2021

ANNUAL FINANCIAL STATEMENTS

nampost®

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Namibia Post Limited Group is engaged in the supply of postal services, courier services, savings bank services and micro-lending and operates principally in Namibia. In addition, the Group provides Universal Electronic Payment System's applications, products and services to financial institutions, government organisations, retailers, employers and other service providers.
Directors	Refer to page 7, section 5
Registered Office	Post Office Building Corner Independence Avenue and Daniel Munamava Street Windhoek
Business address	Post Office Building Corner Independence Avenue and Daniel Munamava Street Windhoek
Postal address	P O Box 287 Windhoek Namibia
Holding company	Namibia Post and Telecom Holdings Limited incorporated in Namibia
Bankers	Bank Windhoek Limited Standard Bank of Namibia Limited
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Eldorette C Harmse
Company registration number	92/284
Lawyers	Shikongo Law Chambers and ENSafrica/Namibia

Contents

The following supplementary information does not form part of the annual financial statements and is unaudited:

Directors' Responsibilities and Approval

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

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

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

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

The directors have reviewed the Group's cash flow forecast for the year to 30 September 2022 and, in light of this review and the current financial position, they are satisfied that the Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Group's annual financial statements. The annual financial statements have been examined by the Group's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 68, which have been prepared on the going concern basis, were approved and authorized for issue by the board of directors and were signed on their behalf by:

Signed on behalf of the Board of Directors By:

Director | **Director**

Windhoek

Date: 3 December 2021

Independent auditor's report

To the Member of Namibia Post Limited

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 Post Limited (the Company) and its subsidiaries (together the Group) as at 30 September 2021, 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 Companies Act of Namibia.

What we have audited

Namibia Post Limited's consolidated and separate financial statements set out on pages 7 to 68 comprise:

- the directors' report for the year ended 30 September 2021;
- the consolidated and separate statements of financial position as at 30 September 2021;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "NAMIBIA POST LIMITED AND ITS SUBSIDIARY (Registration number 92/284) ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021". 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 directors for the consolidated and separate financial statements

The directors 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 Companies Act of Namibia, and for such internal control as the directors 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 directors are responsible for assessing the Group and the Company'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 directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 Company'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 Company 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 directors 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: 07/12/2021

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Namibia Post Limited, consolidated and separate for the year ended 30 September 2021.

1. Nature of business

Namibia Post Limited and its subsidiary are engaged in the supply of postal services, courier services, savings bank services and micro - lending and operates principally in Namibia. In addition, providing the Universal Electronic Payment System's applications, products and services to financial institutions, government organisations, retailers, employers and other service providers.

There have been no material changes to the nature of the Group's business from the prior year.

2. Review of financial results and activities

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia. The accounting policies have been applied consistently compared to the prior year, with the exception of IFRS 16 which became effective in the current year.

Full details of the financial position, results of operations and cash flows of the Group are set out in these annual financial statements.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

No dividends were paid during the year under review (2020: Nil).

5. Directorate

The directors in office for the year covered by and as at the date of this report are all Namibians and their details are as follows:

Directors	Date of initial Appointment	Appointed	Changes	Current Designation
E Nangula Hamunyela	20 November 2013	Chairperson	Resigned 30 April 2021	
Perien J Boer	26 August 2013	Non-executive	Resigned 30 April 2021	
Muronga Haingura	01 October 2016	Vice Chairperson	Resigned 07 January 2021	
Israel U D Kalenga	01 October 2016	Non-executive	Resigned 30 April 2021	
James A Cumming	01 October 2016	Non-executive	Re-appointed 01 May 2021	Non-executive
Simeon Amunkete			Appointed 01 May 2021	Chairperson
Leezhel Mouton			Appointed 01 May 2021	Vice Chairperson
Martha Shingenge			Appointed 01 May 2021	Non-executive
Ndangi Katoma			Appointed 01 May 2021	Non-executive

Directors' Report

6. Interest in subsidiaries and joint venture

Name of subsidiary / joint venture	Country of incorporation	% Holding
NamPost Financial Brokers (Pty) Ltd (Subsidiary)	Namibia	100
SmartSwitch Namibia (Pty) Ltd - SSN (Joint venture)	Namibia	50

