

Namibia Medical Care
(Registration number 005)
Consolidated and Separate Annual Financial statements
for the year ended 31 December 2018

Namibia Medical Care

(Registration number 005)

Consolidated And Separate Annual Financial Statements for the year ended 31 December 2018

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Consolidated And Separate Annual Financial Statements for the year ended 31 December 2018

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 financial statements of Namibia Medical Care. These financial statements presented on pages 16 - 58 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 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 financial statements fairly present the results of the operations for the financial year and the financial position of the group 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 which enables the Board of Trustees to ensure that the consolidated and separate financial statements comply with relevant legislation.

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

The group's external auditor, PricewaterhouseCoopers, is responsible for auditing the consolidated and separate financial statements in terms of the International Standards on Auditing and their report is presented on pages 4 - 5. PricewaterhouseCoopers 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.

The consolidated and separate financial statements were approved by the Board of Trustees and signed on its behalf by:

Chairman

Trustee

28 June 2019

Trustee

Namibia Medical Care

(Registration number 005)

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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.

Board of Trustees

The Board of Trustees meets regularly and monitors the performance of the group, 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.

Risk management and internal controls

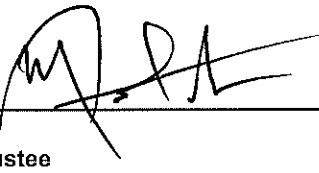
The Board of Trustees is accountable for risk management and internal controls. Risks are identified, regularly reviewed and appropriate resultant strategies implemented.

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

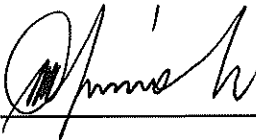
No event has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.



Chairman



Trustee



Trustee

28 June 2019



Independent auditor's report

To the Members of Namibia Medical Care

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Namibia Medical Care (the "Fund") and its subsidiary (together the Group) as at 31 December 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Medical Aid Funds Act 23 of 1995.

What we have audited

Namibia Medical Care's consolidated and separate financial statements set out on pages 7 to 58 comprise:

- the trustees' report for the year ended 31 December 2018;
- the consolidated and separate Statements of Financial Position as at 31 December 2018;
- the consolidated and separate Statements of Surplus and Deficit and Other Comprehensive income for the year then ended;
- the consolidated and separate Statements of Changes in Fund and Reserves in for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B)* (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Namibia Medical Care Consolidated and Separate Financial Statements for the year ended 31 December 2018. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

PricewaterhouseCoopers Tax & Advisory Services (Pty) Ltd, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia, Reg. no. 2002/711, T: +264 (61) 284 1000, F: +264 (61) 284 1001, www.pwc.com/na

Country Senior Partner: R Nangula Uaandja
Partners: Carl P van der Merwe, Louis van der Riet, Anna EJ Rossouw, Chantell Husselmann, Gerrit Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Trofimus Shapange, Nelson Lucas



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

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

Responsibilities of the trustees for the consolidated and separate financial statements

The trustees are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Medical Aid Funds Act 23 of 1995, and for such internal control as the trustees determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the trustees are responsible for assessing the Group and the 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/or the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 the 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 the 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 financial statements or, if

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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 / or Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 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.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Samuel N Ndahangwapo
Partner
Windhoek
Date: 28 June 2019

PricewaterhouseCoopers Tax & Advisory Services (Pty) Ltd, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia, Reg. no. 2002/711, T: +264 (61) 284 1000, F: +264 (61) 284 1001, www.pwc.com/na

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Report of the Board of Trustees

The Board of Trustees hereby presents its annual report for the year ended 31 December 2018.

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 in favour of Namibia Medical Care and lodged with NAMFISA (Namibia Financial Institutions Supervisory Authority) (refer to note 25).

1.2 Benefit options within Namibia Medical Care

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

Traditional Options:	Topaz Topaz plus Opal Jade Ruby Sapphire Diamond
New Generation Options:	Emerald Amber

1.3 Savings options

In order to provide a facility for members to set funds aside to meet future day-to-day healthcare costs not covered under the new generation options, the trustees have made a savings plan available to meet this objective.

Under the Amber and Emerald options, members may select a pre-determined optional monthly or lump sum allocation amount which is deposited to the member's savings account to be used for day-to-day expenses.

The savings options were cancelled during 2018 as per NAMFISA's directive.

1.4 Risk transfer arrangement

Risk transfer arrangements are entered into with GFA Re-insurance brokers, Prosperity Lifecare Insurance Ltd, Diamond Health, and Hollard Insurance Company. Refer to note 15 for more information.

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Report of the Board of Trustees

2. MANAGEMENT

2.1 Board of Trustees in office during the year under review

Trustees	Position	Company	Appointed / Resignation
Mr T Smit	Chairperson	MTC	
Mr V Malango		Chamber of Mines	Term ended on 29 June 2018
Mr RL Izaks		UNAM	Term ended on 29 June 2018
Mr D Louw		Nampower	Term ended on 29 June 2018
Mrs R Coomer		Legal Assistance Centre	Term ended on 29 June 2018
Ms R Doeses		Namibia Standards Institution	Term ended on 29 June 2018
Mr P Mutota		Electricity Control Board	
Mr A Benjamin		Tsumeb Municipality	Term ended on 29 June 2018
Mr H Muisoor		Erongo Red	Term ended on 29 June 2018
Mr S Mbidhi		Namdeb	
Dr E Mansfeld		Medical Doctor	
Ms B Seibes-Bock		UNAM	Appointed on 29 June 2018
Dr C Karamata		Medical Doctor	Appointed on 29 June 2018
Mr J Eixab		NAMCOL	Appointed on 29 June 2018
Mr M Späth		IJG	Appointed on 29 June 2018
Ms D Brinkman		UNAM	Appointed on 29 June 2018
Ms R Haihambo		NAMPOWER	Appointed on 29 June 2018
Mr E Mudjanima		Polytechnic	Appointed on 29 June 2018

2.2 Pincipal Officer

Mrs Alison Begley

Business address:
8 Newton Street
Windhoek
Namibia

Postal address:
P.O. Box 24792
Windhoek
Namibia

2.3 Registered office address and postal address

Business address:
8 Newton Street
Windhoek
Namibia

Postal address:
P.O. Box 24792
Windhoek
Namibia

2.4 Medical scheme administrators during the year

Methealth Namibia Administrators (Pty) Ltd

Business address:
Methealth Office Park
Maerua Park
Windhoek
Namibia

Postal address:
P.O. Box 6559
Windhoek
Namibia

Namibia Medical Care

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Report of the Board of Trustees

2.5 Investment managers during the year

Business address:

Namibia Asset Management Ltd
Unit 5, Tenbergen Village
Cnr. Julius Nyerere Street & Robert Mugabe Avenue
Windhoek
Namibia

Postal address:

P.O. Box 23329
Windhoek
Namibia

Sanlam Investment Management Namibia
4th Floor Sanlam Centre
154 Independence Avenue
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

Prudential Portfolio Managers
6 Feld Street
Windhoek
Namibia

P.O. Box 25743
Windhoek
Namibia

2.6 Actuaries and Investment Advisors during the year

i3 Actuaries & Consultants

Business address:

1st Floor Cnr. Feld & Jan Jonker Roads
Olympia
Windhoek
Namibia

Postal address:

P.O. Box 80560
Windhoek
Namibia

2.7 Auditors during the year

PricewaterhouseCoopers

Business address:

344 Independence Avenue
Windhoek
Namibia

Postal address:

P.O. Box 1571
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 minimal 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, EXCO and investment committee meetings with the assistance of NMG Benefits / consultants.

The fund invest in equity, bonds, foreign commodities, property, fixed deposits and cash instruments during 2018.

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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 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 27 of these financial statements for more information on insurance risk management.

