Namibia Medical Care

(Registration number 005)

Consolidated and Separate Financial Statements

for the year ended 31 December 2020

Contents

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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 7 - 55 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 and fund 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 to 6. 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

Trustee

25 June 2021

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

25 June 2021

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 2020, 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 of Namibia.

What we have audited

Namibia Medical Care 's consolidated and separate financial statements set out on pages 7 to 55 comprise:

- the report of the board of trustees for the year ended 31 December 2020;
- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of surplus or deficit and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in funds and reserves 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 *International Code of Ethics for Professional Accountants (including International Independence Standard)* (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.

PricewaterhouseCoopers , Registered Auditors, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia Practice Number 9406, T:+ 264 (61) 284 1000, F: +264 (61) 284 1001, www.pwc.com.na

Other information

The trustees are responsible for the other information. The other information comprises the information included in the document titled "Namibia Medical Care Consolidated and Separate Financial Statements for the year ended 31 December 2020." The other information does not include the consolidated or the 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.

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 of Namibia , 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.

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- 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 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

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Samuel N Ndahangwapo
Partner

Windhoek
Date: 30 June 2021

Report of the Board of Trustees

The Board of Trustees hereby presents its annual report for the year ended 31 December 2020.

1. DESCRIPTION OF THE MEDICAL FUND

1.1 Terms of registration

The Namibia Medical Care ("NMC") fund is a "not for profit" open medical aid fund registered in Namibia in terms of the Medical Aid Funds Act 23 of 1995. In terms of the registration, a guarantee has been issued for N$ 750 000 by First National Bank of Namibia Limited in favour of Namibia Medical Care and lodged with NAMFISA (Namibia Financial Institutions Supervisory Authority) (refer to note 24).

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 Emerald Plus Amber Amber Plus

1.3 Risk transfer arrangement

Risk transfer arrangements are entered into with Hollard Insurance Company. Refer to note 14 for more information.

2. MANAGEMENT

2.1 Board of Trustees in office during the year under review

Trustees	Company	Changes
Mr T Smit	MTC	Term ended 31 August 2020
Mr P Mutota	Electricity Control Board	Appointed as chairperson 31 August 2020
Dr E Mansfeld	Medical Doctor	
Ms B Seibes-Bock	UNAM	
Dr C Karamata	Medical Doctor	
Mr J Eixab	NAMCOL	
Mr M Späth	IJG	
Ms D Brinkman	UNAM	
Ms R Haihambo	NAMPOWER	
Mr E Mudjanima	Cenored	

Report of the Board of Trustees

2.2 Principal Officer

Mrs Alison Begley

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

2.3 Registered office address and postal address

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

2.4 Medical scheme administrators during the year

Methealth Namibia Administrators (Pty) Ltd

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

2.5 Investment managers during the year

Business address:	Postal address:
Namibia Asset Management Ltd Unit 5, Tenbergen Village Cnr. Julius Nyerere Street & Robert Mugabe Avenue Windhoek Namibia	P.O. Box 23329 Windhoek Namibia
Sanlam Investment Management Namibia 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
Capricorn Asset Management 4th Floor Capricorn House 119 Independence Avenue Windhoek Namibia	P.O. Box 284 Windhoek Namibia

Report of the Board of Trustees

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 acceptable risk. The investment strategy takes into consideration any constraints imposed by legislation or the Board of Trustees.

The Board of Trustees reviews the investment performance on a regular basis at Trustee, Advisory and Investment committee meetings with the assistance of NMG Benefits / consultants.

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

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 Operational statistics per benefit option

	NMC Jade	NMC Opal	NMC Amber	NMC Amber Plus	NMC Ruby	NMC Sapphire	NMC Diamond	NMC Emerald	NMC Emerald Plus	NMC Topaz	NMC Topaz plus	Total
	2020											
Average number of principal members during the period	2,157	1,566	1,200	41	11,685	9,974	295	926	117	657	1,031	29,649
Number of principal members at 31 Dec	2,259	1,522	1,201	53	11,502	9,858	285	927	161	629	1,093	29,490
Average number of beneficiaries during the period	3,857	2,710	2,867	98	26,001	25,604	710	1,895	230	999	1,771	66,742
Total number of beneficiaries at 31 Dec	4,063	2,645	2,881	121	25,800	25,490	683	1,932	318	950	1,873	66,756
Dependent ratio at 31 Dec	1:0.8	1:0.74	1:1.4	1:1.28	1:1.24	1:1.59	1:1.4	1:1.08	1:0.98	1:0.51	1:0.71	1:1.26
Net contribution per average beneficiary per month	1,355	1,243	1,277	1,751	1,823	2,382	4,472	925	1,255	354	596	1,910
Relevant healthcare expenditure per average beneficiary per month	1,252	867	1,192	2,575	1,434	2,216	3,918	720	883	97	248	1,645
Non-healthcare expenditure per average beneficiary per month	192	162	134	124	169	153	174	152	147	141	132	160
Non-healthcare expenditure as a percentage of net contribution	14.15%	13.05%	10.49%	7.07%	9.29%	6.41%	3.89%	16.43%	11.70%	39.71%	22.17%	8.40%
Average age	33.89	41.71	51.64	49.27	40.91	45.64	54.82	43.53	40.30	37.01	38.15	42.46
Pensioner ratio at 31 Dec	1:0.01	1:0.04	1:0.18	1:0.04	1:0.04	1:0.09	1:0.27	1:0.07	1:0.04	1:0.00	1:0.01	1:0.06
Average accumulated fund per principal member at year-end	19,636	19,636	19,636	19,636	19,636	19,636	19,636	19,636	19,636	19,636	19,636	19,636

Namibia Medical Care

(Registration number 005)
Consolidated And Separate Financial Statements for the year ended 31 December 2020

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 Operational statistics per benefit option (continued)

