overlaid by a 80% capital protection guarantee underwritten by Old Mutual Corporate which is a division of Old Mutual Life Assurance Company (Namibia) Ltd.

Changes in fair value of financial assets are recorded, depending on whether they are realised or unrealised, in net realised gains on financial assets or net unrealised gains / (losses) on financial assets in the statement of surplus or deficit and other comprehensive income, respectively.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

	Group 2023 N$'000	**Group 2022 N$'000**	**Fund 2023 N$'000**	**Fund 2022 N$'000**
Cash on hand	-	3	-	3
Short-term deposits	60,120	35,349	57,155	33,423
	60,120	**35,352**	**57,155**	**33,426**

The current, 48 hours and call account are available at request. The effective interest rate on the 48 hours account is dependent on the amount held in the bank (not fixed) and therefore changes regularly. The carrying amounts of cash and cash equivalents approximate fair values due to the short-term maturities of these assets. Also refer to contingent liabilities as per note 30.
The fund has the following facilities at the bank:
- Settlement facility of N$301,100,000;
- Wesbank revolving facility of N$500,000;
- Fleet card facility of N$2,000; and
- First card facility of N$20,000.

* See Note 3

Notes to the Consolidated And Separate Annual Financial Statements

11. Deferred tax

	Group			Fund		
	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000
Deferred tax liability						
Investment property	(509)	(479)	(449)	-	-	-
Operating lease asset	(9)	(3)	(1)	-	-	-
Total deferred tax liability	**(518)**	**(482)**	**(450)**	**-**	**-**	**-**
Deferred tax asset						
Income received in advance	302	5	5	-	-	-

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	Group 2023	Group 2022	Group 2021	Fund 2023	Fund 2022	Fund 2021
Deferred tax liability	(518)	(482)	(450)	-	-	-
Deferred tax asset	302	5	5	-	-	-
Total net deferred tax liability	**(216)**	**(477)**	**(445)**	**-**	**-**	**-**

Reconciliation of deferred tax asset / (liability)

	Group 2023	Group 2022	Group 2021	Fund 2023	Fund 2022	Fund 2021
At beginning of year	(477)	(445)	(421)	-	-	-
Timing differences	261	(32)	(24)	-	-	-
	(216)	**(477)**	**(445)**	**-**	**-**	**-**

The taxation expense relates to the subsidiary, NMC House (Pty) Ltd.

The medical aid fund is exempted to pay any income tax in terms of Section 16 (1)(i)(bb) of the Income tax Act of Namibia.

12. Trade and other payables *

	Group 2023	Group 2022	Group 2021	Fund 2023	Fund 2022	Fund 2021
Financial instruments:						
Trade payables	318	739	750	268	709	723
Payroll accruals	80	47	42	80	47	42
Accruals	2,961	2,056	1,372	2,961	2,056	1,372
Other payables	(32)	19	74	-	3	58
Non-financial instruments:						
Amounts received in advance*	892	-	-	-	-	-
VAT	-	6	5	-	-	-
	4,219	**2,867**	**2,243**	**3,309**	**2,815**	**2,195**

* Contributions received in advance and reported claims not yet paid was reclassified to the liability for remaining coverage upon the initial application of IFRS 17. Refer to note 13 for the detail.

* See Note 3

Notes to the Consolidated And Separate Annual Financial Statements

	Group			Fund		
	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000

12. Trade and other payables * (continued)

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	3,327	2,861	2,238	3,309	2,815	2,195
Non-financial instruments	892	6	5	-	-	-
	4,219	**2,867**	**2,243**	**3,309**	**2,815**	**2,195**

Exposure to liquidity risk

Trade payables are normally settled on 30 day terms. Other payables consist of sundry creditors and rental deposits.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

* See Note 3

Notes to the Consolidated And Separate Annual Financial Statements

	Group			Fund		
	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000

13. Insurance contract liabilities

Summary of contract liabilities

Liability for remaining coverage (LRC)	34,900	89,390	54,168	34,900	89,390	54,168
Liability for incurred claims (LIC)	143,530	121,380	122,313	143,530	121,380	122,313
	178,430	**210,770**	**176,481**	**178,430**	**210,770**	**176,481**

Reconciliation of the insurance contract liabilities - 2023 (Group and Fund)	**LRC - Excluding loss component N$'000**	**LRC - Loss component N$'000**	**LIC - Estimate of future cash flows N$'000**	**LIC - Risk adjustment N$'000**	**Total N$'000**
Insurance contract liabilities as at 1 Jan 2023	27,722	61,668	118,171	3,209	210,770
Insurance revenue	(1,884,215)	-	-	-	(1,884,215)
Incurred claims and other expenses	-	-	1,917,468	-	1,917,468
Changes to the liability for incurred claims	-	-	21,930	-	21,930
Loss component - onerous contract	-	(61,668)	-	-	(61,668)
Risk adjustment - LIC	-	-	-	186	186
LIC - Expense allowance	-	-	1,102	-	1,102
Cash flows: Contributions received	1,891,393	-	-	-	1,891,393
Cash flows: Claims paid	-	-	(1,918,536)	-	(1,918,536)
Net insurance contract as at 31 Dec 2023	**34,900**	**-**	**140,135**	**3,395**	**178,430**