	2021 N$ '000	2020 N$ '000
NamPost Financial Brokers (Pty) Ltd		
Total profit after income tax	13,533	14,584
****SmartSwitch Namibia (Pty) Ltd***		
Total profit after income tax	1,435	5,414
	14,968	**19,998**

*There were no significant acquisitions or disposals during the year ended 30 September 2021, except for the dissolution of SmartSwitch Namibia. The joint venture is in the process of being wound-up, resulting in net investment write-down of N$ 2.3 million, which consist of N$ 0.7 million share of after tax profit, N$ 0.5 million share of the remaining reserves and the carrying amount write-down of N$ 2.5 million.

7. Holding company

The Group's (Namibia Post (Ltd) and NamPost Financial Brokers (Pty) Ltd) holding company is Namibia Post and Telecom Holdings Limited (NPTH) incorporated in Namibia.

8. Events after the reporting year

The directors are not aware of any significant event which occurred after the reporting date and up to the date of this report that can have a material impact on these financial statements.

9. Auditors

PricewaterhouseCoopers continued in office as auditors for the company, it's subsidiary and joint venture for the 2021 financial year in accordance with section 278(2) of the Companies Act of Namibia.

10. Secretary

The company secretary is E C Harmse.

Postal address	P O Box 287 Windhoek
Business address	Post Office Building Corner Independence Avenue and Daniel Munamava Street Windhoek

11. Acknowledgements

Thanks and appreciation are extended to our shareholder, and to all our staff, suppliers, customers and clients for their continued support of the Group.

12. Going concern

Based on the 2022 business and financial plan for the Group, the Directors have not identified a going concern risk within the short to medium term period. The duration of the COVID-19 pandemic is however still uncertain and the overall impact it will continue to have on the economy remains unpredictable. However, there is a reasonable expectation that the Group will have adequate resources to continue in operational existence, and as a going concern for the foreseeable future.

Statements of Financial Position as at 30 September 2021

	Notes	Group 2021 N$ '000	Group 2020 N$ '000	Company 2021 N$ '000	Company 2020 N$ '000
Assets					
Non - Current Assets					
Property, plant and equipment	4	15,556	23,052	14,417	21,760
Right-of-use assets	5	23,620	39,830	23,620	39,830
Intangible assets	6	58,133	65,833	57,405	64,932
Investments in subsidiary	7	-	-	15,001	15,001
Investment in joint ventures	8	-	6,301	-	2,000
Loans to Group companies	9	-	-	587,237	598,777
Other financial assets	10	3,903,475	3,185,018	3,595,524	2,947,671
Deferred tax	22	30,523	10,168	26,487	6,614
		4,031,307	**3,330,202**	**4,319,691**	**3,696,585**
Current Assets					
Inventories	12	14,196	12,102	14,196	12,102
Loans to Group companies	9	-	-	20,414	21,088
Trade and other receivables	13	68,421	108,481	68,170	108,273
Other financial assets	10	3,164,572	3,677,458	2,984,036	3,517,544
Current tax receivable	23	15,826	15,161	16,854	14,936
Cash and cash equivalents	14	49,130	112,845	44,373	107,482
		3,312,145	**3,926,047**	**3,148,043**	**3,781,425**
Total Assets		**7,343,452**	**7,256,249**	**7,467,734**	**7,478,010**
Equity and Liabilities					
Equity					
Share capital	15	5,075	5,075	5,075	5,075
Retained income		344,538	361,802	268,472	294,968
		349,613	**366,877**	**273,547**	**300,043**
Liabilities					
Non-Current Liabilities					
Other financial liabilities	16	615,688	622,864	615,688	622,864
Retirement benefit obligation	17	12,485	10,732	12,485	10,732
Savings bank Investors	18	673,389	688,870	673,389	688,870
Lease Liabilities	19	11,978	37,892	11,978	37,892
		1,313,540	**1,360,358**	**1,313,540**	**1,360,358**
Current Liabilities					
Trade and other payables	20	196,614	230,290	185,247	219,266
Other financial liabilities	16	10,094	40,123	10,094	9,690
Savings bank Investors	18	5,458,375	5,253,190	5,670,090	5,583,242
Lease Liabilities	19	15,216	5,411	15,216	5,411
		5,680,299	**5,529,014**	**5,880,647**	**5,817,609**
Total Liabilities		**6,993,839**	**6,889,372**	**7,194,187**	**7,177,967**
Total Equity and Liabilities		**7,343,452**	**7,256,249**	**7,467,734**	**7,478,010**