	NMC Jade	NMC Opal	NMC Amber	NMC Amber Plus	NMC Ruby	NMC Sapphire	NMC Diamond	NMC Emerald	NMC Emerald Plus	NMC Topaz	NMC Topaz plus	Total
						2019						
Average number of principal members during the period	1,626	1,704	1,243	-	12,148	10,026	321	980	-	685	971	29,704
Number of principal members at 31 Dec	1,807	1,647	1,243	-	12,110	10,049	314	976	-	702	1,037	29,885
Average number of beneficiaries during the period	2,942	2,916	3,003	-	26,757	25,835	784	1,978	-	1,078	1,694	66,987
Total number of beneficiaries at 31 Dec	3,240	2,837	2,990	-	26,885	25,903	761	1,984	-	1,122	1,800	67,522
Dependent ratio at 31 Dec	1:0.79	1:0.72	1:1.41	-	1:1.22	1:1.58	1:1.42	1:1.03	-	1:0.6	1:0.74	1:1.26
Net contribution per average beneficiary per month	1,246	1,178	1,185	-	1,718	2,321	4,271	863	-	336	561	1,835
Relevant healthcare expenditure per average beneficiary per month	1,351	944	1,338	-	1,479	2,310	3,953	767	-	275	327	1,724
Non-healthcare expenditure per average beneficiary per month	164	129	112	-	156	141	162	129	-	26	23	141
Non-healthcare expenditure as a percentage of net contribution	13.15%	10.99%	9.48%	-	9.07%	6.07%	3.80%	14.91%	-	7.79%	4.16%	7.69%
Average age	33.09	41.08	50.84	-	40.12	45.06	54.60	42.25	-	36.47	38.23	41.91
Pensioner ratio at 31 Dec	1:0.02	1:0.04	1:0.17	-	1:0.03	1:0.08	1:0.24	1:0.06	-	1:0.003	1:0.01	1:0.06
Average accumulated fund per principal member at year-end	16,053	16,053	16,053	-	16,053	16,053	16,053	16,053	-	16,053	16,053	16,053

Report of the Board of Trustees

5.2 Operational statistics for the fund

GROUP AND FUND	2020	2019
Average accumulated funds per member	18.58	16.05
Breakdown of total amount paid to administrator:		
- Administration fees (N$'000)	92,920	80,816
- Managed care: management services (N$'000)	20,602	23,663
Investment income as percentage of investments at year-end	3.40 %	5.51 %
Realised losses as percentage of investments at year-end	(1.02)%	(0.90)%
Unrealised gains as percentage of investments at year-end	1.76 %	3.74 %

5.3 Results of operations

The results of the medical fund and its subsidiary 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	578,121	479,298
Net contribution per statement of comprehensive income	1,529,534	1,475,400
Group solvency ratio (reserve level) (based on the funds members)	**37.80 %**	**32.48 %**
FUND		
Accumulated funds per statement of financial position	579,055	479,745
Net contribution per statement of comprehensive income	1,529,534	1,475,400
	37.86 %	**32.52 %**
GROUP		
Total assets	734,562	634,872
Total liabilities	156,441	155,574
Solvency (times)	**4.70**	**4.08**
FUND		
Total assets	735,013	634,860
Total liabilities	155,958	155,115
Solvency (times)	**4.71**	**4.09**

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 11 and this is consistent with the prior year. Movements on the outstanding claims provision are set out in note 11 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 2019 in the determination of the contribution and benefit levels for the 2020 year-end.

Report of the Board of Trustees

7. GUARANTEES RECEIVED BY THE FUND FROM A THIRD PARTY

In terms of section 4 of the Medical Aid Fund Act, First National Bank of Namibia Limited has provided a guarantee of N$ 750,000 (2019: N$ 750,000) to the fund.

8. EVENTS AFTER REPORTING DATE

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are still being forced to cease or limit operations for long or indefinite periods of time. Measures that have been taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services still remain in place and these have triggered significant disruptions to businesses worldwide. This has resulted in a historic economic slowdown in most economies in the world. Global investment markets experienced great volatility and experienced a significant weakening at the start of 2020, followed by a very strong strengthening in the second half of the year.

Namibia Medical Care was impacted by the volatility in the investment markets, but the full year experience was positive. During the year, the non-payment of contributions and anticipated downgrades by members were muted. The claims experience over the past year has been more than 9% lower than expected, mainly due to the impact of the government imposed lockdowns. Namibia Medical Care expects some bounce back in claims over 2021 and the budget for 2021 reflects this normalisation of claims. The initial experience over the first 3 months indicates that the actual experience is in line with the expected experience. In addition, the budget allows for the expected cost of vaccinating all of Namibia Medical Care's members.

In summary, the projections show that while the combined impact of the normalisation of claims and the expected cost of vaccinations will lead to a higher claims ration over 2021 compared to 2020, Namibia Medical Care is expected to maintain a very healthy level of reserves at the end of 2021 and it will remain significantly in excess of the minimum regulatory reserve levels.

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 25 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.

Report of the Board of Trustees

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 25 to the consolidated and separate financial statements

Trustee / Board and Sub-committee member	Board meetings		Audit committee		Other meetings	
	A	B	A	B	A	B
T Smit	6	4	2	2	1	1
P Mutota	6	5	3	2	2	2
E Mansfeld	6	6	0	0	2	2
B Seibes-Bock	6	6	0	0	3	3
D Brinkman	6	6	0	0	3	3
CL Karamata	6	3	0	0	0	0
R Haihambo	6	5	0	0	3	3
M Späth	6	4	3	3	2	2
E Mudjanima	6	6	1	1	2	2
JE Eixab	6	6	0	0	3	2

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

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:

Trustee	Position	Company	Changes
Mr M Späth	Chairman	IJG	
Mr T Smit		MTC	Resigned on 31 August 2020
Mr P Mutota		Electricity Control Board	
Mr E Mudjanima		Cenored	Appointed on 24 November 2020

Statements of Surplus or Deficit and Other Comprehensive Income

		Group		Fund	
Figures in Namibia Dollar thousand	Notes	2020	2019	2020	2019
Net Contribution Income	12	1,529,534	1,475,400	1,529,534	1,475,400
Relevant Healthcare expenditure:					
Net claims incurred		(1,317,098)	(1,385,588)	(1,317,098)	(1,385,588)
Claims incurred	13	(1,315,263)	(1,375,974)	(1,315,263)	(1,375,974)
Risk transfer arrangement fees	14	(1,835)	(9,614)	(1,835)	(9,614)
Gross Healthcare Result		**212,436**	**89,812**	**212,436**	**89,812**
Managed care: Management services	15	(20,602)	(23,663)	(20,602)	(23,663)
Non-health care costs	16	(115,119)	(108,485)	(114,938)	(108,315)
Net Healthcare Result		**76,715**	**(42,336)**	**76,896**	**(42,166)**
Other income and expenditure:					
Investment income	17	20,731	30,048	20,731	30,048
Rental income	5	556	377	-	-
Net realised losses on financial assets	18	(6,215)	(4,893)	(6,215)	(4,893)
Other operating income	19	122	(519)	862	691
Net unrealised gains on financial assets	20	10,724	22,235	10,724	22,235
Asset management fees	25	(3,688)	(3,719)	(3,688)	(3,719)
Surplus before taxation		**98,945**	**1,193**	**99,310**	**2,196**
Income tax expense	21	(122)	(66)	-	-
Net Surplus for the Year		**98,823**	**1,127**	**99,310**	**2,196**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**98,823**	**1,127**	**99,310**	**2,196**