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5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 Operational statistics per benefit option

	NMC Jade	NMC Opal	NMC Amber	NMC Ruby	NMC Sapphire	NMC Diamond	NMC Emerald	NMC Topaz	NMC Topaz plus	Total
2018										
Average number of principal members during the period*	787	1,872	1,288	12,708	10,031	371	1,032	660	853	29,602
Number of principal members at 31 Dec	1,072	1,818	1,250	12,511	10,005	352	979	676	887	29,550
Average number of members* during the period	1,417	3,190	3,175	27,689	25,843	931	2,034	1,039	1,503	66,821
Total number of members* at 31 Dec	1,926	3,126	3,061	27,463	25,847	886	1,938	1,071	1,567	66,885
Dependent ratio at 31 Dec	1: 0.80	1: 0.72	1: 1.45	1: 1.20	1: 1.58	1: 1.52	1: 0.98	1: 0.58	1: 0.77	1: 1.26
Net contribution per average beneficiary per month*	1,088	1,105	1,193	1,581	2,145	3,856	905	328	579	1,717
Relevant healthcare expenditure per average beneficiary per month*	1,295	838	1,102	1,295	2,073	3,309	816	454	286	1,543
Non-healthcare expenditure per average beneficiary per month*	204	181	144	195	172	189	175	100	92	178
Non-healthcare expenditure as a percentage of net contribution	18.76%	16.37%	12.10%	12.31%	8.01%	4.91%	19.37%	30.57%	15.87%	10.40%
Average age	32.88	40.39	50.21	39.40	44.62	53.45	41.42	36.41	38.83	41.36
Pensioner ratio at 31 Dec	1: 0.02	1: 0.05	1: 0.25	1: 0.06	1: 0.13	1: 0.34	1: 0.11	1: 0.01	1: 0.04	1: 0.09
Average accumulated fund per member at year-end	16,161	16,161	16,161	16,161	16,161	16,161	16,161	16,161	16,161	16,161

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5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 Operational statistics per benefit option (continued)

	2017										Total
	NMC Jade	NMC Opal	NMC Amber	NMC Ruby	NMC Sapphire	NMC Diamond	NMC Emerald	NMC Topaz	NMC Topaz plus		
Average number of principal members during the period*	-	2,032	1,282	13,311	10,245	428	1,016	976	888	30,178	
Number of principal members at 31 Dec	-	2,042	1,298	13,133	10,018	417	1,065	782	855	29,610	
Average number of members* during the period	-	3,490	3,166	28,767	26,529	1,076	1,964	1,322	1,554	67,870	
Total number of members* at 31 Dec	-	3,501	3,226	28,430	25,979	1,041	2,074	1,138	1,488	66,877	
Dependent ratio at 31 Dec	-	1: 0.71	1: 1.49	1: 1.16	1: 1.59	1: 1.50	1: 0.95	1: 0.46	1: 0.74	1: 1.26	
Net contribution per average beneficiary per month*	-	1,059	1,009	1,519	2,047	3,564	758	310	550	1,643	
Relevant healthcare expenditure per average beneficiary per month*	-	758	1,020	1,236	1,921	3,599	636	298	360	1,448	
Non-healthcare expenditure per average beneficiary per month*	-	168	135	184	161	176	166	128	97	168	
Non-healthcare expenditure as a percentage of net contribution	-	15.89%	13.40%	12.14%	7.84%	4.95%	21.96%	41.14%	17.67%	10.25%	
Average age	-	39.57	49.09	38.67	44.18	51.50	39.60	35.59	37.48	41.16	
Pensioner ratio at 31 Dec	-	1: 0.24	1: 0.24	1: 0.05	1: 0.12	1: 0.28	1: 0.10	1: 0.01	1: 0.05	1: 0.09	
Average accumulated fund per member at year-end	-	14,905	14,905	14,905	14,905	14,905	14,905	14,905	14,905	14,905	

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Report of the Board of Trustees

5.2 Operational statistics for the fund

GROUP AND FUND	2018	2017
Average accumulated funds per member	14.94	14.90
Breakdown of total amount paid to administrator:		
- Administration fees (N\$'000)	76,899	73,538
- Managed care: management services (N\$'000)	22,518	21,451
Investment income as percentage of investments at year-end	5.88 %	6.42 %
Realised gains as percentage of investments at year-end	1.59 %	7.28 %
Unrealised (loss) / gain as percentage of investments at year-end	(3.34)%	(4.76)%

5.3 Results of operations

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

5.4 Solvency ratios

GROUP		
Accumulated funds per statement of financial position	478,171	441,625
Net contribution per statement of comprehensive income	1,376,441	1,338,109
Group solvency ratio (reserve level) (based on the funds members)	34.74 %	33.00 %

FUND		
Accumulated funds per statement of financial position	477,549	441,340
Net contribution per statement of comprehensive income	1,376,441	1,338,109
	34.69 %	32.98 %

GROUP		
Total assets	618,994	581,759
Total liabilities	140,823	140,134
Solvency (times)	4.40	4.15

FUND		
Total assets	618,991	581,698
Total liabilities	141,442	140,358
Solvency (times)	4.38	4.14

5.5 Reserve accounts

Movements in the reserves are set out in the statement of changes in funds and reserves. There have been no unusual movements that the trustees believe should be brought to the attention of the members of the medical fund.

5.6 Outstanding claims

The basis of calculation of the outstanding claims provision is discussed in note 12 and this is consistent with the prior year. Movements on the outstanding claims provision are set out in note 12 to the consolidated and separate 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 2017 in the determination of the contribution and benefit levels for the 2018 year-end.

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7. GUARANTEES RECEIVED BY THE FUND FROM A THIRD PARTY

In terms of section 4 of the Medical Aid Fund Act, First National Bank has provided a guarantee of N\$ 750,000 (2017: N\$ 750,000) to the fund.

8. EVENTS AFTER REPORTING DATE

No matter, which is material to the financial affairs of the fund, has occurred between 31 December 2018 and the date of approval of the consolidated and separate financial statements.

9. 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.

10. RELATED PARTY TRANSACTIONS

Refer to related party disclosure in note 26 to the consolidated and separate financial statements.

11. 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.

12. 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 26 to the consolidated and separate financial statements

Trustee / Board and Sub-committee member	Board meeting		Audit committee		Other meetings	
	A	B	A	B	A	B
R Izaks	3	2	0	0	2	2
D Louw	3	3	0	0	0	0
A Benjamin	3	2	0	0	0	0
V Malango	3	1	0	0	0	0
R Coomer	3	3	0	0	2	2
R Doëses	3	3	0	0	0	0
H Muisoor	3	2	2	2	0	0
T Smit	7	7	3	2	5	5
P Mutota	7	6	1	1	5	2
E Mansfeld	7	6	0	0	0	0
B Seibes-Bock	4	4	0	0	5	1
SL Mbidhi	7	4	0	0	0	0
D Brinkman	4	3	0	0	5	1
CL Karamata	4	4	0	0	5	1
R Haihambo	4	2	0	0	5	1
M Späth	4	4	1	1	5	3
E Mudjanima	4	4	0	0	5	3
JE Eixab	4	3	0	0	5	3

A - Total possible number of meetings could have attended.

B - Actual number of meetings attended

Other meetings include: Investment, admin review, product development and bursary sub-committee meetings.

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Report of the Board of Trustees

13. 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 three 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 auditors formally report to the committee on critical findings arising from audit activities.

The committee in office for the year under review:

Mr M Späth - Appointed as Chairman on 02 August 2018

Mr T Smit - Resigned as Chairman on 02 August 2018, but re-appointed to audit committee on 02 August 2018

Mr P Mutota

Mr H Muisoor - Resigned on 29 June 2018

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Statement of Surplus or Deficit and Other Comprehensive Income

Figures in Namibia Dollar thousand	Notes	Group		Fund	
		2018	2017	2018	2017
Net Contribution Income	13	1,376,441	1,338,109	1,376,441	1,338,109
Relevant Healthcare Expenditure					
Net claims incurred		(1,237,105)	(1,181,355)	(1,237,105)	(1,181,355)
Claims incurred	14	(1,221,027)	(1,163,238)	(1,221,027)	(1,163,238)
Risk transfer arrangement fees	15	(16,078)	(18,117)	(16,078)	(18,117)
Gross Healthcare Result		139,336	156,754	139,336	156,754
Managed care: Management services	16	(22,518)	(21,451)	(22,518)	(21,451)
Non-health care costs	17	(100,044)	(91,861)	(99,899)	(91,575)
Net Healthcare Result		16,774	43,442	16,919	43,728
Other income:					
Investment income	18	31,175	28,384	31,175	28,384
Rental income	5	714	685	-	63
Net realised gains on financial assets	19	8,443	32,268	8,443	32,268
Other operating income	20	319	136	369	136
Other expenditure:					
Net unrealised loss on financial assets	21	(17,724)	(21,108)	(17,724)	(21,108)
Asset management fees	26	(2,425)	(2,632)	(2,425)	(2,632)
Interest paid on savings plan liability	11	(548)	(349)	(548)	(349)
Other interest paid		-	(1)	-	(1)
Surplus before Tax		36,728	80,825	36,209	80,489
Income tax expense	22	(182)	(109)	-	-
Net Surplus for the Year		36,546	80,716	36,209	80,489
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		36,546	80,716	36,209	80,489