Reconciliation of the insurance contract liabilities - 2022 (Group and Fund)	**LRC - Excluding loss component N$'000**	**LRC - Loss component N$'000**	**LIC - Estimate of future cash flows N$'000**	**LIC - Risk adjustment N$'000**	**Total N$'000**
Insurance contract liabilities as at 1 Jan 2022	22,491	31,677	119,406	2,907	176,481
Insurance revenue	(1,660,449)	-	-	-	(1,660,449)
Incurred claims and other expenses	-	-	1,761,439	-	1,761,439
Changes to the liability for incurred claims	-	-	(1,454)	-	(1,454)
Loss component - Onerous contracts	-	29,991	-	-	29,991
Risk adjustment - LIC	-	-	-	302	302
LIC - Expense allowance	-	-	921	-	921
Cash flows: Contributions received	1,665,680	-	-	-	1,665,680
Cash flows: Claims paid	-	-	(1,762,141)	-	(1,762,141)
Net insurance contract as at 31 Dec 2022	**27,722**	**61,668**	**118,171**	**3,209**	**210,770**

* See Note 3

14. Liability for members - Mutual fund*

Reconciliation of liability for members - mutual fund* - Group - 2023

	Opening balance N$'000	Additions N$'000	Total N$'000
Liability for members - Mutual fund*	390,705	55,665	446,370

Reconciliation of liability for members - mutual fund* - Group - 2022

	Opening balance N$'000	Utilised during the year N$'000	Total N$'000
Liability for members - Mutual fund*	505,464	(114,759)	390,705

This liability is the funds available for all members (current and future) for the payment of benefits and management of the fund.

Reconciliation of liability for members - mutual fund* - Fund - 2023

	Opening balance N$'000	Additions N$'000	Total N$'000
Liability for members - Mutual fund*	390,484	54,886	445,370

Reconciliation of liability for members - mutual fund* - Fund - 2022

	Opening balance N$'000	Utilised during the year N$'000	Total N$'000
Liability for members - Mutual fund*	506,098	(115,614)	390,484

In terms of IFRS17 all profits and reserves of a mutual fund is seen as funds due to members. This provision indicates the movement of that funds that can be paid to the members. It is a current liability because all funds are available to the members at all times. In terms of IFRS 4 this would have been disclosed as retained income or reserves.

* See Note 3

Notes to the Consolidated And Separate Annual Financial Statements

15. Insurance revenue

	Group 2023 N$'000	**Group 2022 N$'000**	**Fund 2023 N$'000**	**Fund 2022 N$'000**
Insurance revenue	1,884,215	1,660,449	1,884,215	1,660,449

ANALYSIS OF THE INSURANCE REVENUE:

	Group		Fund	
Figures in Namibia Dollar thousand	2023	2022	2023	2022
Gross contributions	1,892,905	1,668,676	1,892,905	1,668,676
Less: Back-up Benefit contributions	(5,458)	(4,704)	(5,458)	(4,704)
Net Contributions	1,887,447	1,663,972	1,887,447	1,663,972
Less premiums not recoverable	(4,197)	(3,954)	(4,197)	(3,954)
Add recovery of premiums written off	965	431	965	431
	1,884,215	**1,660,449**	**1,884,215**	**1,660,449**

* See Note 3

16. Insurance service expense

	Group 2023 N$'000	Group 2022 N$'000	Fund 2023 N$'000	Fund 2022 N$'000
Net claims incurred	1,788,754	1,624,055	1,788,754	1,624,055
Atrributable expenses incurred	142,809	128,246	142,809	128,246
Managed care: management services	9,123	8,907	9,123	8,907
(Deficit) / Surplus component on onerous contracts	(61,668)	29,992	(61,668)	29,992
Surplus / (Deficit) attributable to future members	55,666	(114,740)	54,887	(115,595)
	1,934,684	**1,676,460**	**1,933,905**	**1,675,605**

NET CLAIMS INCURRED CONSIST OF:

	Group		Fund	
Figures in Namibia Dollar thousand	2023	2022	2023	2022
Current claims	1,783,020	1,612,056	1,783,020	1,612,056
Ex-gratia claims	4,446	10,776	4,446	10,776
LIC - Risk adjustment	186	302	186	302
LIC - expense allowance	1,102	921	1,102	921
	1,788,754	**1,624,055**	**1,788,754**	**1,624,055**

ATTRIBUTABLE EXPENSES CONSIST OF:

	Group		Fund	
Figures in Namibia Dollar thousand	2023	2022	2023	2022
Actuarial fees	1,476	1,554	1,476	1,554
Consulting fees - Oncology	336	319	336	319
Administration fees	129,861	116,457	129,861	116,457
Salaries and trustee fees	4,030	3,563	4,030	3,563
Subscription fees and levies	7,106	6,353	7,106	6,353
	142,809	**128,246**	**142,809**	**128,246**

MANAGED CARE COST

The managed care cost paid to the Administrator, Methealth Namibia Administrators (Pty) Ltd, covers all managed care aspects such as HIV / AIDS Disease Management, Lifestyle Management Program, Additional Hospital Benefit (AHB) Management, Ex-gratia Management, Hospital Benefit Management (Pre-authorisation, Clinical Audit, Case Management), Medical Management (Chronic Medication, Major Illness Medication Pharmaceutical Audit), Dental Management (Dental Audit, Dental Pre-authorisation), Practice Analysis/Profiling, Employer Group Claims Profiling and Individual Member Risk Rating.