Statements of Profit or Loss and other Comprehensive Income

		Group		Company	
	Notes	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
Revenue	24	945,374	952,983	861,004	871,383
Cost of sales	25	(374,428)	(450,205)	(391,903)	(465,028)
Gross profit		**570,946**	**502,778**	**469,101**	**406,355**
Other operating income (loss)	26	9,226	337	5,753	(1,854)
Operating expenses		(491,716)	(478,427)	(448,877)	(437,894)
Operating profit (loss)	28	**88,456**	**24,688**	**25,977**	**(33,393)**
Investment income	27	13,566	12,899	58,143	52,534
Finance costs	30	(45,685)	(33,833)	(45,685)	(33,833)
Equity accounted investments	8	(2,301)	2,707	-	-
Profit (loss) before taxation		**54,036**	**6,461**	**38,435**	**(14,692)**
Taxation	31	(13,655)	1,820	(7,287)	8,683
Profit (loss) for the year		**40,381**	**8,281**	**31,148**	**(6,009)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability/asset	17	(1,556)	1,430	(1,556)	1,430
Fair value adjustments	10	(83,215)	49,260	(83,215)	49,260
Income tax relating to items that will not be reclassified	32	27,127	(16,221)	27,127	(16,221)
Total items that will not be reclassified to profit or (loss)		**(57,644)**	**34,469**	**(57,644)**	**34,469**
Other comprehensive income (loss) for the year net of taxation		**(57,644)**	**34,469**	**(57,644)**	**34,469**
Total comprehensive income (loss) for the year		**(17,263)**	**42,750**	**(26,496)**	**28,460**

Statements of Changes in Equity

	Share capital N$ '000	Retained income N$ '000	Total equity N$ '000
Group			
Balance at 01 October 2019	**5,075**	**319,051**	**324,126**
Profit for the year	-	8,281	8,281
Other comprehensive income	-	34,469	34,469
Total comprehensive income for the year	**-**	**42,750**	**42,750**
Balance at 01 October 2020	**5,075**	**361,801**	**366,876**
Profit for the year	-	40,381	40,381
Other comprehensive loss	-	(57,644)	(57,644)
Total comprehensive loss for the year	-	**(17,263)**	**(17,263)**
Balance at 30 September 2021	**5,075**	**344,538**	**349,613**

Refer to note 15 for details on share capital

	Share capital N$ '000	Retained income N$ '000	Total equity N$ '000
Company			
Balance at 01 October 2019	**5,075**	**266,508**	**271,583**
Loss for the year	-	(6,009)	(6,009)
Other comprehensive income	-	34,469	34,469
Total comprehensive loss for the year	**-**	**28,460**	**28,460**
Balance at 01 October 2020	**5,075**	**294,968**	**300,043**
Profit for the year	-	31,148	31,148
Other comprehensive loss	-	(57,644)	(57,644)
Total comprehensive loss for the year	**-**	**(26,496)**	**(26,496)**
Balance at 30 September 2021	**5,075**	**268,472**	**273,547**