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Statement of Financial Position as at 31 December 2018

Figures in Namibia Dollar thousand	Notes	Group		Fund	
		2018	2017	2018	2017
Assets					
Non-Current Assets					
Property, plant and equipment	4	3,830	3,967	3,830	3,967
Investment property	5	7,400	7,450	-	-
Investments in subsidiaries	26	-	-	7,450	7,450
Financial assets at fair value	6	106,398	53,855	106,398	53,855
Operating lease asset		-	9	-	-
		117,628	65,281	117,678	65,272
Current Assets					
Trade and other receivables	7	2,034	14,487	2,034	14,487
Financial assets at fair value	6	423,535	389,528	423,535	389,528
Operating lease asset		9	7	-	-
Current tax receivable	24	44	45	-	-
Cash and cash equivalents	8	75,744	112,411	75,744	112,411
		501,366	516,478	501,313	516,426
Total Assets		618,994	581,759	618,991	581,698
Equity and Liabilities					
Equity					
Retained income		478,171	441,625	477,549	441,340
Liabilities					
Non-Current Liabilities					
Deferred tax	9	360	360	-	-
Current Liabilities					
Trade and other payables	10	33,063	30,495	32,996	30,425
Loans from group companies	26	-	-	1,046	654
Savings options liability	11	-	9,379	-	9,379
Outstanding claims provision	12	107,400	99,900	107,400	99,900
		140,463	139,774	141,442	140,358
Total Liabilities		140,823	140,134	141,442	140,358
Total Equity and Liabilities		618,994	581,759	618,991	581,698

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Statement of Changes in Funds and Reserves

Figures in Namibia Dollar thousand	Accumulated Funds	Total
Group		
Balance at 01 January 2017	360,909	360,909
Surplus for the year	80,716	80,716
Other comprehensive income	-	-
Total comprehensive income for the year	80,716	80,716
Balance at 01 January 2018	441,625	441,625
Surplus for the year	36,546	36,546
Other comprehensive income	-	-
Total comprehensive income for the year	36,546	36,546
Balance at 31 December 2018	478,171	478,171
Fund		
Balance at 01 January 2017	360,851	360,851
Surplus for the year	80,489	80,489
Other comprehensive income	-	-
Total comprehensive income for the year	80,489	80,489
Balance at 01 January 2018	441,340	441,340
Surplus for the year	36,209	36,209
Other comprehensive income	-	-
Total comprehensive income for the year	36,209	36,209
Balance at 31 December 2018	477,549	477,549

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Statement of Cash Flows

Figures in Namibia Dollar thousand	Notes	Group		Fund	
		2018	2017	2018	2017
Cash flows from operating activities					
Cash generated from operations	23	30,595	68,649	30,022	68,334
Interest received on cash and cash equivalents		5,093	4,321	5,093	4,321
Tax paid	24	(181)	(76)	-	-
Net cash from operating activities		35,507	72,894	35,115	72,655
Cash flows from investing activities					
Purchase of property, plant and equipment	4	-	(292)	-	(292)
Sale of property, plant and equipment	4	-	13	-	13
Purchase of investments at fair value		(160,284)	-	(160,284)	-
Sale of investments at fair value		88,110	-	88,110	-
Net cash from investing activities		(72,174)	(279)	(72,174)	(279)
Cash flows from financing activities					
Loan received from subsidiary		-	-	392	239
Net cash from financing activities		-	-	392	239
Total cash movement for the year		(36,667)	72,615	(36,667)	72,615
Cash at the beginning of the year		112,411	39,796	112,411	39,796
Total cash at end of the year	8	75,744	112,411	75,744	112,411

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Accounting Policies

1. Summary of significant accounting policies

The significant 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 consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and the Medical Aid Fund Act of Namibia. The consolidated and separate financial statements have been prepared under the historical cost convention, except where otherwise noted.

The preparation of the consolidated and separate 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 financial statements are disclosed in policy 1.13.

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

1.2 Consolidation

Basis of consolidation

The consolidated financial statements comprise the consolidated financial statements of the fund and its subsidiary as at 31 December 2018.

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 consolidated financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra group transactions and dividends are eliminated in full.

Control is achieved when the group 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 group controls an investee if and only if the group 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 to the financial statements of subsidiaries to align their accounting policies with the group's accounting policies.

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.

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Accounting Policies

1.3 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 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 profit or loss for the period in which it arises.

1.4 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.

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within surplus or deficit.

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Accounting Policies

1.5 Impairment of non-financial assets

Assets that are subject to depreciation and 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.

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 profit or loss; 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 profit or loss. (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 profit or loss. (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 profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (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 profit or loss).

Note 28 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:

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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 7).

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 7.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account.

Write off policy

The group writes off a receivable when there is information indicating that the counter-party is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counter-party 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 profit or loss.

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Accounting Policies

1.6 Financial instruments (continued)

Investments in equity instruments

Classification

Investments in equity instruments are classified as mandatorily at fair value through profit or loss. 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.

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 profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments), depending on their classification. Details of the valuation policies and processes are presented in note 3.

Dividends received on equity investments are recognised in profit or loss 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 18).

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 Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss as part of the fair value adjustment for investments which are classified as at fair value through profit or loss. Foreign exchange gains or losses arising on investments at fair value through other comprehensive income are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of investments.

Impairment

Investments in equity instruments are not subject to impairment provisions.

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Accounting Policies

1.6 Financial instruments (continued)

Investments in debt instruments at fair value through profit or loss

Classification

Certain investments in debt instruments are classified as mandatorily at fair value through profit or loss. 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 group hold investments in debentures and corporate bonds which are mandatorily at fair value through profit or loss.

The group has designated certain investments in debt instruments as at fair value through profit or loss. The reason for the designation is to reduce or eliminate an accounting mismatch which would occur if the instruments were not classified as such.

Recognition and measurement

Investments in debt instruments at fair value through profit or loss 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 profit or loss.

Interest received on debt instruments at fair value through profit or loss are included in investment income (note 18).

Investments denominated in foreign currencies

When an investment in a debt instrument at fair value through profit or loss 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 Namibia 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 profit or loss.

Impairment

Investments in debt instruments at fair value through profit or loss 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 28 for details of risk exposure and management thereof.

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Accounting Policies

1.6 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 10), 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.

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.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in other interest paid.

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 28 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.

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 collateralized 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 profit or loss.

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Accounting Policies

1.6 Financial Instruments (continued)

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.

1.7 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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.

1.8 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 and assets for the current and prior periods are measured at the amount expected to be paid to or 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.

Deferred tax assets and liabilities

Deferred income tax is provided, using the liability method, on 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 comprehensive income.

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Accounting Policies

1.8 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss 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.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

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

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

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

Operating leases – lessee

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

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

1.10 Risk transfer arrangements

Risk transfer premiums are recognised as an expense over the indemnity period on a straight-line basis, if applicable. A portion of risk transfer premiums is treated as prepayments.

Risk transfer premiums and benefits reimbursed in the statement of comprehensive income and statement of financial position on a gross basis.

Only contracts that gives rise to a significant transfer of insurance risk are accounted for as insurance. Amounts recoverable under such contracts are recognised over the same period year as the related claim.

Claim recoveries relating to risk transfer arrangements are calculated on the basis of the underlying contracts, utilising detailed expense reports provided by the re-insurer.

Assets relating to risk transfer arrangements include balances due under risk arrangements for outstanding claims provision and reported not yet paid. Amounts recoverable under risk transfer arrangements are estimated in a manner consistent with the outstanding claims provision, claims reported not yet paid and settled claims associated with the risk transfer arrangement.

Amounts recoverable under risk transfer arrangements are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the group may not recover all amounts due and that the event has a reliable measurable impact on the amounts that the group will receive under the risk transfer arrangement.

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Accounting Policies

1.11 Saving options liability

The savings plan liability represents savings plan contributions which are a deposit component of the insurance contracts. The deposit amount has been unbundled since the group can measure the deposit component separately and its accounting policies do not otherwise require it to recognise all obligations and rights arising from the deposit component. The insurance component is recognised in accordance with IFRS 4.

The savings plan liability, i.e. deposit component, is recognised in accordance with IAS 39 and is measured at fair value as a demand feature. Savings plan contributions are credited on the accrual basis and withdrawals on a cash basis, i.e. no provision is made for outstanding claims at yearend.

Interest accrued on the savings plan contributions is credited to the liability.