*This note forms part of the new disclosure under IFRS 17 and consist of information previously disclosed in other operating expenses.

* See Note 3

Notes to the Consolidated And Separate Annual Financial Statements

	Group			Fund		
	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000

17. Expense on other insured benefits

The group operated the following benefits for members during the year which does not directly relate to claims and the insured events as per the fund rules.

Premium waiver: In terms of this benefit the fund insure 3 months of premiums to the family of a principal member in the case of the death of that principal member until the membership could be transferred to a new principal member. This was self-insured for 2023 and 2022. This does not relate to claims but to premiums and is limited to a fixed amount and therefore does not relate to the insurance liability.

Travel outside the border of Namibia: In terms of this benefit, members travelling outside the borders of Namibia, are covered for medical expenses in excess of N$ 20,000 (2022: N$ 20,000) to a limit of N$ 10,000,000 and for a maximum period of 90 days per trip by Hollard Insurance Company of Namibia Ltd. Any claims in excess of N$20,000 (2022: N$20,000) is handled directly by Hollard Insurance Company of Namibia Ltd and no amount is receivable by the Fund. Any claims less than N$20,000 (2022: N$20,000) will be paid by the Fund to the member. The group paid a fixed fee of N$ 3.15 (2022: N$ 3.15) per principal member per month for the year under review for this service to ensure that all members have access to this benefit whether they are utilizing it or not.

	Group		Fund	
Figures in Namibia Dollar thousand	2023	2022	2023	2022
- Premium waiver claims	676	707	676	707
- Travel insurance	1,104	1,070	1,104	1,070
Total expenses on other insured benefits	**1,780**	**1,777**	**1,780**	**1,777**

18. Other operating expenses

Expenses by nature

Annual General meeting expenses	85	-	85	-
Auditors remuneration	1,281	1,303	1,254	1,278
Bank charges *	1,229	1,057	1,227	1,055
Consulting and professional fees *	890	417	890	417
Corporate social responsibility	-	1,618	-	1,618
Depreciation, amortisation and impairment	83	92	83	92
Entertainment	45	30	45	30
Insurance	278	164	258	144
Marketing	4,664	5,249	4,664	5,249
Membership cards	102	37	102	37
Municipal expenses	174	171	111	108
Office expenses *	105	55	105	55
Printing and stationery	8	22	8	22
Property expenses *	98	53	-	-
Repairs and maintenance	31	79	6	10
Telephone and fax	340	243	340	243
Training *	-	12	-	12
Travel	6	134	6	134
	9,419	**10,736**	**9,184**	**10,504**

* All expenses attributable to the insurance contracts are restated and disclosed in note 16 as per the requirements of IFRS17. The expenses were also remapped and renamed to be a more accurate reflection and to provide more information to the users.

* See Note 3

Notes to the Consolidated And Separate Annual Financial Statements

	Group			Fund		
	2023	2022 Restated *	2021 Restated *	2023	2022 Restated *	2021 Restated *
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000

19. Investment income

Dividend income	**Group 2023 N$'000**	**Group 2022 N$'000**	**Fund 2023 N$'000**	**Fund 2022 N$'000**
Dividend income	4,994	4,974	4,994	4,974
Interest income				
Interest on cash and cash equivalents	4,224	2,127	4,211	2,127
Interest from financial assets at fair value	34,456	30,582	34,456	30,582
Total interest income	**38,680**	**32,709**	**38,667**	**32,709**
Total investment income	**43,674**	**37,683**	**43,661**	**37,683**

20. Rental income

Rental income	624	621	-	-

21. Asset management fees

Asset management fees	3,479	3,004	3,479	3,004

22. Other operating income

Back-up Benefit Rollover income	657	584	657	584

* Bad debt recoveries is now presented as insurance service revenue in terms of IFRS 17.

23. Net realised gain on financial assets

Net realised gains / (losses) on financial assets	12,843	5,630	12,843	5,630

24. Unrealised gains/(losses) on financial assets

Unrealised gains / (losses) on financial assets at fair value				
Unrealised gains / (losses) on financial assets at fair value	6,972	(13,456)	6,972	(13,456)

* See Note 3

25. Taxation

Major components of the tax expense

Current	**Group 2023 N$'000**	**Group 2022 N$'000**	**Fund 2023 N$'000**	**Fund 2022 N$'000**
Local income tax - current period	389	88	-	-
Deferred				
Originating and reversing temporary differences	(261)	32	-	-
	128	**120**	**-**	**-**

Reconciliation of the tax expense

Reconciliation between accounting surplus and tax expense.

	Group 2023 N$'000	Group 2022 N$'000	Fund 2023 N$'000	Fund 2022 N$'000
Accounting surplus - restated	128	120	-	-
Tax at the applicable tax rate of 32% (2022: 32%)	41	38	-	-
Tax effect of adjustments on taxable income				
Non taxable income	249	274	-	-
Receipts of capital nature	-	(4)	-	-
Fair value adjustment	(162)	(188)	-	-
	128	**120**	**-**	**-**

The taxation expense relates to the subsidiary, NMC House (Pty) Ltd.