Refer to note 15 for details on share capital

Statements of Cash Flows

		Group		Company	
	Notes	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
Cash flows from operating activities					
Cash generated by operations	34	159,279	94,354	91,864	32,556
Interest received		1,599	1,683	49,424	33,359
Finance costs		(45,428)	(23,899)	(45,428)	(23,899)
Dividend received	27	11,902	11,161	13,902	14,161
Tax paid	33	(7,495)	(8,397)	(1,951)	-
Net cash inflow from operating activities		**119,857**	**74,902**	**107,811**	**56,177**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(2,612)	(4,948)	(2,363)	(4,648)
Sale of property, plant and equipment	4	40	21	34	21
Purchase of intangible assets	6	(1,474)	(1,415)	(1,469)	(1,415)
Net movement in financial assets		(288,760)	(651,234)	(197,603)	(612,999)
Movement in loans to Group companies		-	-	6,867	(404,057)
Investment distributions from SSN		4,000	-	2,000	-
Net cash outflow from investing activities		**(288,806)**	**(657,576)**	**(192,534)**	**(1,023,098)**
Cash flows from financing activities					
Movement in other financial liabilities		(34,717)	492,418	-	560,020
Movement in agency / third party funds		(25,310)	7,145	(25,310)	7,145
Movement in savings deposits liabilities		189,704	107,462	71,367	426,639
Lease payments		(24,443)	(18,308)	(24,443)	(18,308)
Net cash from financing activities		**105,234**	**588,717**	**21,614**	**975,496**
Total cash and cash equivalents movement for the year		**(63,715)**	**6,043**	**(63,109)**	**8,575**
Cash and cash equivalents at the beginning of the year		112,845	106,802	107,482	98,907
Total cash and cash equivalents at the end of the year	14	**49,130**	**112,845**	**44,373**	**107,482**

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of Namibia. The annual financial statements have been prepared on the historical cost basis with the exception of financial assets carried at fair value, and incorporate the principal accounting policies set out below. They are presented in Namibian Dollars. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These accounting policies are consistent with the previous year.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all entities, which are controlled or jointly controlled by the company.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognised from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Inter-company transactions, balances and unrealised.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

1.1 Consolidation (Continued)

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Jointly controlled entities

An interest in a jointly controlled entity is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 - Non-current assets held-for-sale and discontinued operations. Under the equity method, interests in jointly controlled entities are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the Group's share of net assets of the jointly controlled entity, less any impairment losses. Profits or losses on transactions between the Group and a joint venture are eliminated to the extent of the Group's interest therein.

1.2 Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as adopted by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of Namibia.

1.3 Significant judgements and sources of estimation uncertainty

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

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for these financial assets held by the Group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

1.3 Significant judgements and sources of estimation uncertainty (Continued)

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors.

Impairment of financial assets measured at amortised costs and fair value through other comprehensive income (FVOCI)

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers and counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed under Risk Management in Note 3. A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

a. Determining criteria for significant increase in credit risk;
b. Choosing appropriate models and assumptions for the measurement of ECL;
c. Establishing the number and relative weightings of forward-looking scenarios for each type of product / market and the associated ECL.

Provision for post retirement medical aid benefits

Post retirement medical aid benefit provision is based on actuarial valuation by independent actuaries. The discount rate used is based on the current long term bond yield, gross of tax. A valuation was done for the current year. All actuarial gains and losses are recognised in full in the other comprehensive income.

Deferred tax asset

The Group recognises the net future tax benefit that relates to deferred income tax assets to the extent that it is probable that the deductible tax temporary difference will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differs significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

Deferred Income

Income from the postal business and courier are recognised when the services are rendered. Management has applied the principle of deferred revenue in respect of Post box rentals which is recognised as the services are rendered, and is deferred when payments are made in advance.

Discount Rates

Discount rates used to calculate discounted cash flows are based on prevailing market related interest rates.

1.3 Significant judgements and sources of estimation uncertainty (Continued)

Residual values and useful lives

The residual value, useful life and depreciation method of each asset is reviewed, and adjusted if appropriate, at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one year.

The Group applies the cost model on measurement of the property, plant and equipment. The assets are carried at cost less accumulated depreciation and impairment losses.

Item	*Depreciation method*	*Average useful life*
Furniture and fixtures	Straight line	4-10 years
Motor vehicles	Straight line	5 years
IT equipment	Straight line	3 years
Leasehold	Straight line	10 years
Other equipment	Straight line	4-10 years

The depreciation method, useful life and residual value of each asset are reviewed, and adjusted if appropriate, at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.5 Intangible assets

An intangible asset is recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

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

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

1.5 Intangible assets (Continued)

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

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

The amortisation year and the amortisation method for intangible assets are reviewed every year-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Work in progress comprises computer software bought and not in use. These items are carried at cost and not depreciated as they are not available for use.