Statements of Financial Position as at 31 December 2020

		Group		Fund	
Figures in Namibia Dollar thousand	Notes	2020	Restated 2019	2020	Restated 2019
Assets					
Non-Current Assets					
Property, plant and equipment	4	3,594	3,715	3,594	3,715
Investment property	5	5,450	6,190	-	-
Investments in subsidiaries		-	-	7,450	7,450
Operating lease asset		3	-	-	-
		9,047	**9,905**	**11,044**	**11,165**
Current Assets					
Financial assets at fair value	6	608,926	545,148	608,926	545,148
Trade and other receivables	7	8,138	4,557	8,118	4,555
Operating lease asset		-	10	-	-
Current tax receivable	23	106	98	-	-
Cash and cash equivalents	8	108,345	75,154	106,925	73,992
		725,515	**624,967**	**723,969**	**623,695**
Total Assets		**734,562**	**634,872**	**735,013**	**634,860**
Equity and Liabilities					
Equity					
Retained income		578,121	479,298	579,055	479,745
Liabilities					
Non-Current Liabilities					
Deferred tax	9	421	400	-	-
Current Liabilities					
Trade and other payables	10	44,530	28,674	44,468	28,615
Outstanding claims provision	11	111,490	126,500	111,490	126,500
		156,020	**155,174**	**155,958**	**155,115**
Total Liabilities		**156,441**	**155,574**	**155,958**	**155,115**
Total Equity and Liabilities		**734,562**	**634,872**	**735,013**	**634,860**

Statements of Changes in Funds and Reserves

Figures in Namibia Dollar thousand	Retained income	Total
Group		
Balance at 1 January 2019	**478,171**	**478,171**
Surplus for the year	1,127	1,127
Other comprehensive income	-	-
Total comprehensive income for the year	**1,127**	**1,127**
Balance at 1 January 2020	**479,298**	**479,298**
Surplus for the year	98,823	98,823
Other comprehensive income	-	-
Total comprehensive income for the year	**98,823**	**98,823**
Balance at 31 December 2020	**578,121**	**578,121**
Fund		
Balance at 1 January 2019	**477,549**	**477,549**
Surplus for the year	2,196	2,196
Other comprehensive income	-	-
Total comprehensive income for the year	**2,196**	**2,196**
Balance at 1 January 2020	**479,745**	**479,745**
Surplus for the year	99,310	99,310
Other comprehensive income	-	-
Total comprehensive income for the year	**99,310**	**99,310**
Balance at 31 December 2020	**579,055**	**579,055**

Statements of Cash Flows

		Group		Fund	
Figures in Namibia Dollar thousand	Notes	2020	2019	2020	2019
Cash flows from / (used in) operating activities					
Cash generated from / (used in) operations	22	75,530	(28,927)	75,158	(29,141)
Interest received on cash an cash equivalents		4,283	3,454	4,283	3,454
Tax paid	23	(109)	(80)	-	-
Net cash from / (used in) operating activities		**79,704**	**(25,553)**	**79,441**	**(25,687)**
Cash flows (used in) / from investing activities					
Purchase of property, plant and equipment	4	(5)	(19)	-	(19)
Purchase of financial assets at fair value		(72,660)	(15,000)	(72,660)	(15,000)
Sale of financial assets at fair value		26,152	40,000	26,152	40,000
Purchase of straight-line asset		-	(18)	-	-
Net cash (used in) / from investing activities		**(46,513)**	**24,963**	**(46,508)**	**24,981**
Cash flows used in financing activities					
Loan repaid to subsidiary		-	-	-	(1,046)
Net cash used in financing activities		**-**	**-**	**-**	**(1,046)**
Total cash movement for the year		**33,191**	**(590)**	**32,933**	**(1,752)**
Cash at the beginning of the year		75,154	75,744	73,992	75,744
Total cash at end of the year	8	**108,345**	**75,154**	**106,925**	**73,992**

Accounting Policies

1. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated and separate 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 group financial statements comprise the consolidated financial statements of the fund and its subsidiary as at 31 December 2020.

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

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

When necessary, adjustments are made 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.

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.

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

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

Item	Average useful life
Buildings	50 years
Motor vehicles and office equipment	3 to 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.

Accounting Policies

1.4 Property, plant and equipment (continued)

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

1.5 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 27 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.

Accounting Policies

1.6 Financial instruments (continued)

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

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.

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 17).

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.

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 17).

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 27 for details of risk exposure and management thereof.

Accounting Policies

1.6 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 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 rental income.

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 27 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.

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 and separate statement of financial position if, and only if:

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

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.

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

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

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

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

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

Group as lessor

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

When the group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

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

Operating leases

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

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

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

Accounting Policies

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.

1.11 Saving options liabilities

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 IFRS 9 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.

Accounting Policies

1.13 Critical accounting estimates and judgments

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

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

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

a) 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.

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.

Accounting Policies

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.

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.

Figures in Namibia Dollar thousand

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:
• COVID-19 - Related Rent Concessions - Amendment to IFRS 16	1 June 2020	The impact of the amendment is not material
• Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020	The impact of the amendment is not material
• Presentation of Financial Statements: Disclosure initiative	1 January 2020	The impact of the amendment is not material
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	1 January 2020	The impact of the amendment is not material

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023	Impact is currently being assessed
• IFRS 17 Insurance Contracts	1 January 2023	Impact is currently being assessed
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	1 January 2022	Impact is currently being assessed
• Reference to the Conceptual Framework: Amendments to IFRS 3	1 January 2022	Impact is currently being assessed
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	1 January 2022	Impact is currently being assessed
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	1 January 2021	Impact is currently being assessed

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.