The medical aid fund is exempted to pay any income tax in terms of Section 16 (1)(i)(bb) of the Income tax Act of Namibia. The fund is a mutual entity in terms of IFRS 17 and therefore do not have any surplus or deficit.

* See Note 3

Notes to the Consolidated And Separate Annual Financial Statements

	Group			Fund		
	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000

26. Cash used in operations

	Group 2023 N$'000	Group 2022 N$'000	Fund 2023 N$'000	Fund 2022 N$'000
Surplus / (Deficit) before taxation *	128	120	-	-
Adjustments for non-cash items:				
Depreciation	83	92	83	92
Asset management fees	3,479	3,004	3,479	3,004
Fair value adjustments on investment property	(505)	(586)	-	-
Realised (gains) / losses on financial assets	(12,843)	(5,630)	(12,843)	(5,630)
Net unrealised (gains) / losses on financial assets	(6,972)	13,456	(6,972)	13,456
Insurance liability movement *	(32,340)	34,239	(32,340)	34,239
Liability to future members movement *	55,665	(114,710)	54,887	(115,565)
Adjust for items which are presented separately:				
Investment income	(43,674)	(37,683)	(43,661)	(37,683)
Changes in working capital:				
(Increase) decrease in trade and other receivables *	(28)	299	(94)	335
Increase (decrease) in trade and other payables *	1,347	625	488	621
	(35,660)	**(106,774)**	**(36,973)**	**(107,131)**

* The items marked with an * are the items that were affected with the initial application of IFRS 17. The total movement did not change year on year with the restatements. The effect of the restated items are also limited to the items marked with an *. Refer to note 3 for the detail line items affected in the statement of financial position.

27. Tax paid

	Group 2023	Group 2022	Fund 2023	Fund 2022
Balance at beginning of the year	119	112	-	-
Current tax recognised in profit or loss	(389)	(88)	-	-
Balance at end of the year	(17)	(119)	-	-
	(287)	**(95)**	**-**	**-**

28. Lease commitments

Operating leases – as lessor (income)

Minimum lease payments due	Group 2023	Group 2022	Fund 2023	Fund 2022
- within one year	667	143	-	-
- in second year	840	-	-	-
	1,507	**143**	**-**	**-**

NMC has entered into an operating lease agreement whereby surplus office space (classified as investment property for financial statement purposes) is leased out to various third parties. All leases have a 24 month lease term. There are no restrictions placed on the group by entering into these leases.

No significant risks were identified by management with regards to the commitments due.

* See Note 3

Notes to the Consolidated And Separate Annual Financial Statements

	Group			Fund		
	2023	2022 Restated *	2021 Restated *	2023	2022 Restated *	2021 Restated *
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000

29. Related parties

Relationships

Key management personnel and their close family members

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group. Key management personnel include the Board of Trustees and Principal Officer.

Close family members include close family members of the Board of Trustees and Principal Officer.

Transactions with related parties

Key management personnel:

Details of the trustees and sub-committee members remuneration (as disclosed in note 2 in the Report of the Board of Trustees) are provided in the table below. The Board of Trustees and sub-committee members are compensated on a fee basis. All remuneration paid to key management are short-term.

Trustee fees (Group & Fund)	Fees for meeting attendance 2023 N$'000	Fees for holding of office 2023 N$'000	Total consideration 2023 N$'000	Fees for meeting attendance 2022 N$'000	Fees for holding of office 2022 N$'000	Total consideration 2022 N$'000
P Mutota	56	20	76	43	20	63
E Mansfeld	35	20	55	26	20	46
B Seibes-Bock	29	20	49	33	20	53
M Späth	55	20	75	55	20	75
A Emvula	24	-	24	36	-	36
S Shiimi	-	-	-	36	-	36
C Kavezuva	32	-	32	33	-	33
I Hamulungu	45	-	45	37	-	37
C Bazuin	41	-	41	43	-	43
B Auala	25	-	25	23	-	23
Z Nambahu*	24	-	24	-	-	-
	366	**80**	**446**	**365**	**80**	**445**

* Z Nambahu was only appointed at the last trustee meeting of 2022 of the year and did not attend any meetings for the prior year, thus she did not receive any sitting fees for the 2022 financial year.

The salary paid to the Principal Officer, A Begley, and the new principal officer from 1 November 2023, J Crossman, for the year is included in salaries and wages.

Claims paid to the following medical professionals who are also members of the board of trustees are as follows:

Claims paid (Group & Fund)	2023 N$'000	2022 N$'000
E Mansfeld	1,826	1,542

* See Note 3

29. Related parties (continued)

Material business partner to the group and the fund:

Methealth Namibia Administrators (Pty) Ltd

Statement of comprehensive income	**2023 N$'000**	**2022 N$'000**
Administration fee	129,861	116,457
Managed care service fees	9,123	8,907
	138,984	**125,364**

Statement of financial position

No amounts are outstanding as at the end of the financial year.

The management and managed care agreement is in terms of the rules of the fund and in accordance with instructions given by the trustees of the fund. The agreement is for three years, after which the fund and the administrator has the right to terminate or renew the agreement. Outstanding balances bear no interest and are due within 30 days.

The investment management contracts are in accordance with instructions given by the trustee of the fund. The agreement is automatically renewed each year unless notification of termination is received. The fund has the right to terminate the agreement on 24 hour's notice. Any outstanding balances are payable within 30 days.