1.12 Provisions

Provisions are recognised when, the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligations; and the amount has been reliably estimated.

Outstanding claims provisions

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 four months after year end plus an estimation for expected claims relating to the financial year that will be paid out after the four month period. This estimate is based on the ratio of claims after the four months to the claim within four months and is determined from historical experience. Claim handling expenses are not separately accounted for as the service is provided by the administrator and a fixed fee paid for the full administration service including claims handling. No provision for claims handling expenses is required as the group has no further liability to the administrator at year end.

Estimated co-payments and payments from saving plan accounts are deducted in calculating the outstanding claims provisions. The group does not discount its provisions for outstanding 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.

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) Outstanding claims provision
There are some sources of estimation uncertainty that have to be considered in the estimate of the liability arising from claims made under insurance contracts. Initial estimates are made by management in relation to the best calculations on reported claims and derived as the claims process develops. All estimates are revised and adjusted at year-end by management.
- b) Impairment of financial assets
The group follows the guidance of IFRS 9 to determine when a financial asset is impaired. This determination requires significant judgment.
- c) 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.

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Accounting Policies

1.13 Critical accounting estimates and judgments (continued)

d) Asset useful lives and residual values

Plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing assets useful lives, factors such as technological information and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

1.14 Contribution income

Contributions on member insurance contracts are accounted for monthly when their collection in terms of the insurance contract is reasonably certain. Net contributions represent gross contributions after deduction of saving plan contributions. The earned portion of net contributions received is recognised as revenue. Net contributions are earned from the date of attachment of risk, over the indemnity period on a straight-line basis.

1.15 Relevant healthcare expenditure

Relevant healthcare expenditure consists of net claims incurred and net income or expense from risk transfer arrangements.

1.16 Claims

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 savings plan account after taking into account recoveries from third parties.

Net claims incurred comprise of:

- Claims submitted and accrued for services rendered during the year, net of discounts received, recoveries from members for co-payments and savings plan accounts;
- Movement in the provision for outstanding claims;
- Claims settled in terms of risk transfer arrangements; and
- Ex-gratia claims.

1.17 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.

1.18 Healthcare insurance contracts

Contracts under which the group accepts significant insurance risk from another party (the member) by agreeing to compensate the member or other beneficiary if a special uncertain event (the insured event) adversely affects the member or other beneficiary are classified as insurance contracts. The contracts issued compensate the group's and fund's members for healthcare expenses incurred.

The accounting policies for the income, expense, assets and liabilities relating to insurance contracts are disclosed in more detail in specific accounting policy notes.

1.19 Investment 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.

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Accounting Policies

1.19 Investment income (continued)

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.

1.20 Liabilities and related assets under liability adequacy test

The liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows, including related cash flows such as claim handling cost, and comparing this amount to the carrying value of the liability net of any related assets (i.e. the value of business acquired). Where the shortfall is identified, an additional provision is made and the group and fund recognises the deficiency in the surplus or deficit for the year.

1.21 Allocation of income and expenditure to benefit options

All income and expenses are allocated to benefit options based on the number of members, except where a specific benefit option has generated an income or expense, in which case that income or expense is allocated to that benefit option only.

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

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:
• IFRS 9 Financial Instruments	01 January 2018	Unlikely there will be a material impact
• IFRS 15 Revenue from Contracts with Customers	01 January 2018	Unlikely there will be a material impact
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	01 January 2018	Unlikely there will be a material impact
• Amendments to IAS 28: Annual Improvements to IFRS 2014 - 2016 cycle	01 January 2018	Unlikely there will be a material impact
• Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle	01 January 2018	Unlikely there will be a material impact
• Amendments to IAS 40: Transfers of Investment Property	01 January 2018	Unlikely there will be a material impact
• Foreign Currency Transactions and Advance Consideration	01 January 2018	Unlikely there will be a material impact
• Amendments to IFRS 4: Insurance Contracts	01 January 2018	Unlikely there will be a material impact
• Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	01 January 2018	Unlikely there will be a material impact

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 01 January 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 17 Insurance Contracts	01 January 2021	Impact is currently being assessed
• Amendments to IFRS 3 Business Combinations: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Unlikely there will be a material impact
• Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Unlikely there will be a material impact
• Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Unlikely there will be a material impact
• Uncertainty over Income Tax Treatments	01 January 2019	Unlikely there will be a material impact
• IFRS 16 Leases	01 January 2019	Unlikely there will be a material impact

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	2018	2017	2018	2017

3. Fair value information

Valuation techniques and assumptions 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.

The members saving accounts contain a demand feature. In terms of regulations, any credit balance on a members's saving account must be taken as a cash benefit when the member terminates his or her membership of the fund or benefit option, and enrolls in another benefit option or medical scheme without a saving account or does not enrol in another medical scheme.

Interest on these accounts accrued monthly. Therefore the carrying values of the member's savings account are deemed to be equal to their fair values, which is the amount payable on demand.

As at 31 December 2018, the group recognised financial instruments based on the following fair value hierarchy.

Cash and cash equivalents, unlisted equity, debt securities and commodities are classified as level 2, as none of them are traded in an active market, but their fair values are determined based on observable inputs. The cash and cash equivalents shown in the fair value hierarchy are those classified as financial assets at fair value through surplus or deficit.

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.

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

3. Fair value information (continued)

Levels of fair value measurements

Level 1

Recurring fair value measurements

Assets	Notes				
Financial assets designated at fair value through surplus or deficit	6				
Investments at fair value		270,776	258,404	270,776	258,404
Total		270,776	258,404	270,776	258,404

Level 2

Recurring fair value measurements

Assets	Notes				
Financial assets designated at fair value through profit (loss)	6				
Investments at fair value		259,157	184,979	259,157	184,979
Total		259,157	184,979	259,157	184,979

Level 3

Recurring fair value measurements

Assets	Notes				
Investment property	5				
Investment property		7,400	7,450	-	-
Total		7,400	7,450	-	-

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 year ended 31 December 2018 or 2017.

Financial assets are classified as non-current, unless they are cash or cash equivalents that are not restricted from being used for the next twelve months or they are expected to be realised within twelve months of the reporting date or likely to be sold within that period.

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

The valuation technique for the items in level 2 is based on undiscounted future estimated cash-flows, with the probability of default being a significant input.

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

4. Property, plant and equipment

Group & Fund	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	4,114	(499)	3,615	4,114	(450)	3,664
Leasehold improvements	3	(3)	-	3	(3)	-
Motor vehicles & Office equipment	533	(318)	215	533	(230)	303
Total	4,650	(820)	3,830	4,650	(683)	3,967

Reconciliation of property, plant and equipment - Group and Fund - 2018

	Opening balance	Depreciation	Total
Land and buildings	3,664	(49)	3,615
Motor vehicles & Office equipment	303	(88)	215
	3,967	(137)	3,830

Reconciliation of property, plant and equipment - Group and Fund - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	3,712	-	-	(48)	3,664
Leasehold property	1	-	-	(1)	-
Motor vehicles & Office equipment	88	292	(9)	(68)	303
	3,801	292	(9)	(117)	3,967

5. Investment property

Group	2018			2017		
	Valuation	Accumulated depreciation	Carrying value	Valuation	Accumulated depreciation	Carrying value
Investment property	7,400	-	7,400	7,450	-	7,450

Reconciliation of investment property - Group - 2018

	Opening balance	Fair value adjustments	Total
Investment property	7,450	(50)	7,400

Reconciliation of investment property - Group - 2017

	Opening balance	Total
Investment property	7,450	7,450

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

5. Investment property (continued)

Land and buildings comprise of:

Erf 1791, 8 Newton Street, Windhoek, Sectional
Title No. 39/2007(1).

- Cost price: 2007	1,847	1,847	-	-
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Details of valuation

The valuation was performed by Pierewiet Wilders Valuations on 30 May 2018. As the current fair value at 31 December 2017, approximates the fair value per the valuation, the immaterial fair value adjustment was not passed in the accounting records of the group for the year ended 31 December 2017.

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 2021.

The valuation was performed using the income capitalization method.