	Group		Fund	
Figures in Namibia Dollar thousand	2020	2019	2020	2019

3. Fair value information (continued)

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' saving account must be taken as a cash benefit when the member terminates his or her membership of the fund or benefit option, and enrols 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 2020, the group recognised financial instruments based on the following fair value hierarchy:

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 1

Recurring fair value measurements

Assets	Note				
Financial assets designated at fair value through surplus / (deficit)	6				
Investments at fair value		287,296	290,410	287,296	290,410
Total		**287,296**	**290,410**	**287,296**	**290,410**

Level 2

Recurring fair value measurements

Assets	Note				
Financial assets designated at fair value through surplus / (deficit)	6				
Investments at fair value		321,630	254,738	321,630	254,738
Total		**321,630**	**254,738**	**321,630**	**254,738**

Notes to the Consolidated And Separate Financial Statements

		Group		Fund	
Figures in Namibia Dollar thousand		2020	2019	2020	2019

3. Fair value information (continued)

Level 3

Recurring fair value measurements

Assets	Note				
Investment property	5				
Investment property		5,450	6,190	-	-
Total		**5,450**	**6,190**	**-**	**-**

There were no transfers between level 1 and level 2 fair value measurements during the period, and no transfers into or out of level 3 fair value measurements for the financial years ended 31 December 2020 or 2019.

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 un-discounted future estimated cash-flows, with the probability of default being a significant input.

4. Property, plant and equipment

Group & Fund	2020			2019		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Land and buildings	4,114	(596)	3,518	4,114	(548)	3,566
Leasehold improvements	3	(3)	-	3	(3)	-
Motor vehicles and office equipment	556	(480)	76	551	(402)	149
Total	**4,673**	**(1,079)**	**3,594**	**4,668**	**(953)**	**3,715**

Reconciliation of property, plant and equipment - Group and Fund - 2020

	Opening balance	**Additions**	**Depreciation**	**Total**
Land and buildings	3,566	-	(48)	3,518
Motor vehicles and office equipment	149	5	(78)	76
	3,715	**5**	**(126)**	**3,594**

Reconciliation of property, plant and equipment - Group and Fund - 2019

	Opening balance	**Additions**	**Depreciation**	**Total**
Land and buildings	3,615	-	(49)	3,566
Motor vehicles and office equipment	214	19	(84)	149
	3,829	**19**	**(133)**	**3,715**

Notes to the Consolidated And Separate Financial Statements

	Group		Fund	
Figures in Namibia Dollar thousand	2020	2019	2020	2019

5. Investment property

Group	2020			2019		
	Valuation	**Accumulated depreciation**	**Carrying value**	**Valuation**	**Accumulated depreciation**	**Carrying value**
Investment property	5,450	-	5,450	6,190	-	6,190

Reconciliation of investment property - Group - 2020

	Opening balance	**Fair value adjustments**	**Total**
Investment property	6,190	(740)	5,450

Reconciliation of investment property - Group - 2019

	Opening balance	**Fair value adjustments**	**Total**
Investment property	7,400	(1,210)	6,190

Land and buildings comprise of:

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

- Cost price: 2007	1,847	1,847	-	-

Details of valuation

The valuation was performed by Pierewiet Wilders Valuations on 12 May 2021. 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	$ 145
Price per square metre parking	$ 450
Expenses	$ 7,019
Net income	$ 37,904
Vacancy rate	4 %
Capitalisation rate	8.5 %

A 10% change in the following would have the effect on the fair value:	**Increase N$**	**Decrease N$**
Price per square metre office and parking	824	(824)
Net income	725	(725)
Capitalisation	725	(725)

Amounts recognised in profit and loss for the year

Rental income from investment property	556	377	-	-
Municipal expenses	(63)	(62)	-	-
	493	**315**	**-**	**-**

Figures in Namibia Dollar thousand	Group 2020	Group 2019	Fund 2020	Fund 2019

6. Financial assets at fair value

	Group 2020	Group 2019	Fund 2020	Fund 2019
Fair value at the beginning of the year	545,148	529,933	545,148	529,933
Additions	72,660	15,000	72,660	15,000
Dividends received	4,771	3,630	4,771	3,630
Disposals	(26,152)	(40,000)	(26,152)	(40,000)
Interest received	11,677	22,962	11,677	22,962
Asset management fees	(3,688)	(1,896)	(3,688)	(1,896)
Unrealised gains	10,725	20,409	10,725	20,409
Realised losses	(6,215)	(4,890)	(6,215)	(4,890)
Fair value at the end of the year	**608,926**	**545,148**	**608,926**	**545,148**

Split between non-current and current portions

	Group 2020	Group 2019	Fund 2020	Fund 2019
Current assets	608,926	545,148	608,926	545,148

The investments to be included above represent investments in:

GROUP AND FUND	Foreign N$'000	Local N$'000	Total N$'000
2020			
Cash and deposits	22,157	125,671	147,828
Unlisted equity	18,623	16,347	34,970
Listed equity	180,612	52,681	233,293
Debt instruments	59,757	79,075	138,832
Property	5,983	4,198	10,181
Commodities	1,855	-	1,855
Other securities	25,694	16,273	41,967
	314,681	**294,245**	**608,926**

GROUP AND FUND	Foreign N$'000	Local N$'000	Total N$'000
2019			
Cash and deposits	18,299	101,227	119,526
Unlisted equity	-	17,064	17,064
Listed equity	223,033	51,053	274,086
Debt instruments	54,908	63,487	118,395
Property	5,667	8,008	13,675
Commodities	-	1,774	1,774
Other securities	874	-	874
Less: accrued expenses	-	(246)	(246)
	302,781	**242,367**	**545,148**

Notes to the Consolidated And Separate Financial Statements

Figures in Namibia Dollar thousand	Group 2020	Group 2019	Fund 2020	Fund 2019

6. Financial assets at fair value (continued)

Cash and deposits consist of:				
Current accounts	12,610	12,313	12,610	12,313
Call account	13,251	26,923	13,251	26,923
Money markets	121,967	80,290	121,967	80,290
	147,828	**119,526**	**147,828**	**119,526**

Debt instruments consist of the following instruments:				
Bonds	138,832	111,118	138,832	111,118
Other	-	7,277	-	7,277
	138,832	**118,395**	**138,832**	**118,395**

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.