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

Item	Useful life
Computer software	10 years

1.6 Investments in subsidiaries

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:
- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.7 Investments in joint ventures

Company annual financial statements

An investment in a joint venture is carried at cost less any accumulated impairment.

In respect of its interests in jointly controlled operations, the company recognises in its annual financial statements:
- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

Accounting Policies

1.8 Financial instruments

Financial assets

The Group early adopted IFRS 9 in financial year 2016 and classifies its financial assets in any of the following measurement categories:

Debt investments
Classification and subsequent measurement of debt instruments depend on:
(I) the Group's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.
Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent sole payments of principal and interest ('SPPI'), and that are not designated at fair value through profit and loss (FVPL), are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described under risk management. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in ' Investment income' as per Note 22. Income from these financial assets is included in Investment revenue.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a Group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Accounting Policies

1.8 Financial instruments (Continued)

Recognition and measurement (Continued)

Transaction costs of financial assets carried at fair value though profit or loss are expensed in the income statement. A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit or loss in the year in which they arise.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method.

The Group subsequently measures all equity investments at fair value. Where the Group’s management has elected to present unrealised and realised fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as long as they represent a return on investment.

The Group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

Derecognition

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

Impairment of financial assets

Assets carried at amortised cost

The Group assesses on a forward-looking basis the expected credit losses (‘ECL’) associated with its debt instrument assets carried at amortised cost and FVOCI . The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:
• An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
• Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Write-off of financial assets
The Group writes off a loan or an investment in debt securities, partially or fully, and any related provision for impairment loss, when it is determined that there is no realistic prospect for recovery. This is generally the case when the Group determines that the borrower counter part does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

Loans to and from Group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to Group companies are classified as loans and receivables.

Loans from Group companies are classified as financial liabilities measured at amortised cost.

1.8 Financial instruments (Continued)

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. Such provision for impairment of trade receivables is established if there is objective evidence that the provision is the difference between the carrying amount and the recoverable amount, being the present value of the expected cash flows, discounted at the market rate of interest for similar borrowers.

Financial liabilities

Savings bank investors and long -term borrowings

The Group measures these financial instruments at amortised cost using effective interest rate (EIR).

Trade and other payables

Trade payables are carried at fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Bank overdrafts and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

1.9 Income tax

Current tax and Deferred tax

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

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

1.9 Income tax (Continued)

Current tax and Deferred tax (Continued)

Management yearly evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit / (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit / (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets 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 by the end of the reporting year. The Group uses the balance sheet method in calculating deffered tax.

Income tax expenses

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

- a transaction or event which is recognised, in the same or a different year, 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 year, 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 year, directly in equity.

1.10 Leases

The Group assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Accounting Policies

1.10 Leases (Continued)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (that is, the date the underlying asset is available for use). Right-of-use assets are measured at its carrying amount on the lease commencement date and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and estimated useful lives of the assets as follows, with the estimated useful life and the lease term deemed to be the same.

Details	***Basis***	***Amortisation period***
Property	Straight line	2 - 10 years
Vehicles	Straight line	3 - 5 years

The Group subsequently measures the right-of-use assets at cost less accumulated depreciation.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and lease of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property (i.e. those leases that have a lease term of 12 months or less from the commencement date). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Discount factor

Under IFRS 16 'Leases', discount rates are used to determine the present value of the lease payments used to measure a lessee's lease liability. Discount rates are also used to determine lease classification for a lessor and to measure a lessor's net investment in a lease. For lessees, the lease payments are required to be discounted using:

- the interest rate implicit in the lease if readily determinable; or
- the lessee's incremental borrowing rate

Accounting Policies

1.10 Leases (Continued)

Lessee's incremental borrowing rate

Where the lessee is unable to readily determine the interest rate implicit in the lease, the discount rate will be the lessee's incremental borrowing rate. The incremental borrowing rate is an interest rate specific to the lessee that reflects:

- The credit risk of the lessee
- The term of the lease
- The nature and quality of the security
- The amount 'borrowed' by the lessee and
- The economic environment (the country, the currency and the date that the lease is entered into) in which the transaction occurs.