Significant unobservable valuation input:

Price per square metre office	N\$	195
Price per square metre parking	N\$	750
Expenses	N\$	9,479
Net income	N\$	52,452
Capitalisation rate		8.5 %

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

	Increase	Decrease
Price per square metre office and parking	1,072	(1,072)
Net income	938	(938)
Capitalisation	938	(938)

Amounts recognised in profit and loss for the year

Rental income from investment property	714	662	-	-
Municipal expenses	(65)	(45)	-	-
	649	617	-	-

6. Financial assets at fair value

Fair value at the beginning of the year	443,383	410,792	443,383	410,792
Additions	160,284	128,112	160,284	128,112
Dividends received	3,622	5,327	3,622	5,327
Disposals	(88,110)	(128,112)	(88,110)	(128,112)
Interest received	22,461	18,736	22,461	18,736
Asset management fees	(2,425)	(2,632)	(2,425)	(2,632)
Unrealised losses	(17,724)	(21,108)	(17,724)	(21,108)
Realised gains	8,442	32,268	8,442	32,268
Fair value at the end of the year	529,933	443,383	529,933	443,383

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

6. Financial assets at fair value (continued)

Split between non-current and current portions

Non-current assets	106,398	53,855	106,398	53,855
Current assets	423,535	389,528	423,535	389,528
	529,933	443,383	529,933	443,383

The investments to be included above represent investments in:

GROUP AND FUND	Foreign N\$'000	Local N\$'000	Total N\$'000
2018			
Cash and deposits	19,377	123,645	143,022
Unlisted equity	2	9,810	9,812
Listed equity	200,237	49,482	249,719
Debt instruments	43,985	62,413	106,398
Property	7,003	13,121	20,124
Commodities	-	1,169	1,169
Other securities	(236)	-	(236)
Less: accrued expenses	-	(75)	(75)
	270,368	259,565	529,933

GROUP AND FUND	Foreign N\$'000	Local N\$'000	Total N\$'000
2017			
Cash and deposits	14,557	115,861	130,418
Unlisted equity	533	288	821
Listed equity	183,369	42,704	226,073
Debt instruments	20,041	33,814	53,855
Property	24,561	5,212	29,773
Commodities	-	2,549	2,549
Other securities	9	-	9
Less: accrued expenses	-	-	(115)
	243,070	200,428	443,383

Cash and deposits consist of:

Current accounts	10,689	9,286	10,689	9,286
Call account	2,071	61,039	2,071	61,039
Money markets	130,262	60,093	130,262	60,093
	143,022	130,418	143,022	130,418

Debt instruments consist of the following instruments:

Bonds	99,672	53,855	99,672	53,855
Other	6,726	-	6,726	-
	106,398	53,855	106,398	53,855

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.

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	2018	2017	2018	2017

6. Financial assets at fair value (continued)

The maturity ranges of the debt instruments are as follows:

2018	1-3 years N\$'000	3-7 years N\$'000	7-12 years N\$'000	> 12 years N\$'000	Total N\$'000
Bonds	15,593	43,911	21,768	18,400	99,672
Other	6,726	-	-	-	6,726
	22,319	43,911	21,768	18,400	106,398

2017	1-3 years N\$'000	3-7 years N\$'000	7-12 years N\$'000	> 12 years N\$'000	Total N\$'000
Bonds	23,174	20,049	6,176	4,456	53,855

For financial assets traded in active markets, 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.

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 comprehensive income, respectively.

The investment in commodities consist of investments in:

Metal	1,169	2,549	1,169	2,549
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Initial adoption of IFRS 9

IFRS 9 Financial Instruments was adopted in the current year and replaces IAS 39. This note reflects the application of IFRS 9 to the specified instruments.

7. Trade and other receivables

Financial instruments:				
Contributions outstanding	2,264	14,420	2,264	14,420
Provision for impairment	(507)	(713)	(507)	(713)
Trade receivables at amortised cost	1,757	13,707	1,757	13,707
Savings plan receivables	-	75	-	75
Other receivables	253	644	253	644
Non-financial instruments:				
Prepayments	24	61	24	61
Total trade and other receivables	2,034	14,487	2,034	14,487

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	2018	2017	2018	2017

7. Trade and other receivables (continued)

Reconciliation of provision for impairment of trade and other receivables (insurance receivables)

Opening balance	(713)	(847)	(713)	(847)
Additional provision made in the period	(2,258)	(300)	(2,258)	(300)
Amounts utilised during the period	2,464	434	2,464	434
	(507)	(713)	(507)	(713)

Receivables not arising from medical insurance contracts have also been assessed for impairment, but have not been found to be impaired.

Other receivables are due within 30 days.

Exposure to credit risk

The main components of insurance receivables are contribution receivables; member and service provider claims receivables. Contribution receivables are collected by means of debit orders or cash payments. The ageing of the components of insurance receivable at year end was:

Group & Fund	2018	2018	2018	2017	2017	2017
	Estimated gross carrying amount at default	Provision for impairment	Net carrying amount	Estimated gross carrying amount at default	Provision for impairment	Net carrying amount
Insurance receivables						
Current	2,888	(108)	2,780	5,294	-	5,294
31 - 60 days past due	(156)	(6)	(162)	42	-	42
61 - 90 days past due	(190)	(5)	(195)	490	-	490
91 - 120 days past due	(278)	(388)	(666)	8,594	(713)	7,881
Total	2,264	(507)	1,757	14,420	(713)	13,707

The entire amount of trade and other receivables is un-rated. Insurance receivables consist of outstanding contributions at the end of the financial year. On analysing the credit quality of contribution debtors, the group collected the majority of these amounts subsequent to year end. This indicates a high credit quality relating to these debtors. Consequently no additional disclosure of the credit quality is provided.

The following provision matrix has been applied for the 2018 financial year:

Credit loss matrix	Current	30 days	60 days	90 days	120 days +
Default / loss rare	0.50 %	0.50 %	0.50 %	5.00 %	5.00 %

Fair value of trade and other receivables

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

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	2018	2017	2018	2017

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3	3	3	3
Short-term deposits	75,741	112,408	75,741	112,408
	75,744	112,411	75,744	112,411

The call account balance is available on request. The interest rate on the current account is determined on a sliding scale based on the balance in the account at any point in time. 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 25.

At 31 December 2018, the group had a monthly settlement limit of N\$ 236,000,000 (2017: N\$ 203,000,000).

9. Deferred tax

Deferred tax liability

Investment property	(360)	(360)	-	-
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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:

Comprising:	(360)	(360)	-	-
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Reconciliation of deferred tax asset / (liability)

At beginning of year	(360)	(290)	-	-
Timing differences	-	(70)	-	-
	(360)	(360)	-	-

10. Trade and other payables

Trade payables	1,029	3,599	1,028	3,599
Reported claims not yet paid	2,688	1,415	2,688	1,415
Payroll accruals	49	-	49	-
Accruals	1,325	1,559	1,325	1,556
Other payables	66	111	-	44
Net contributions received in advance	27,906	23,811	27,906	23,811
	33,063	30,495	32,996	30,425

Total liabilities arising from insurance contracts	30,594	25,226	30,594	25,226
Total non-insurance liabilities	2,469	5,269	2,468	5,199
	33,063	30,495	33,062	30,425

Trade payables are normally settled on 30 day terms. Other payables consist of sundry creditors and rental deposits. Net contributions received in advance are on a 30 day term.

Fair value of trade and other payables

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

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	2018	2017	2018	2017
11. Savings options liability				
Balance on savings options liability due to members at the beginning of the year:	9,379	7,959	9,379	7,959
Add:				
Savings plan account contributions received or receivable for the current year	Note 13	4,330	8,195	4,330
Interest paid on savings plan account		548	349	548
Less:				
Claims paid on behalf of members	Note 14	(4,138)	(6,462)	(4,138)
Refunds on death or resignation		(9,002)	(662)	(9,002)
Unclaimed benefits		(1,117)	-	(1,117)
Balance at the end of the year		-	9,379	-

In accordance with the rules of the fund, the savings plan is underwritten by the fund.

The savings options liability contains a demand feature that any credit balance on a member's personal medical savings account must be taken as a cash benefit when the member terminates his or her membership of the fund or move from a non-traditional option to a traditional option.

A traditional option is an option with hospital and day-to-day benefits. Non-traditional options only have hospital benefits, and the savings liability is only available on these options, in order to cover day-to-day medical expenses. It however remains the member's choice whether they want to make use of the savings liability.

No advances on savings plan accounts were paid out during 2018 or 2017.

The savings options were terminated in 2018 as per NAMFISA instruction.

As at year-end the carrying amounts of the member's savings accounts were deemed to be equal to their fair values, which is the amount payable on demand. The amounts were not discounted due to the demand feature. Interest is paid on the savings plan at a rate of 5% per annum (2017: 5%).