The maturity ranges of the debt instruments are as follows:

2020	1-3 years N$'000	3-7 years N$'000	7-12 years N$'000	> 12 years N$'000	Total N$'000
Bonds	41,765	25,530	24,167	47,370	138,832

2019	1-3 years N$'000	3-7 years N$'000	7-12 years N$'000	> 12 years N$'000	Total N$'000
Bonds	32,003	29,200	19,383	30,532	111,118
Other	7,277	-	-	-	7,277
	39,280	**29,200**	**19,383**	**30,532**	**118,395**

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	1,855	1,774	1,855	1,774

Notes to the Consolidated And Separate Financial Statements

Figures in Namibia Dollar thousand	Group 2020	Group 2019	Fund 2020	Fund 2019

7. Trade and other receivables

Financial instruments:				
Contributions outstanding	8,402	4,440	8,402	4,440
Impairment loss allowance	(752)	(419)	(752)	(419)
Trade receivables at amortised cost	7,650	4,021	7,650	4,021
Other receivables	454	526	434	526
Non-financial instruments:				
Value added tax	-	2	-	-
Prepayments	34	8	34	8
Total trade and other receivables	**8,138**	**4,557**	**8,118**	**4,555**

Split between non-current and current portions

Current assets	8,138	4,557	8,118	4,555

Reconciliation of impairment loss allowance of trade and other receivables (insurance receivables)

Opening balance	(419)	(507)	(419)	(507)
Additional impairment made in the period	(1,373)	(4,551)	(1,373)	(4,551)
Amounts utilised during the period	1,040	4,639	1,040	4,639
	(752)	**(419)**	**(752)**	**(419)**

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	2020	2020	2020	2019	2019	2019
Insurance receivables	**Estimated gross carrying amount at default**	**Impairment loss allowance**	**Net carrying amount**	**Estimated gross carrying amount at default**	**Impairment loss allowance**	**Net carrying amount**
Current	7,410	(125)	7,285	8,453	(140)	8,313
31 - 60 days past due	1,740	(22)	1,718	(77)	(36)	(113)
61 - 90 days past due	1,052	(15)	1,037	457	(42)	415
91 - 120 days past due	(1,800)	(590)	(2,390)	(4,393)	(201)	(4,594)
Total	**8,402**	**(752)**	**7,650**	**4,440**	**(419)**	**4,021**

The entire amount of trade and other receivables is unrated. 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.

Notes to the Consolidated And Separate Financial Statements

	Group		Fund	
Figures in Namibia Dollar thousand	2020	2019	2020	2019

7. Trade and other receivables (continued)

The following provision matrix has been applied for the 2020 financial year:

Credit loss matrix	**Current**	**30 days**	**60 days**	**90 days**	**120 days +**
Default / loss rate	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.

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	Group 2020	Group 2019	Fund 2020	Fund 2019
Cash on hand	3	-	3	-
Short-term deposits	108,342	75,154	106,922	73,992
	108,345	**75,154**	**106,925**	**73,992**

The current, 48 hours and call account are available at request. The effective interest rate on the 48 hours account is dependent on the amount held in the bank (not fixed) and therefore changes regularly. The carrying amounts of cash and cash equivalents approximate fair values due to the short-term maturities of these assets. Also refer to contingent liabilities as per note 24.

At 31 December 2020, the group had a monthly settlement limit of N$ 236,000,000 (2019: N$ 236,000,000).

9. Deferred tax

Deferred tax liability

	Group 2020	Group 2019	Fund 2020	Fund 2019
Investment property	(425)	(402)	-	-
Operating lease asset	(1)	(3)	-	-
Total deferred tax liability	**(426)**	**(405)**	**-**	**-**

Deferred tax asset

	Group 2020	Group 2019	Fund 2020	Fund 2019
Income received in advance	5	5	-	-

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

	Group 2020	Group 2019	Fund 2020	Fund 2019
Deferred tax liability	(426)	(405)	-	-
Deferred tax asset	5	5	-	-
Total net deferred tax liability	**(421)**	**(400)**	**-**	**-**

Reconciliation of deferred tax asset / (liability)

	Group 2020	Group 2019	Fund 2020	Fund 2019
At beginning of year	(400)	(360)	-	-
Timing differences	(21)	(40)	-	-
	(421)	**(400)**	**-**	**-**

Notes to the Consolidated And Separate Financial Statements

	Group		Fund	
Figures in Namibia Dollar thousand	2020	2019	2020	2019

10. Trade and other payables

Financial instruments:				
Trade payables	924	727	880	684
Reported claims not yet paid	2,157	2,607	2,157	2,607
Payroll accruals	57	47	57	47
Accruals	1,507	1,365	1,507	1,365
Other payables	16	156	-	140
Non-financial instruments:				
Net contributions received in advance	39,407	23,772	39,407	23,772
Back-up benefit	460	-	460	-
Value added tax	2	-	-	-
	44,530	**28,674**	**44,468**	**28,615**

Total liabilities arising from insurance contracts	42,026	26,380	42,026	26,380
Total non-insurance liabilities	2,504	2,294	2,442	2,235
	44,530	**28,674**	**44,468**	**28,615**

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.

11. Outstanding claims provision

Analysis of movements in outstanding claims:					
Balance at beginning of the year		126,500	107,400	126,500	107,400
Movement in outstanding claims provision	Note 13	(15,010)	19,100	(15,010)	19,100
Payment in respect of prior year		(126,499)	(107,658)	(126,499)	(107,658)
(Over)/under provision in prior year		(1)	258	(1)	258
Adjustment for current year		111,490	126,500	111,490	126,500
		111,490	**126,500**	**111,490**	**126,500**

Analysis of outstanding claims provision				
Estimated gross claims	111,490	126,500	111,490	126,500

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.

Notes to the Consolidated And Separate Financial Statements

		Group		Fund	
Figures in Namibia Dollar thousand		2020	2019	2020	2019

12. Net contribution income

Net contribution income	1,529,534	1,475,400	1,529,534	1,475,400
Gross contribution	1,531,027	1,475,400	1,531,027	1,475,400
less: Back-up benefit contributions	(1,493)	-	(1,493)	-
	1,529,534	**1,475,400**	**1,529,534**	**1,475,400**

13. Net claims incurred

Current claims		1,322,488	1,349,081	1,322,488	1,349,081
Ex-gratia claims		8,717	7,977	8,717	7,977
Movement in outstanding claims provision	Note 11	(15,010)	19,100	(15,010)	19,100
Under provision in prior years		(1)	258	(1)	258
Adjustment in current year		(15,009)	18,842	(15,009)	18,842
Less: Back-up benefit claims		(887)	-	(887)	-
Discount received		(45)	(184)	(45)	(184)
		1,315,263	**1,375,974**	**1,315,263**	**1,375,974**

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

14. 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 2020 and 2019.

Emergency Evacuation by Air: The fund is self-insured for 2020 and 2019.

Other risk transfer arrangements

Premium waiver: This was self-insured for 2020 and 2019. In terms of this all principal members are covered for 3 months' premium in case of death.

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 (2019: 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$ 3.15 (2019: N$ 3.00) per principal member per month for the year under review for this service.