The Group uses the incremental borrowing rate as the discount factor, as follows:

Leased assets identified by nature	***Reference Rate***	***Incremental Borrowing Rates***
Property	Prime Rate Plus 275 bbs	10.25%
Vehicles	Prime Rate Plus 175 bbs	9.25%

The Group's current external funding is from developmental financial institutions which invariably lend at relatively cheaper cost. Consequently, management by applying judgment determined the incremental borrowing rate on the basis of likely cost in the event that the source funds to finance similar underlying assets in the lease is from commercial financial institutions. Interest rates have declined due to COVID-19 induced measures, with the current market condition indicating that financial institutions are lending at prime plus. Its is against this basis that the Group's incremental borrowing rate is estimated at prime plus, which approximately leaves the prior year rates still applicable.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

The cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the year in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

Accounting Policies

1.12 Impairment of non-financial assets

The Group assesses at each end of the reporting year whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual year and at the same time every year.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or Groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or Groups of units.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:
- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior years for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.13 Share capital and equity

Ordinary shares are classified as equity.

Accounting Policies

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the year in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined benefit plans

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting year where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average year until the amended benefits become vested.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in profit or loss over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.15 Provisions and contingencies

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

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

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

1.16 Revenue

The Group derives its revenue from contracts with customers on the goods or services transferred and from interest on various financial assets measured at amortised cost and FVOCI. Revenue from contracts with customers comprises philately stamps revenue, postal mail revenue, courier services, savings bank fees and agency commission, and is recognised at a point in time. Below is the IFRS 15 five step model applied by the Group in recognising these revenue streams:

The five-step model framework applied by the Group

The core principle of the new revenue standard (IFRS 15) is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment by the Group. This core principle is delivered in the following five-step model framework which Group applied on all of its revenue derived from contracts with customers :

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment by the Group.

Step 1: Identify the contract with the customer

The Group has assessed contracts with its customers on mail, philately, agency, logistics, and savings bank fees and has satisfactorily applied the following IFRS 15 criteria on all the revenue streams derived from contracts with customers to be able to identify existing contracts with the customers:
A contract with a customer will be within the scope of IFRS 15 if all the following conditions are met:
- the contract has been approved by the parties to the contract;
- each party's rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can be identified;
- the contract has commercial substance; and
- it is probable that the consideration to which the entity is entitled to in exchange for the goods or or services will be collected.

Accounting Policies

1.16 Revenue (Continued)

The five-step model framework (Continued)

Step 2: Identify the performance obligations in the contract

At the inception of the contract, the Group assesses the goods or services that have been promised to the customer, and identify as a performance obligation:
• a good or service (or bundle of goods or services) that is distinct; or
• a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
Below is the summary of performance obligations for major revenue streams derived from contract with customers:

A series of distinct goods or services is transferred to the customer in the same pattern if both of the following criteria are met:
• each distinct good or service in the series that the entity promises to transfer consecutively to the customer over time (see below); and
• a single method of measuring progress would be used to measure the entity's progress towards complete satisfaction of the performance obligation to transfer each distinct good or service in the series to the customer.

A good or service is distinct if both of the following criteria are met:
• the customer can benefit from the good or services on its own or in conjunction with other readily available resources; and
• the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

Factors for consideration as to whether a promise to transfer goods or services to the customer is not separately identifiable include, but are not limited to:
• the entity does provide a significant service of integrating the goods or services with other goods or services promised in the contract;
• the goods or services significantly modify or customise other goods or services promised in the contract;
•the goods or services are highly interrelated or highly interdependent.

Step 3: Determine the transaction price

The transaction price is the amount to which the Group expects to be entitled in exchange for the transfer of goods and services. The Group's prices or fees for its major revenue streams for Mail & Logistics are fixed and gazetted annually and are charged to customers as and when the service or product is delivered. Revenue from Agency services is derived from commission or percentage fee which is contractually agreed and the commission or fee charge is applied when the service is delivered a point in time.