12. Outstanding claims provision

Analysis of movements in outstanding claims:

Balance at beginning of the year		99,900	91,500	99,900	91,500
Movement in outstanding claims provision	Note 14	7,500	8,400	7,500	8,400
Payment in respect of prior year		(100,959)	(93,331)	(100,959)	(93,331)
Under/(over) provision in prior year		1,059	1,831	1,059	1,831
Adjustment for current year		107,400	99,900	107,400	99,900
Balance at end of the year		107,400	99,900	107,400	99,900

Analysis of outstanding claims provision

Estimated gross claims		107,400	99,900	107,400	99,900
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The outstanding claims provision was based on the actual claims relating to the financial year received in the four months after year-end plus an estimate for expected claims relating to the financial year that will be paid after the four month period. This estimate is based on the ratio of claims after four months to the claims within four months and is determined from historical experience.

The existing accounting policy relating to the outstanding claims provision considers current estimates of all contractual flows, therefore in terms of paragraph 15 to 19 of IFRS 4, no further liability adequacy test is required.

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017
13. Net contribution income				
Net contribution income	1,376,441	1,338,109	1,376,441	1,338,109
Gross contribution	1,380,771	1,346,304	1,380,771	1,346,304
less: Savings contributions	Note 11 (4,330)	(8,195)	(4,330)	(8,195)
	1,376,441	1,338,109	1,376,441	1,338,109

Revenue is recognised on a monthly basis, thus it is recognised at a point in time.

14. Net claims incurred

Current claims		1,209,888	1,154,921	1,209,888	1,154,921
Ex-gratia claims		7,949	6,624	7,949	6,624
Movement in outstanding claims provision	Note 12	7,500	8,400	7,500	8,400
Under provision in prior years		1,059	1,831	1,059	1,831
Adjustment in current year		6,441	6,569	6,441	6,569
Less: Claims paid from / charged to savings account	Note 11	(4,138)	(6,462)	(4,138)	(6,462)
Discount received		(172)	(245)	(172)	(245)
		1,221,027	1,163,238	1,221,027	1,163,238

Ex-gratia claims are claims paid out which exceeds members benefits.

15. Net expense on risk transfer arrangements

The group operated the following reinsurance and risk transfer arrangements during the year:

Insurance arrangements

In-Hospital Medical Expenses: The fund is self-insured for 2018 and 2017.

Emergency Evacuation by Air: The fund is self-insured for 2018 and 2017.

Other risk transfer arrangements

Premium waiver: This was self-insured for 2018 and 2017. In terms of this all principal members are covered for 3 months' premium in case of death.

Topaz Day-to-Day benefit: In terms of this risk transfer arrangement agreement Diamond Health Services, they provide specified day to day benefits to Topaz and Topaz plus members at selected network service providers. The total capitation fee paid was N\$ 9,105,348 (2017: N\$ 10,301,433).

Emergency Evacuation by Road: In terms of this risk transfer arrangement, all cost of emergency evacuation by road, of members are transferred to E-med rescue 24 and insured by Prosperity Lifecare Insurance Ltd. The group paid a fixed fee of N\$ 14.98 (2017: N\$ 18.72) per principal member per month for the year under review for this service.

Travel outside the border of Namibia: In terms of this risk transfer agreement, members travelling outside the borders of Namibia, are covered for medical expenses in excess of N\$ 20,000 (2017: 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. The group paid a fixed fee of N\$ 3.00 (2017: N\$ 2.80) per principal member per month for the year under review for this service.

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	2018	2017	2018	2017

15. Net expense on risk transfer arrangements (continued)

Reinsurance

Net expense	-	537	-	537
- Profit share on risk transfer arrangement	-	537	-	537
Other risk transfer arrangements				
Net expense	(16,078)	(18,654)	(16,078)	(18,654)
- Other risk transfer arrangement expenses paid	(15,406)	(18,091)	(15,406)	(18,091)
- Premium protection claims	(672)	(563)	(672)	(563)
	(16,078)	(18,117)	(16,078)	(18,117)

16. Managed care: Management services

Managed care cost	(22,518)	(21,451)	(22,518)	(21,451)
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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.

17. Non-health care expenses

Actuarial fee	1,167	1,110	1,167	1,110
Administration fees	76,899	73,538	76,899	73,538
Auditors remuneration	416	441	416	342
Bank charges	1,046	993	1,046	993
Depreciation	137	117	137	117
Entertainment	56	15	56	15
Equipment rental	-	20	-	20
Insurance	307	351	301	348
Legal expenses	119	82	119	82
Levies and municipal expenses	153	145	88	100
Marketing	3,490	2,638	3,490	2,638
Membership fees	3,344	2,494	3,344	2,494
NAMFISA levies	2,262	611	2,262	611
Office expenses	112	179	38	40
Postage	391	698	391	698
Printing and stationery	45	89	45	89
Professional fees	190	181	190	181
Provision for bad debts	2,258	300	2,258	300
Repairs and maintenance	6	12	6	12
Salaries and wages	2,409	2,275	2,409	2,275
Smart card fees	3,298	3,362	3,298	3,362
Social responsibility	1,056	1,344	1,056	1,344
Telephone	312	264	312	264
Training	26	18	26	18
Travel, accommodation and conferences	170	225	170	225
Trustee fees	375	355	375	355
Uniforms	-	4	-	4
	100,044	91,861	99,899	91,575

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	2018	2017	2018	2017
18. Investment income				
Income from investments				
Interest from financial assets at fair value	22,461	18,736	22,461	18,736
Dividend income	3,621	5,327	3,621	5,327
Cash and cash equivalents	5,093	4,321	5,093	4,321
	31,175	28,384	31,175	28,384
19. Net realised gains on financial assets				
Realised gains on financial assets measured at fair value through surplus or deficit	8,443	32,268	8,443	32,268
20. Other operating income				
Bad debts recovered	369	132	369	132
Profit on sale of asset	-	4	-	4
Fair value adjustment	(50)	-	-	-
	319	136	369	136
21. Net unrealised loss on financial assets				
Unrealised loss on financial assets measured at fair value through surplus or deficit	(17,724)	(21,108)	(17,724)	(21,108)
22. Taxation				
Major components of the tax expense				
Current				
Current year	182	39	-	-
Deferred				
Attributable to temporary differences arising in current year	-	70	-	-
	182	109	-	-
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit	36,728	80,825	-	-
Tax at the applicable tax rate of 32% (2017: 32%)	11,753	25,864	-	-
Tax effect of adjustments on taxable income				
Exempt income and expenses	(11,571)	(25,755)	-	-
Tax expense	182	109	-	-

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

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017
23. Reconciliation of net surplus for the year to cash generated from operations				
Surplus before taxation	36,728	80,825	36,209	80,489
Adjustments for:				
Depreciation	137	117	137	117
Gains on disposals, scrappings and settlements of assets and liabilities	-	(4)	-	(4)
Net realised gains on financial assets	(8,442)	(32,268)	(8,442)	(32,268)
Investment income	(31,175)	(28,384)	(31,175)	(28,384)
Net unrealised loss on financial assets	17,724	21,108	17,724	21,108
Asset management fees	2,425	2,632	2,425	2,632
Outstanding claims provision	7,500	8,400	7,500	8,400
Provision for impairment losses	(206)	(134)	(206)	(134)
Fair value adjustment	50	-	-	-
Movement in operating lease assets	7	(16)	-	-
Changes in working capital:				
Trade and other receivables	12,659	9,721	12,662	9,721
Trade and other payables	2,567	5,232	2,567	5,237
Savings options liability	(9,379)	1,420	(9,379)	1,420
	30,595	68,649	30,022	68,334

24. Tax paid

Balance at beginning of the year	45	8	-	-
Current tax for the year recognised in profit or loss	(182)	(39)	-	-
Balance at end of the year	(44)	(45)	-	-
	(181)	(76)	-	-

25. Commitments and contingencies

Operating leases – as lessor (income)

Minimum lease payments due

- within one year	262	723	-	-
- in second to fifth year inclusive	-	262	-	-
	262	985	-	-

NMC has entered into an operating lease agreement whereby surplus office space 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.

Contingent liabilities

An amount of N\$ 750,000 (2017: N\$ 750,000) was placed as guarantee for NAMFISA (Namibia Financial Institution Supervisory Authority) on the First National Bank of Namibia Ltd 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.

26. 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.

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

26. Related parties (continued)

Transactions with related parties

The following table provides the nature of transactions which have been entered into with related parties for the relevant financial year:

Key management personnel

Details of the trustees and sub-committee members remuneration and the remuneration of the Principal Officer for 2017 and 2018 (as disclosed in note) 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.