Other risk transfer arrangements				
Net expense	(1,835)	(9,614)	(1,835)	(9,614)
- Other risk transfer arrangement expenses paid	(1,052)	(8,893)	(1,052)	(8,893)
- Premium waiver claims	(783)	(721)	(783)	(721)
	(1,835)	**(9,614)**	**(1,835)**	**(9,614)**

Notes to the Consolidated And Separate Financial Statements

	Group		Fund	
Figures in Namibia Dollar thousand	2020	2019	2020	2019

15. Managed care: Management services

Managed care cost	(20,602)	(23,663)	(20,602)	(23,663)

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.

16. Non-health care expenses

Actuarial fee	1,288	1,233	1,288	1,233
Administration fees	92,920	80,816	92,920	80,816
Auditors remuneration	539	423	517	418
Bank charges	423	1,226	415	1,225
Depreciation	126	133	126	133
Entertainment	6	24	6	24
Insurance	270	360	250	340
Legal expenses	87	71	87	71
Levies and municipal expenses	150	146	87	84
Marketing	3,807	4,835	3,807	4,835
Membership fees	3,656	3,354	3,656	3,354
NAMFISA levies	2,143	2,214	2,143	2,214
Office expenses	104	125	36	43
Postage	58	142	58	142
Printing and stationery	56	55	56	55
Professional fees	630	268	630	268
Provision for bad debts	1,373	4,551	1,373	4,551
Repairs and maintenance	13	6	13	6
Salaries and wages	2,888	2,592	2,888	2,592
Smart card fees	2,223	3,492	2,223	3,492
Social responsibility	1,755	1,679	1,755	1,679
Telephone	221	256	221	256
Training	-	18	-	18
Travel, accommodation and conferences	39	139	39	139
Trustee fees	344	324	344	324
Uniforms	-	3	-	3
	115,119	**108,485**	**114,938**	**108,315**

17. Investment income

Income from investments				
Interest from financial assets at fair value	11,677	22,962	11,677	22,962
Dividend income	4,771	3,630	4,771	3,630
Cash and cash equivalents	4,283	3,456	4,283	3,456
	20,731	**30,048**	**20,731**	**30,048**

18. Net realised losses on financial assets

Realised losses on financial assets at fair value	(6,215)	(4,893)	(6,215)	(4,893)

Notes to the Consolidated And Separate Financial Statements

	Group		Fund	
Figures in Namibia Dollar thousand	2020	2019	2020	2019

19. Other operating income

Bad debts recovered	862	691	862	691
Fair value adjustment	(740)	(1,210)	-	-
	122	**(519)**	**862**	**691**

20. Net unrealised gains on financial assets

Unrealised gains on financial assets at fair value	10,724	22,235	10,724	22,235

21. Taxation

Major components of the tax expense

Current				
Current year	101	26	-	-
Deferred				
Attributable to temporary differences arising in current year	21	40	-	-
	122	**66**	**-**	**-**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	98,945	1,193	-	-
Tax at the applicable tax rate of 32% (2019: 32%)	31,662	382	-	-
Tax effect of adjustments on taxable income				
Non-deductible expenses	(237)	-	-	-
Other income	-	71	-	-
Tax losses carried forward	(31,303)	(387)	-	-
Tax expense	**122**	**66**	**-**	**-**

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

22. Reconciliation of net surplus for the year to cash generated from operations

Surplus before taxation	98,945	1,193	99,310	2,196
Adjustments for:				
Depreciation	126	133	126	133
Net realised gains on financial assets	6,215	4,893	6,215	4,893
Investment income	(20,731)	(30,048)	(20,731)	(30,048)
Net unrealised losses on financial assets	(10,724)	(22,235)	(10,724)	(22,235)
Asset management fees	3,688	3,719	3,688	3,719
Outstanding claims provision	(15,010)	19,100	(15,010)	19,100
Provision for impairment losses	-	(88)	-	(88)
Fair value adjustment	740	1,210	-	-
Movement in operating lease asset	-	(1)	-	-
Changes in working capital:				
Trade and other receivables	(3,581)	(2,006)	(3,563)	(2,008)
Trade and other payables	15,862	(4,797)	15,847	(4,803)
	75,530	**(28,927)**	**75,158**	**(29,141)**

Notes to the Consolidated And Separate Financial Statements

	Group		Fund	
Figures in Namibia Dollar thousand	2020	2019	2020	2019

23. Tax paid

Balance at beginning of the year	98	44	-	-
Current tax for the year recognised in profit or loss	(101)	(26)	-	-
Balance at end of the year	(106)	(98)	-	-
	(109)	**(80)**	**-**	**-**

24. Commitments and contingencies

Operating leases – as lessor (income)

Minimum lease payments due				
- within one year	213	133	-	-
- in second to fifth year inclusive	370	-	-	-
	583	**133**	**-**	**-**

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 (2019: 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.

25. Related parties

Relationships

Key management personnel and their close family members

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

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

Transactions with related parties

Key management personnel:
Details of the trustees and sub-committee members remuneration (as disclosed in note 16) 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.

Notes to the Consolidated And Separate Financial Statements

Figures in Namibia Dollar thousand	Group 2020	Group 2019	Fund 2020	Fund 2019

25. Related parties (continued)

	Fees for meeting attendance 2020 N$	Fees for holding of office 2020 N$	Total consideration 2020 N$	Fees for meeting attendance 2019 N$	Fees for holding of office 2019 N$	Total consideration 2019 N$
SL Mbidhi	-	-	-	3	-	3
T Smit	29	13	42	40	19	59
P Mutota	33	19	52	28	19	47
E Mansfeld	26	19	45	17	19	36
B Seibes-Bock	29	19	48	26	19	45
D Brinkman	29	-	29	23	-	23
CL Karamata	10	-	10	13	-	13
R Haihambo	26	-	26	16	-	16
M Späth	30	6	36	34	-	34
E Mudjanima	30	-	30	25	-	25
JE Eixab	26	-	26	23	-	23
	268	**76**	**344**	**248**	**76**	**324**

The salary paid to the Principal 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:

			2020	2019
CL Karamata	-	-	257	292
E Mansfeld	-	-	1,632	1,563
	-	-	**1,889**	**1,855**

Parties with significant influence over the group and the fund:

Methealth Namibia Administrators (Pty) Ltd	**2020**	**2019**
Statement of comprehensive income		
Administration fee	92,920	80,816
Managed care services fee	20,602	23,663
	113,522	**104,479**

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.

Statement of comprehensive income	**2020**	**2019**
Asset management fees		
Namibia Asset Managers	905	876
Sanlam Investment Management	1,026	1,070
Old Mutual	1,097	1,101
Prudential	660	672
	3,688	**3,719**

Notes to the Consolidated And Separate Financial Statements

	Group		Fund	
Figures in Namibia Dollar thousand	2020	2019	2020	2019

25. Related parties (continued)

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	2020	2019
Investment in NMC House (Pty) Ltd	1	100 %	7,450	7,450

26. 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.