Investment in subsidiary	**Quantity of shares**	**Shareholding Percentage**	**2023 N$'000**	**2022 N$'000**
Investment in NMC House (Pty) Ltd	1	100%	7,450	7,450

30. Contingencies

An amount of N$ 750,000 (2022: N$ 750,000) was placed as guarantee for Namibia Financial Institution Supervisory Authority ("NAMFISA") on the First National Bank of Namibia Limited current account. NAMFISA requires this as financial guarantee from all medical aid funds upon registration of the fund, to ensure the financial stability of the fund. These funds are considered to be restricted cash and is not available for use.

	Group			Fund		
	2023	2022 Restated *	2021 Restated *	2023	2022 Restated *	2021 Restated *
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000

31. Financial instruments and risk management

Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the group assumes the risk of loss from members and their dependants that are directly subject to the risk. These risks relate to the health of the fund members. As such the group is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The board of trustees has developed and approved a policy for the acceptance and management of insurance risk to which the group is exposed. This policy is reviewed annually and the benefit options provided to members are structured accordingly.

The group manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service providing profiling, as well as the monitoring of emerging issues.

The group uses several methods to assess and monitor insurance risk exposure both for individual types of risks insured and overall risk. These methods include internal risk measurement models, sensitivity analysis, scenario analysis and stress testing. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts.

The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

The following table summarises the concentration of insurance risk, with reference to the carrying amount of the insurance claims incurred and in relation to the type of risk covered / benefits provided. Namibia currently does not have prescribed minimum benefits (PMB).

* See Note 3

31. Financial instruments and risk management (continued)

Fund - 2023	**In-hospital**	**Chronic**	**HIV Meds**	**Day-to-day**	**Total**
Age Grouping (in years)	**N$'000**	**N$'000**	**N$'000**	**N$'000**	**N$'000**
< 26	173,483	4,283	293	180,246	358,305
26 - 35	89,551	3,680	735	109,002	202,968
36 - 50	224,820	18,034	4,141	232,975	479,970
51 - 65	217,307	26,984	4,303	169,701	418,295
> 65	202,925	22,401	286	88,503	314,115
	908,086	**75,382**	**9,758**	**780,427**	**1,773,653**

Fund - 2022	**In-hospital**	**Chronic**	**HIV Meds**	**Day-to-day**	**Total**
Age Grouping (in years)	**N$'000**	**N$'000**	**N$'000**	**N$'000**	**N$'000**
< 26	174,285	3,335	291	163,753	341,664
26 - 35	91,102	2,968	650	101,488	196,208
36 - 50	193,644	14,732	4,000	212,018	424,394
51 - 65	217,187	23,353	3,739	155,164	399,443
> 65	179,886	20,342	264	77,389	277,881
	856,104	**64,730**	**8,944**	**709,812**	**1,639,590**

- In-hospital benefits cover all costs incurred by members whilst they are in hospital to receive treatment for medical conditions.
- Chronic benefits cover the cost of certain prescribed medicines consumed by members for chronic conditions/diseases, such as high blood pressure, cholesterol and asthma.
- Day-to-day benefits cover the cost (up to 100% of the Namibian Association of Medical Aid Fund tariffs) of all out-of-hospital medical attention, such as visits to general practitioners and dentists as well as prescribed acute medicines.
- HIV medicine covers the cost of medicine provided to members who are infected with HIV.

The group's strategy seeks diversity to ensure a balanced portfolio and, as such, it is believed that the variability of the outcome is reduced. The strategy specifies the benefits to be provided by each option and the preferred target market.

For the impact on the surplus and deficit reported please refer to the table with the sensitivity analysis below for the following:

Claims increase/decrease

Group and fund	**Change in variable**	**Change in LIC 2023 N$'000**	**Change in LIC 2022 N$'000**
Increase in claims	1.00 %	1,437	1,202
Decrease in claims	(1.00)%	(1,437)	(1,202)

Confidence level increase or decrease (base is 65%)

Group and fund	**Change in variable**	**Change in LIC 2023 N$'000**	**Change in LIC 2022 N$'000**
Increase in confidence level to 75%	10.00 %	2,194	1,716
Decrease in confidence level to 55%	(10.00)%	(2,031)	(1,587)

* See Note 3

31. Financial instruments and risk management (continued)

Expense allowance (base is 0.82%)

Group and fund	**Change in LIC 2023 N$'000**	**Change in LIC 2022 N$'000**
Increase in expense allowance	125	105
Decrease in expense allowance	(97)	(81)

Categories of financial instruments

Categories of financial assets

Group - 2023

	Note(s)	Fair value through profit or loss - Mandatory N$'000	Amortised cost N$'000	Total N$'000	Fair value N$'000
Investments at fair value	9	558,756	-	558,756	558,756
Trade and other receivables	8	-	255	255	255
Cash and cash equivalents	10	-	60,120	60,120	60,120
		558,756	**60,375**	**619,131**	**619,131**

Group - 2022

	Note(s)	Fair value through profit or loss - Mandatory N$'000	Amortised cost N$'000	Total N$'000	Fair value N$'000
Investments at fair value	9	559,471	-	559,471	559,471
Trade and other receivables	8	-	227	227	227
Cash and cash equivalents	10	-	35,352	35,352	35,352
		559,471	**35,579**	**595,050**	**595,050**