	Fees for meeting attendance 2018 N\$	Fees for holding of office 2018 N\$	Total consideration 2018 N\$	Fees for meeting attendance 2017 N\$	Fees for holding of office 2017 N\$	Total consideration 2017 N\$
SL Mbidhi	13	-	13	18	-	18
R Izaks	12	9	21	31	17	48
D Louw	9	-	9	18	-	18
T Smit	54	18	72	51	17	68
G Kamatuka	-	-	-	12	8	20
V Malango	3	9	12	35	17	52
A Benjamin	6	-	6	25	-	25
R Coomer	15	9	24	26	7	33
H Muisoor	15	-	15	28	-	28
P Mutota	29	9	38	22	-	22
R Doeses	9	-	9	17	-	17
E Mansfeld	19	9	28	6	-	6
B Seibes-Bock	16	7	23	-	-	-
D Brinkman	13	-	13	-	-	-
CL Karamata	16	-	16	-	-	-
R Haihambo	9	-	9	-	-	-
M Späth	28	-	28	-	-	-
E Mudjanima	21	-	21	-	-	-
JE Eixab	18	-	18	-	-	-
	305	70	375	289	66	355

The salary paid to the Pricipal Officer, A Begley, 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:

	2018	2017
CL Karamata	293	314
E Mansfeld	1,355	1,013
	1,648	1,327

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	2018	2017	2018	2017

26. Related parties (continued)

Parties with significant influence over the group and the fund:

	2018	2017
Methealth Namibia Administrators (Pty) Ltd		
Statement of comprehensive income		
Administration fee	76,899	73,538
Managed care services fee	22,518	21,450
	99,417	94,988

Statement of financial position

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

The administration 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 five 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.

	2018	2017
Statement of comprehensive income		
Asset management fees		
Namibia Asset Managers	860	1,830
Sanlam Investment Management	183	802
Old Mutual	889	-
Prudential	493	-
	2,425	2,632

Statement of financial position

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

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	2018	2017
Investment in NMC House (Pty) Ltd	1	100 %	7,450	7,450

Loan payable to subsidiary

	2018	2017
Loan from NMC House (Pty) Ltd (unsecured, interest free, no fixed repayment terms)	1,046	654

The loan payable to the subsidiary approximates fair value.

27. Insurance 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 board of trustees also determines the policy for entering into alternative risk transfer arrangements and/or commercial reinsurance contracts.

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

27. Insurance risk management (continued)

The group manages its insurance risk through benefit limits and sublimits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service providing profiling, centralised management of risk transfer arrangements 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).

Fund	In-hospital N\$'000	Chronic N\$'000	HIV Meds N\$'000	Day-to-day N\$'000	Total N\$'000
Age grouping (in years)					
< 26	136,149	3,219	440	127,078	266,886
26 - 35	73,097	2,578	590	85,971	162,236
36 - 50	150,131	13,352	5,163	169,396	338,042
51 - 65	146,100	21,005	2,905	114,034	284,044
> 65	104,603	15,178	122	49,915	169,818
Total for 2018	610,080	55,332	9,220	546,394	1,221,026

Fund	In-hospital N\$'000	Chronic N\$'000	HIV Meds N\$'000	Day-to-day N\$'000	Total N\$'000
Age grouping (in years)					
<26	132,407	3,339	558	125,940	262,244
26 - 35	78,577	2,707	634	88,376	170,294
36 - 50	135,269	13,223	5,776	162,773	317,041
51 - 65	132,015	20,504	2,682	105,067	260,268
>65	96,396	11,593	150	45,252	153,391
Total for 2017	574,664	51,366	9,800	527,408	1,163,238

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.

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

27. Insurance risk management (continued)

Risk in terms of risk transfer arrangements

All the contracts are annual in nature and the group has the right to change the terms and conditions of the contract at renewal. Management information including contribution income and claims ratios by option, target market and demographic split, is reviewed regularly. There is also an underwriting review program that reviews a sample of contracts on a quarterly basis to ensure adherence to the group's objectives.

The group re-insures a portion of the risk it underwrites so that it can control its exposure to losses and protect capital resources. The group buys a combination of proportional and non-proportional commercial re-insurance contracts to reduce the net exposure of the group. The group has also entered into capitation agreements with selected network service providers. The capitation agreements are in substance, the same as a non-proportional commercial reinsurance contracts.

The group cedes insurance risk to limit exposure to underwriting losses under various agreements that cover individual risk, group risk or defined blocks of business, on a co-insurance, yearly renewable term, excess or catastrophe excess basis. These risk transfer arrangements spread the risk and minimise the effect of losses. The amount of each risk retained depends on the group's evaluation of the specific risk, subject in certain circumstances, to maximum limits based on characteristics of coverage.

According to the terms of the risk transfer arrangements, the third parties agree to reimburse the ceded amount in the event that the claim is paid. According to the terms of the capitation agreements, the suppliers provide certain minimum benefits to Power Plus.

When selecting a re-insurer (or supplier) the group considers their relative security. The security of the re-insurer (or supplier) is assessed from public rating information and from internal investigation.

Claims development

Claims development tables are not presented since the uncertainty regarding the amount and timing of claim payments is typically resolved within one year.

28. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2018

	Notes	Fair value through profit or loss - Mandatory	Amortised cost	Leases	Total	Fair value
Financial assets at fair value	6	529,933	-	-	529,933	529,933
Operating lease asset		-	-	9	9	9
Trade and other receivables	7	-	2,010	-	2,010	2,010
Cash and cash equivalents	8	-	75,744	-	75,744	75,744
		529,933	77,754	9	607,696	607,696

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

28. Financial instruments and risk management (continued)

Group - 2017

	Notes	Fair value through profit or loss - Mandatory	Amortised cost	Leases	Total	Fair value
Financial assets at fair value	6	443,383	-	-	443,383	443,383
Operating lease asset		-	-	16	16	16
Trade and other receivables	7	-	14,426	-	14,426	14,426
Cash and cash equivalents	8	-	112,411	-	112,411	112,411
		443,383	126,837	16	570,236	570,236

Company - 2018

	Notes	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Financial assets at fair value	6	529,933	-	529,933	529,933
Trade and other receivables	7	-	2,010	2,010	2,010
Cash and cash equivalents	8	-	75,744	75,744	75,744
		529,933	77,754	607,687	607,687

Company - 2017

	Notes	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Financial assets at fair value	6	443,383	-	443,383	443,383
Trade and other receivables	7	-	14,426	14,426	14,426
Cash and cash equivalents	8	-	112,411	112,411	112,411
		443,383	126,837	570,220	570,220

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

28. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2018

	Notes	Amortised cost	Total	Fair value
Trade and other payables	10	5,156	5,156	5,156

Group - 2017

	Notes	Amortised cost	Total	Fair value
Trade and other payables	10	6,684	6,684	30,495

Company - 2018

	Notes	Amortised cost	Total	Fair value
Trade and other payables	10	5,090	5,090	5,090
Loans from group companies		1,046	1,046	1,046
		6,136	6,136	6,136

Company - 2017

	Notes	Amortised cost	Total	Fair value
Trade and other payables	10	6,614	6,614	30,425
Loans from group companies		654	654	654
		7,268	7,268	31,079

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

28. 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 solvency ratio. The solvency ratio is calculated as accumulated funds divided by net contributions. At yearend the fund had a solvency ratio (reserve level) of 34.69% (2017: 32.98%) and the group had a solvency ratio (reserve level) of 34.74% (2017: 33.00%).

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 counter-party to a financial instrument fails to meet its contractual obligations.

Trade and other receivables

Trade and other receivables comprise of outstanding contributions (insurance receivables) and other financial receivables. The main components of insurance receivables are:

- receivables from contributions due from members.
- receivables for amounts recoverable from re-insurance contracts.

The group manages credit risk by:

- actively pursuing all contributions not received after one month of becoming due.
- performing credit checks on re-insurers.
- suspending benefits on member accounts when contributions have been outstanding for 30 days.
- terminating benefits on member's accounts when contributions have been outstanding for 90 days.
- ageing and pursuing accounts on a monthly basis.

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 in excess of its provision from non-performance by these counter-parties.

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

28. 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:

Financial assets measured at fair value through surplus or deficit	529,933	443,383	529,933	443,383
Trade and other receivables	2,010	14,426	2,010	14,426
Insurance receivables	1,757	13,782	1,757	13,782
Other receivables	253	644	253	644
Cash and other equivalents	75,744	112,411	75,744	112,411
	607,687	570,220	607,687	570,220

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.