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

26. Insurance risk management (continued)

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	128,390	3,273	386	126,690	258,739
26 - 35	81,832	2,935	693	93,203	178,663
36 - 50	166,009	15,292	5,006	180,838	367,145
51 - 65	161,429	23,716	3,523	127,723	316,391
> 65	110,533	19,843	224	63,725	194,325
Total for 2020	**648,193**	**65,059**	**9,832**	**592,179**	**1,315,263**

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	153,288	3,097	389	135,942	292,716
26 - 35	86,966	2,519	601	94,905	184,991
36 - 50	173,660	14,051	5,094	189,161	381,966
51 - 65	158,810	22,067	3,237	131,085	315,199
> 65	124,656	17,686	226	58,534	201,102
Total for 2019	**697,380**	**59,420**	**9,547**	**609,627**	**1,375,974**

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.

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.

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.

Notes to the Consolidated And Separate Financial Statements

	Group		Fund	
Figures in Namibia Dollar thousand	2020	2019	2020	2019

27. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2020

	Notes	Fair value through profit or loss - Mandatory	Amortised cost	Leases	Total	Fair value
Investments at fair value	6	608,926	-	-	608,926	608,926
Operating lease asset		-	-	3	3	3
Trade and other receivables	7	-	8,104	-	8,104	8,104
Cash and cash equivalents	8	-	108,345	-	108,345	108,345
		608,926	**116,449**	**3**	**725,378**	**725,378**

Group - 2019

	Notes	Fair value through profit or loss - Mandatory	Amortised cost	Leases	Total	Fair value
Investments at fair value	6	545,148	-	-	545,148	545,148
Operating lease asset		-	-	10	10	10
Trade and other receivables	7	-	4,547	-	4,547	4,547
Cash and cash equivalents	8	-	75,154	-	75,154	75,154
		545,148	**79,701**	**10**	**624,859**	**624,859**

Fund - 2020

	Notes	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investments at fair value	6	608,926	-	608,926	608,926
Trade and other receivables	7	-	8,084	8,084	8,084
Cash and cash equivalents	8	-	106,925	106,925	106,925
		608,926	**115,009**	**723,935**	**723,935**

Fund - 2019

	Notes	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investments at fair value	6	545,148	-	545,148	545,148
Trade and other receivables	7	-	4,547	4,547	4,547
Cash and cash equivalents	8	-	73,992	73,992	73,992
		545,148	**78,539**	**623,687**	**623,687**

Notes to the Consolidated And Separate Financial Statements

	Group		Fund	
Figures in Namibia Dollar thousand	2020	2019	2020	2019

27. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2020

	Note	Amortised cost	Total	Fair value
Trade and other payables	10	4,661	4,661	4,661

Group - 2019

	Note	Amortised cost	Total	Fair value
Trade and other payables	10	4,902	4,902	4,902

Fund - 2020

	Note	Amortised cost	Total	Fair value
Trade and other payables	10	4,601	4,601	4,601

Fund - 2019

	Note	Amortised cost	Total	Fair value
Trade and other payables	10	4,843	4,843	4,843

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 year-end the group had a solvency ratio (reserve level) of 37.80% (2019: 32.48%) and the fund had a solvency ratio (reserve level) of 37.86% (2019: 32.52%).

Trade and other payables	10	44,530	28,674	44,468	28,615
Outstanding claims provision	11	111,490	126,500	111,490	126,500
Total borrowings		**156,020**	**155,174**	**155,958**	**155,115**

27. Financial instruments and risk management (continued)

Financial risk management

Overview

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

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

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

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

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

Credit risk

Credit risk is the risk of financial loss to the group if a customer or 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.

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.

Notes to the Consolidated And Separate Financial Statements

	Group		Fund	
Figures in Namibia Dollar thousand	2020	2019	2020	2019

27. Financial instruments and risk management (continued)

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

Financial assets at fair value	608,926	545,148	608,926	545,148
Trade and other receivables	8,104	4,547	8,084	4,547
Insurance receivable	7,650	4,021	7,650	4,021
Other receivable	454	526	434	526
Cash and cash equivalents	108,345	75,154	106,925	73,992
	725,375	**624,849**	**723,935**	**623,687**

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 (A1+)	108,345	75,154	106,925	73,992

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 un-discounted contractual amounts.

	Group		Fund	
Figures in Namibia Dollar thousand	2020	2019	2020	2019

27. Financial instruments and risk management (continued)

Group - 2020

		Less than 1 year	Total
Current liabilities			
Trade and other payables	10	(4,661)	(4,661)
Current assets			
Financial assets at fair value	6	608,926	608,926
Trade and other receivables	7	8,104	8,104
Cash and cash equivalents	8	108,345	108,345
		725,375	**725,375**
		720,714	**720,714**

Group - 2019

		Less than 1 year	Total
Current liabilities			
Trade and other payables	10	(4,902)	(4,902)
Current assets			
Financial assets at fair value	6	545,148	545,148
Trade and other receivables	7	4,547	4,547
Cash and cash equivalents	8	75,154	75,154
		624,849	**624,849**
		619,947	**619,947**

Notes to the Consolidated And Separate Financial Statements

	Group		Fund	
Figures in Namibia Dollar thousand	2020	2019	2020	2019

27. Financial instruments and risk management (continued)

Fund - 2020

		Less than 1 year	Total
Current liabilities			
Trade and other payables	10	(4,601)	(4,601)
Current assets			
Financial assets at fair value	6	608,926	608,926
Trade and other receivables	7	8,084	8,084
Cash and cash equivalents	8	106,995	106,995
		724,005	**724,005**
		719,404	**719,404**

Fund - 2019

		Less than 1 year	Total
Current liabilities			
Trade and other payables	10	(4,843)	(4,843)
Current assets			
Financial assets at fair value	6	545,148	545,148
Trade and other receivables	7	4,547	4,547
Cash and cash equivalents	8	73,992	73,992
		623,687	**623,687**
		618,844	**618,844**

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.

	Group		Fund	
Figures in Namibia Dollar thousand	2020	2019	2020	2019

27. 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 less than 25% of investments are held in a currency other than Namibian Dollar or South African Rand. As the South African Rand and the Namibian Dollar currencies are pegged, investments held in South African Rand do not pose a currency risk.