Fund- 2023

	Note(s)	Fair value through profit or loss - Mandatory N$'000	Amortised cost N$'000	Total N$'000	Fair value N$'000
Investments at fair value	9	558,756	-	558,756	558,756
Trade and other receivables	8	-	281	281	281
Cash and cash equivalents	10	-	57,155	57,155	57,155
		558,756	**57,436**	**616,192**	**616,192**

* See Note 3

31. Financial instruments and risk management (continued)

Fund - 2022

	Note(s)	Fair value through profit or loss - Mandatory N$'000	Amortised cost N$'000	Total N$'000	Fair value N$'000
Investments at fair value	9	559,471	-	559,471	559,471
Trade and other receivables	8	-	187	187	187
Cash and cash equivalents	10	-	33,426	33,426	33,426
		559,471	**33,613**	**593,084**	**593,084**

Categories of financial liabilities

Group - 2023

	Note(s)	Amortised cost N$'000	Total N$'000	Fair value N$'000
Trade and other payables	12	3,327	3,327	3,355

Group - 2022

	Note(s)	Amortised cost N$'000	Total N$'000	Fair value N$'000
Trade and other payables	12	2,861	2,861	2,862

Fund - 2023

	Note(s)	Amortised cost N$'000	Total N$'000	Fair value N$'000
Trade and other payables	12	3,309	3,309	3,306

Fund - 2022

	Note(s)	Amortised cost N$'000	Total N$'000	Fair value N$'000
Trade and other payables	12	2,815	2,815	2,816

Notes to the Consolidated And Separate Annual Financial Statements

	Group			Fund		
	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000	2023 N$ '000	2022 Restated * N$ '000	2021 Restated * N$ '000

31. Financial instruments and risk management (continued)

Capital risk management

The group's objectives when managing capital, are to safeguard the group's ability to continue as a going concern in order to provide benefits for its stakeholders.

Consistent with others in the industry, the group monitors capital on the basis of the reserve level. The reserve level is calculated as Liability to members divided by net contributions. At year-end the group had a reserve level of 23.7% (2022: 23.5%) and the fund had a reserve level of 23.6% (2022: 23.5%).

		Group 2023 N$'000	**Group 2022 N$'000**	**Group 2021 N$'000**	**Fund 2023 N$'000**	**Fund 2022 N$'000**	**Fund 2021 N$'000**
Trade and other payables	12	4,219	2,867	2,243	3,309	2,815	2,195
Insurance contract liability	13	178,430	210,770	176,481	178,430	210,770	176,481
Total borrowings		**182,649**	**213,637**	**178,724**	**181,739**	**213,585**	**178,676**
Cash and cash equivalents	10	(60,120)	(35,352)	(45,042)	(57,155)	(33,426)	(43,299)
Net borrowings		**122,529**	**178,285**	**133,682**	**124,584**	**180,159**	**135,377**
Liability for members		446,370	390,705	505,464	445,370	390,484	506,098
Gearing ratio		27 %	46 %	26 %	28 %	46 %	27 %

* See Note 3

31. Financial instruments and risk management (continued)

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance and statutory solvency requirements.

The board of trustees has overall responsibility for the establishment and oversight of the group's risk management framework.

The group manages these risks through various risk management processes. These processes have been developed to ensure that the long term investment return on assets supporting the insurance liability is sufficient to fund members' reasonable benefit expectations.

The audit committee has been established by the board of trustees to assist in the implementation and monitoring of these risk management processes.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Trade and other receivables

Trade and other receivables comprise of other financial receivables. The main component of other receivables is:
- receivables from overpayments to health practitioners due to reversed claims.

The group manages credit risk by:
- deducting the outstanding amounts from claims due to the health practitioner from future claims submitted to the fund.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The group's management does not expect any losses from non-performance by these counter-parties.

31. Financial instruments and risk management (continued)

Investments:

Counter-parties and cash transactions are limited to high credit quality financial institutions. The group has a policy of limiting the amount of credit exposure to any one financial institution. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk is presented in the table below:

	Group		Fund	
Figures in Namibia Dollar (thousand)	2023	2022	2023	2022
Investments at fair value	558,756	559,471	558,756	559,471
Cash and cash equivalents	60,120	35,352	57,155	33,426
Trade receivables	271	243	297	203
	619,147	**595,066**	**616,208**	**593,100**

Cash and cash equivalents:

Cash and cash equivalents are neither past due nor impaired.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counter-party default rate. There have been no instances of counter-party default in the past, therefore the credit quality is assessed as good.

	Group		Fund	
Figures in Namibia Dollar thousand	2023	2022	2023	2022
First National Bank of Namibia Limited (A1+)	60,120	35,352	57,155	33,426

Financial assets measured at fair value through profit and loss is neither past due nor impaired.

The group limits its exposure to credit risk by investing in high quality credit worthy counter-parties. Given these credit ratings, the trustees do not expect any counter-party to fail to meet its obligations. The credit quality of the financial assets that are neither past due nor impaired can be assessed by reference to historical information about counter-party default rate. There have been no instances of counter-party default in the past, and therefore the credit quality is assessed as good.

Liquidity risk

Liquidity risk is the risk that the fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Ultimate responsibility for liquidity risk management rests with the Board of Trustees, which has built an appropriate liquidity risk management framework for the management of the fund’s short, medium- and long-term funding and liquidity management requirements.