First National Bank of Namibia Limited (AA+)	75,744	112,411	75,744	112,411
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Financial assets measured at fair value through surplus or deficit 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

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due.

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.

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.

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

28. Financial instruments and risk management (continued)

Group - 2018

		Less than 1 year	1 to 2 years	Over 5 years	Total
Current liabilities					
Trade and other payables	10	(5,156)	-	-	(5,156)
Non-current assets					
Financial assets measured at fair value through surplus or deficit		425,535	22,319	84,079	531,933
Current assets					
Trade and other receivables		2,010	-	-	2,010
Cash and cash equivalents		75,744	-	-	75,744
		503,289	22,319	84,079	609,687
		498,133	22,319	84,079	604,531

Group - 2017

		On demand	Less than 3 months	Over 5 years	Total
Current liabilities					
Trade and other payables		(6,684)	-	-	(6,684)
Non-current assets					
Financial assets measured at fair value through surplus or deficit		389,528	23,174	30,681	443,383
Current assets					
Trade and other receivables		14,426	-	-	14,426
Cash and cash equivalents		112,411	-	-	112,411
		516,365	23,174	30,681	570,220
		509,681	23,174	30,681	563,536

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

28. Financial instruments and risk management (continued)

Company - 2018

	On demand	Less than 3 months	3-12 months	Total
Current liabilities				
Trade and other payables	(5,090)	-	-	(5,090)
Loans from group companies	(1,046)	-	-	(1,046)
Non-current assets				
Financial assets measured at fair value through surplus or deficit	423,535	22,319	84,079	529,933
Current assets				
Trade and other receivables	2,010	-	-	2,010
Cash and cash equivalents	75,744	-	-	75,744
	501,289	22,319	84,079	607,687
	495,153	22,319	84,079	601,551

Company - 2017

	On demand	Less than 3 months	Over 5 years	Total
Current liabilities				
Trade and other payables	10 (6,614)	-	-	(6,614)
Loans from group companies	(654)	-	-	(654)
Non-current assets				
Financial assets measured at fair value through surplus or deficit	389,528	23,174	30,681	443,383
Current assets				
Trade and other receivables	14,426	-	-	14,426
Cash and cash equivalents	112,411	-	-	112,411
	516,365	23,174	30,681	570,220
	509,097	23,174	30,681	562,952

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year approximates their fair value. The carrying amounts of financial assets and liabilities in the consolidated and separate financial statements approximate their fair values.

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

28. Financial instruments and risk management (continued)

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 only 3% 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.

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.

GROUP AND FUND

	Less than 12 months N\$'000	More than 12 months N\$'000	Total N\$'000
As at 31 December 2018			
Cash and cash equivalents	75,744	-	75,744
Financial assets measured at fair value	423,535	106,398	529,933
	499,279	106,398	605,677

GROUP AND FUND

	Less than 12 months N\$'000	More than 12 months N\$'000	Total N\$'000
As at 31 December 2017			
Cash and cash equivalents	112,411	-	112,411
Financial assets measured at fair value	389,528	53,855	443,383
	501,939	53,855	555,794

The table below summarises the effective interest rate for monetary financial instruments:

Cash and cash equivalents	4.90 %	4.90 %	4.90 %	4.90 %
Financial assets measured at fair value: cash	5.90 %	6.58 %	5.90 %	6.58 %
Financial assets measured at fair value: bonds	8.30 %	9.12 %	8.30 %	9.12 %

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

28. Financial instruments and risk management (continued)

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting 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.

Group and fund	2018	2018	2017	2017
	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Cash and cash equivalents	757	(757)	1,124	(1,124)
Financial assets measured at fair value: cash	1,430	(1,430)	1,304	(1,304)
Financial assets measured at fair value: bonds	1,064	(1,064)	539	(539)
	3,251	(3,251)	2,967	(2,967)

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), with the exception of one unlisted investment in the prior year and none in the current year.

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.

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 and fund	2018	2018	2017	2017
	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Equity portfolio	25,953	(25,953)	22,689	(22,689)

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Figures in Namibia Dollar thousand	Group		Fund	
	2018	2017	2018	2017

28. Financial instruments and risk management (continued)

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 longterm 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 2018, 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.

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Supplementary information

	Surplus/(Deficit) per benefit option										Total
	NM/C Jade	NM/C Opal	NM/C Amber	NM/C Ruby	NM/C Sapphire	NM/C Diamond	NM/C Emerald	NM/C Topaz	NM/C Topaz plus		
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
	2018										
Net contribution	18,513	42,282	45,473	525,379	665,093	43,082	22,081	4,095	10,443	1,376,441	
Gross contribution	18,513	42,282	48,307	525,379	665,093	43,082	23,578	4,095	10,443	1,380,771	
Savings plan contribution	-	-	(2,834)	-	-	-	(1,497)	-	-	(4,330)	
Net claims incurred	(21,875)	(31,656)	(41,722)	(427,350)	(640,412)	(36,889)	(19,684)	(33)	(1,405)	(1,221,027)	
Gross claims	(21,741)	(31,462)	(43,968)	(424,725)	(636,478)	(36,662)	(21,199)	(33)	(1,397)	(1,217,665)	
Savings plan claims	-	-	2,502	-	-	-	1,636	-	-	4,138	
Increase in provision	(134)	(194)	(258)	(2,625)	(3,934)	(227)	(121)	-	(9)	(7,500)	
Net expenses on transfer arrangements	(151)	(407)	(287)	(2,958)	(2,588)	(81)	(228)	(5,629)	(3,755)	(16,078)	
Gross healthcare results	(3,513)	10,219	3,464	95,071	22,093	6,112	2,169	(1,561)	5,282	139,336	
Expenses for administration	(1,681)	(2,658)	(2,567)	(35,711)	(30,409)	(1,271)	(1,927)	(277)	(398)	(76,899)	
Managed care: Management services	(631)	(1,501)	(1,033)	(10,188)	(8,041)	(297)	(827)	-	-	(22,516)	
Other income	1,063	2,529	1,740	17,166	13,550	501	1,394	892	1,152	39,987	
Other expenses	(1,161)	(2,764)	(1,902)	(18,758)	(14,807)	(548)	(1,523)	(975)	(1,259)	(43,697)	
Net surplus/(deficit) for the year	(5,923)	5,825	(298)	47,580	(17,514)	4,497	(714)	(1,921)	4,777	36,209	

The supplementary information presented does not form part of the consolidated and separate financial statements and is unaudited

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Supplementary Information

	Surplus/(Deficit) per benefit option										Total	
	NMC Opal	NMC Amber	NMC Ruby	NMC Sapphire	NMC Diamond	NMC Emerald	NMC Topaz	NMC Topaz plus	NMC			
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
	2017											
Net contribution	44,358	38,339	523,996	651,771	46,075	17,930	5,350	10,290	1,338,109			
Gross contribution	44,358	43,605	523,996	651,771	46,075	20,859	5,350	10,290	1,346,304			
Savings plan contribution	-	(5,266)	-	-	-	(2,929)	-	-	(8,195)			
Net claims incurred	(31,311)	(38,415)	(422,777)	(608,418)	(46,409)	(14,770)	(66)	(1,072)	(1,163,238)			
Gross claims	(31,085)	(42,229)	(419,741)	(604,049)	(46,076)	(16,990)	(66)	(1,064)	(1,161,300)			
Savings plan claims	-	4,119	-	-	-	2,343	-	-	6,462			
Increase in provision	(226)	(305)	(3,036)	(4,369)	(333)	(129)	-	(8)	(8,400)			
Net expenses on transfer arrangements	(529)	(333)	(3,473)	(2,663)	(111)	(262)	(5,075)	(5,671)	(18,117)			
Gross healthcare results	12,518	(409)	97,746	40,690	(445)	2,898	209	3,547	156,754			
Expenses for administration	(2,702)	(2,399)	(35,209)	(29,276)	(1,367)	(1,762)	(448)	(375)	(73,538)			
Managed care: Management services	(1,512)	(952)	(9,873)	(7,589)	(318)	(757)	(247)	(203)	(21,451)			
Other income	4,097	2,579	26,744	20,557	860	2,049	2,175	1,790	60,851			
Other expenses	(2,836)	(1,786)	(18,513)	(14,231)	(596)	(1,419)	(1,506)	(1,240)	(42,127)			
Net surplus/(deficit) for the year	9,565	(2,967)	60,895	10,151	(1,866)	1,009	183	3,519	80,489			

The supplementary information presented does not form part of the consolidated and separate financial statements and is unaudited