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	Less than 12 months N$'000	Total N$'000
As at 31 December 2020		
Financial assets at fair value	608,926	608,926

GROUP	Less than 12 months N$'000	Total N$'000
As at 31 December 2019		
Cash and cash equivalents	75,154	75,154
Financial assets at fair value	545,148	545,148
	620,302	**620,302**

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

Cash and cash equivalents	3.67 %	4.75 %	3.67 %	4.75 %
Financial assets at fair value: cash	4.84 %	5.70 %	4.84 %	5.70 %
Financial assets at fair value: bonds	9.83 %	7.76 %	9.83 %	7.76 %

Figures in Namibia Dollar thousand

27. 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	2020	2020	2019	2019
Increase or decrease of 10 basis points	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Cash and cash equivalents	1,069	(1,069)	740	(740)
Financial assets measured at fair value: cash	5,544	(5,544)	1,195	(1,195)
Financial assets measured at fair value: bonds	5,206	(5,206)	1,184	(1,184)
	11,819	**(11,819)**	**3,119**	**(3,119)**

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	2020	2020	2019	2019
Increase or decrease of 10% in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Equity portfolio	26,826	(26,826)	29,115	(29,115)

Notes to the Consolidated And Separate Financial Statements

	Group		Fund	
Figures in Namibia Dollar thousand	2020	2019	2020	2019

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

Legal risk

Legal risk is the risk that the group will be exposed to contractual obligations which have not been provided for. At 31 December 2020, 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.

28. Comparative figures

During the prior year, an amount of the financial assets at fair value was disclosed as non-current portion. As the investment can be withdrawn at any time, the amount was reclassified to a current portion of the financial assets at fair value.

The effects of the reclassification are as follows:

Statements of Financial Position				
Financial assets at fair value - Non-current asset	-	(118,395)	-	(118,395)
Financial assets at fair value - Current asset	-	118,395	-	118,395

Namibia Medical Care

(Registration number 005)
Consolidated And Separate Financial Statements for the year ended 31 December 2020

Supplementary information

	Suplus/(Deficit) per benefit option											
	NMC Jade	NMC Opal	NMC Amber	NMC Amber Plus	NMC Ruby	NMC Sapphire	NMC Diamond	NMC Emerald	NMC Emerald Plus	NMC Topaz	NMC Topaz plus	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
						2020						
Net contribution	**62,697**	**40,404**	**43,928**	**2,066**	**568,924**	**731,999**	**38,100**	**21,043**	**3,471**	**4,243**	**12,659**	**1,529,534**
Gross contribution	62,697	40,404	43,928	2,066	568,924	731,999	38,100	21,043	3,471	4,243	12,659	1,529,534
Net claims incurred	**(57,792)**	**(28,082)**	**(40,927)**	**(3,037)**	**(446,633)**	**(680,289)**	**(33,360)**	**(16,326)**	**(2,434)**	**(1,142)**	**(5,241)**	**(1,315,263)**
Gross claims	(58,451)	(28,402)	(41,394)	(3,072)	(451,730)	(688,053)	(33,741)	(16,512)	(2,462)	(1,155)	(5,301)	(1,330,273)
Increase in provision	659	320	467	35	5,097	7,764	381	186	28	13	60	15,010
Net expenses on transfer arrangements	(137)	(101)	(77)	(2)	(752)	(637)	(19)	(59)	(7)	(17)	(27)	(1,835)
Gross healthcare results	**4,768**	**12,221**	**2,924**	**(973)**	**121,539**	**51,073**	**4,721**	**4,658**	**1,030**	**3,084**	**7,391**	**212,436**
Expenses for administration	(6,244)	(3,321)	(3,118)	(100)	(38,311)	(34,550)	(1,113)	(2,306)	(279)	(1,330)	(2,248)	(92,920)
Managed care: Management services	(1,535)	(1,159)	(884)	(25)	(8,629)	(7,339)	(219)	(684)	(68)	(23)	(37)	(20,602)
Other income	1,119	812	622	21	6,062	5,173	153	480	60	341	535	15,378
Other expenses	(1,090)	(792)	(606)	(21)	(5,904)	(5,040)	(149)	(468)	(59)	(332)	(521)	(14,982)
Net surplus/(deficit) for the year	**(2,982)**	**7,761**	**(1,062)**	**(1,098)**	**74,757**	**9,317**	**3,393**	**1,680**	**684**	**1,740**	**5,120**	**99,310**

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

Supplementary information

	Suplus/(Deficit) per benefit option										
	NMC Jade	NMC Opal	NMC Amber	NMC Amber Plus	NMC Ruby	NMC Sapphire	NMC Diamond	NMC Emerald	NMC Emerald Plus	NMC Topaz	NMC Topaz plus	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
	2019											
Net contribution	**43,976**	**41,202**	**42,686**	-	**551,584**	**719,516**	**40,198**	**20,482**	-	**4,349**	**11,407**	**1,475,400**
Gross contribution	43,976	41,202	42,686		551,584	719,516	40,198	20,482		4,349	11,407	1,475,400
Net claims incurred	**(47,562)**	**(32,806)**	**(48,079)**	-	**(473,470)**	**(714,907)**	**(37,161)**	**(18,082)**	-	**(710)**	**(3,197)**	**(1,375,974)**
Gross claims	(46,901)	(32,351)	(47,412)	-	(466,898)	(704,983)	(36,645)	(17,831)	-	(700)	(3,153)	(1,356,874)
Increase in provision	(661)	(455)	(667)	-	(6,572)	(9,924)	(516)	(251)	-	(10)	(44)	(19,100)
Net expenses on transfer arrangements	(131)	(208)	(148)	-	(1,466)	(1,200)	(39)	(118)	-	(2,844)	(3,460)	(9,614)
Gross healthcare results	**(3,717)**	**8,188**	**(5,541)**	-	**76,648**	**3,409**	**2,998**	**2,282**	-	**795**	**4,750**	**89,812**
Expenses for administration	(3,970)	(2,564)	(2,620)	-	(36,099)	(32,164)	(1,158)	(1,929)	-	(132)	(180)	(80,816)
Managed care: Management services	(1,322)	(1,451)	(1,050)	-	(10,279)	(8,459)	(274)	(828)	-	-	-	(23,663)
Other income	1,415	1,482	1,082	-	10,570	8,724	279	853	-	596	845	25,846
Other expenses	(492)	(515)	(376)	-	(3,674)	(3,032)	(97)	(296)	-	(207)	(294)	(8,983)
Net surplus/(deficit) for the year	**(8,086)**	**5,140**	**(8,505)**	-	**37,166**	**(31,522)**	**1,748**	**82**	-	**1,052**	**5,121**	**2,196**

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