The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the group's reputation. Prudent liquidity management implies maintaining sufficient cash and marketable securities, reflected in the table below, the availability of funding through liquid holding cash positions with various financial institutions ensure that the group has the ability to finance its day to day operations.

31. Financial instruments and risk management (continued)

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2023

		Less than 1 year N$'000	Total N$'000	Carrying amount N$'000
Current liabilities				
Trade and other payables	12	3,327	3,327	3,327
Insurance contract liability	13	178,430	178,430	178,430
Current assets				
Trade and other receivables	8	255	255	255
Investments at fair value	9	558,756	558,756	558,756
Cash and cash equivalents	10	60,120	60,120	60,120
		619,131	**619,131**	**619,131**
		800,888	**800,888**	**800,888**

Group - 2022

		Less than 1 year N$'000	Total N$'000	Carrying amount N$'000
Current liabilities				
Trade and other payables	12	2,861	2,861	2,861
Insurance contract liability	13	210,770	210,770	210,770
Current assets				
Trade and other receivables	8	227	227	227
Investments at fair value	9	559,471	559,471	559,471
Cash and cash equivalents	10	35,352	35,352	35,352
		595,050	**595,050**	**595,050**
		808,681	**808,681**	**808,681**

* See Note 3

31. Financial instruments and risk management (continued)

Fund - 2023

		Less than 1 year N$'000	Total N$'000	Carrying amount N$'000
Current liabilities				
Trade and other payables	12	3,306	3,306	3,309
Insurance contract liability	13	178,430	178,430	178,430
Current assets				
Trade and other receivables	8	281	281	281
Investments at fair value	9	558,756	558,756	558,756
Cash and cash equivalents	10	57,155	57,155	57,155
		616,192	**616,192**	**616,192**
		797,928	**797,928**	**797,931**

Fund - 2022

		Less than 1 year N$'000	Total N$'000	Carrying amount N$'000
Current liabilities				
Trade and other payables	12	2,815	2,815	2,815
Insurance contract liability	13	210,770	210,770	210,770
Current assets				
Trade and other receivables	8	187	187	187
Investments at fair value	9	559,471	559,471	559,471
Cash and cash equivalents	10	33,426	33,426	33,426
		593,084	**593,084**	**593,084**
		806,669	**806,669**	**806,669**

Foreign currency risk

The group operates in Namibia and therefore its cash flows are denominated in Namibian dollar (N$). The exposure to foreign currency movement is not significant as less than 25% of investments are held in a currency other than Namibian Dollar or South African Rand. As the South African Rand and the Namibian Dollar currencies are pegged, investments held in South African Rand do not pose a currency risk.

31. Financial instruments and risk management (continued)

Interest rate risk

The group's investment policy is to hold a large portion of its investments in interest bearing instruments. The group's income and operating cash flows are therefore substantially influenced by the change in market interest rates. Investments in interest bearing instruments issued at variable rates expose the group to cash flows interest rate risk (i.e. loss of income if the rates decrease and increase in income if they increase). Investments in interest bearing instruments issued at fixed rate expose the scheme to fair value interest rate risk (i.e. movements in interest rates would have a direct effect on the fair value of instruments).

The group is exposed to interest rate risks as it places funds at fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate investments within the group's investment portfolio. The group's insurance and other liabilities are settled within one year and therefore the group does not discount its liabilities and consequently changes in market interest rates would not have a significant effect on the group's surplus or deficit. The same applies to trade and other receivables.

The table summarises the group's exposure to interest rate risk. Included in the table are the group's investments at carrying amounts, categorised by earlier of contractual reprising or maturity dates.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Note	Average effective interest rate			Carrying amount		
Group		2023	2022	2021	2023 N$'000	2022 N$'000	2021 N$'000
Variable rate instruments:							
Assets							
Investments at fair value	9	5.00 %	4.89 %	6.40 %	356,533	289,180	305,770
Fixed rate instruments:							
Assets							
Cash and cash equivalents	10	5.72 %	2.85 %	2.85 %	60,120	35,352	45,042

	Note	Average effective interest rate			Carrying amount		
Fund		2023	2022	2021	2023 N$'000	2022 N$'000	2021 N$'000
Variable rate instruments:							
Assets							
Investments at fair value	9	5.00 %	4.89 %	6.40 %	356,533	289,180	305,770
Fixed rate instruments:							
Assets							
Cash and cash equivalents	10	5.72 %	2.85 %	2.85 %	57,155	33,426	43,299

* See Note 3

Notes to the Consolidated And Separate Annual Financial Statements

	Group			Fund		
	2023	2022 Restated *	2021 Restated *	2023	2022 Restated *	2021 Restated *
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000

31. Financial instruments and risk management (continued)

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate of 1%, which is used when reporting on interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period but the calculation has been amended for both the current and prior year.

Group & Fund	2023	2023	2022	2022	2021	2021
Increase or decrease in of 100 basis points in the rate	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on surplus or deficit: (N$'000)						
Cash and cash equivalents	572	(572)	334	(334)	450	(450)
Financial assets measured at fair value: cash	1,703	(1,703)	1,170	(1,170)	1,317	(1,317)
Financial assets measured at fair value: bonds	1,862	(1,862)	1,722	(1,722)	1,741	(1,741)
	4,137	**(4,137)**	**3,226**	**(3,226)**	**3,508**	**(3,508)**

The sensitivity analysis for the Fund is the same as the Group numbers presented above except for the cash and cash equivalents category. An increase/decrease of 100 basis points would have an impact on cash and cash equivalents for the fund of N$572,000 (2022: N$334,000).

Price risk

The group is exposed to equity securities price risk because of financial assets held by the group and classified as financial assets at fair value through surplus or deficit. The group's exposure to commodity risk is not considered significant. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio.

Diversification of the portfolio is done by the asset managers in accordance with the mandate set by the group. The majority of the group's equity investments is publicly traded on the JSE (Johannesburg Stock Exchange) and NSX (Namibian Stock Exchange).

The effect of changes in the market on the equity portfolio at the reporting date is shown in the sensitivity analysis below, with all other variables held constant. Accumulated funds would be affected as all financial assets are classified as financial assets at fair value through surplus or deficit.

* See Note 3

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	Group			Fund		
	2023	2022 Restated *	2021 Restated *	2023	2022 Restated *	2021 Restated *
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000

31. Financial instruments and risk management (continued)

Price risk sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when price risk internally to key management personnel and represents management's assessment of the reasonably possible change in relevant prices. All other variables remain constant. The sensitivity analysis includes only investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group & Fund	2023	2023	2022	2022	2021	2021
Increase or decrease of 10% in rate	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on surplus and deficit						
Equity portfolio (N$'000)	7,354	(7,354)	11,546	(11,546)	14,231	(14,231)

Investment risk

Investment risk is the risk that investment returns on accumulated assets will not be sufficient to cover future liabilities. Continuous monitoring takes place to ensure that appropriate assets are held where the group's liabilities are dependent upon the performance of the investment portfolio and that a suitable match of assets exist for all liabilities.

The group's investment objective is to maximise the return on its investment on a long-term basis at minimal risk, subject to any constraints imposed by legislation or the board of trustees, therefore the portfolio of financial assets is managed and its performance evaluated on a fair value basis. The group continues to diversify its investment portfolio by investing in short term deposits, money market instruments, debt securities and equity.

Legal risk

Legal risk is the risk that the group will be exposed to contractual obligations which have not been provided for. At 31 December 2023, the group did not consider there to be any significant concentration of legal risk that had not been provided for in the current or prior year.

32. Going concern

The consolidated and separate annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The trustees believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate annual financial statements have been prepared on a going concern basis. The trustees are satisfied that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The trustees are not aware of any new material changes that may adversely impact the group. The trustees are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

33. Events after the reporting period

The Board of Trustees are not aware of any material event which occurred after the reporting date and up to the date of this report.

* See Note 3

Supplementary information

	Suplus/(Deficit) per benefit option											
	NMC Jade	NMC Opal	NMC Amber	NMC Amber Plus	NMC Ruby	NMC Sapphire	NMC Diamond	NMC Emerald	NMC Emerald Plus	NMC Topaz	NMC Topaz plus	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
	2023											
Net insurance revenue	134,013	31,471	49,232	8,835	648,268	912,979	35,016	24,910	14,116	3,795	21,580	1,884,215
Insurance service expenses	-155,272	-26,745	-59,035	-8,045	-606,349	-975,321	-35,540	-31,816	-14,633	-3,264	-17,887	-1,933,905
Insurance services result	(21,259)	4,726	(9,803)	790	41,919	(62,342)	(524)	(6,905)	(517)	531	3,693	(49,691)
Other income	6,852	2,261	2,368	271	23,463	20,310	482	1,850	717	1,485	3,471	63,530
Other expenses	(1,493)	(492)	(516)	(59)	(5,112)	(4,423)	(105)	(403)	(156)	(324)	(756)	(13,839)
Net surplus / deficit	(15,900)	6,495	(7,951)	1,002	60,270	(46,455)	(147)	(5,458)	44	1,692	6,408	0

Supplementary information

	Suplus/(Deficit) per benefit option											
	NMC Jade	NMC Opal	NMC Amber	NMC Amber Plus	NMC Ruby	NMC Sapphire	NMC Diamond	NMC Emerald	NMC Emerald Plus	NMC Topaz	NMC Topaz plus	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
	2022											
Net insurance revenue *	106,318	30,239	45,880	6,781	591,142	794,520	33,463	22,451	10,834	3,269	15,552	1,660,449
Insurance service expenses *	-115,554	-23,226	-51,131	-4,651	-548,133	-846,528	-35,425	-23,897	-13,237	-2,339	-11,483	-1,675,605
Insurance services result *	(9,236)	7,013	(5,252)	2,130	43,009	(52,008)	(1,962)	(1,447)	(2,403)	930	4,070	(15,156)
Other income	4,734	1,562	1,636	187	15,783	14,033	333	1,279	495	1,026	2,398	43,468
Other expenses	-3,100	-1,023	-1,071	-123	-10,185	-9,189	-218	-837	-324	-672	-1,570	-28,312
Net surplus / deficit	-7,602	7,552	-4,687	2,194	48,607	-47,164	-1,847	-1,005	-2,231	1,284	4,898	-0

* These amount were restated with the initial application of IFRS 17