Where a contract contains elements of variable consideration, the Group will estimate the amount of variable consideration to which it will be entitled under the contract. Variable consideration can arise, for example, as a result of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. Variable consideration is also present if the Group's right to consideration is contingent on the occurrence of a future event.

Step 4: Allocate the transaction price to the performance obligations in the contracts

Where a contract has multiple performance obligations, the Group will allocate the transaction price to the performance obligations in the contract by reference to their relative standalone selling prices. If a standalone selling price is not directly observable, the Group will need to estimate it. IFRS 15 suggests various methods that might be used, including:

1.16 Revenue (Continued)

The five-step model framework (Continued)

- Adjusted market assessment approach
- Expected cost plus a margin approach
- Residual approach (only permissible in limited circumstances).

None of the Group's current contracts with customers has multiple performance obligations to warrant allocation of transaction price or fee to each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised as control is passed, either over time or at a point in time. The Group assessed its revenue streams from contracts with customers in the context of contractual agreements in place and guided by IFRS 15 factors below, and concluded that revenue recognised in the current year depicts the consideration received or receivable after performance obligation was satisfied.

Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. This includes the ability to prevent others from directing the use of and obtaining the benefits from the asset. The benefits related to the asset are the potential cash flows that may be obtained directly or indirectly. These include, but are not limited to:

- using the asset to produce goods or provide services;
- using the asset to enhance the value of other assets;
- using the asset to settle liabilities or to reduce expenses;
- selling or exchanging the asset;
- pledging the asset to secure a loan; and
- holding the asset.

The Group recognises revenue over time if one of the following criteria is met:

- the customer simultaneously receives and consumes all of the benefits provided by the entity as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created; or
- the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

None of the above-mentioned Group revenue streams from contracts with customers is recognised over time. Hence the revenue from the Group's sale of goods or services from the contract with customers is recognised at a point in time as non-of the above IFRS 15 criteria is met.

If the Group does not satisfy its performance obligation over time, it satisfies it at a point in time. Revenue will therefore be recognised when control is passed at a certain point in time. Factors that may indicate the point in time at which control passes include, but are not limited to:

- the Group has a present right to payment for the asset;
- the customer has legal title to the asset;
- the Group has transferred physical possession of the asset;
- the Group has the significant risks and rewards related to the ownership of the asset; and
- the customer has accepted the asset.

Accounting Policies

1.16 Revenue (Continued)

Principal/Agency relationship

The Group has assessed its revenue streams from contracts with customers and concluded that the above factors as guided by IFRS 15 which indicate the point in time are satisfied.

IFRS 15 gives emphasis on 'control' as opposed to the 'transfer of risks and rewards', and this has resulted in the Group changing its accounting policy on the sale of airtime. The Group now recognises revenue from airtime sales on a net basis rather the gross as with the previous standard (IAS 18).

The identification of a principal in a contract is not always clear, however the Group applied the IFRS 15 non-exhaustive list of indicators of agency relationships:

- Another party has primary responsibility for fulfilling the contract
- The entity has no inventory risk before or after the goods have been ordered, during shipping or on return,
- The entity does not have discretion to establish pricing for the other party's goods or services (i.e., the benefit the entity can receive from those goods or services is limited)
- The entity's consideration is in the form of a commission
- The entity is not exposed to credit risk for the amount receivable in exchange for the goods or services.

Interest revenue from financial investments and loan advances

The Group recognizes interest revenue as it accrues by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset. The gross carrying amount of a financial asset is the asset's amortised cost or fair value gross of any impairment allowance. However, when a financial asset is credit impaired interest revenue is calculated by applying EIR on the net amount, i.e. amortised cost or fair value less any impairment allowance.

1.17 Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred.

1.18 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibian Dollar, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting year:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the year or in previous annual financial statements are recognised in profit or loss in the year in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Accounting Policies

1.18 Translation of foreign currencies (Continued)

Foreign currency transactions (Continued)

Cash flows arising from transactions in a foreign currency are recorded in by applying to the foreign currency amount the exchange rate between the rand and the foreign currency at the date of the cash flow.

1.19 Financial Liabilities

Deposits from the public represent customer or the public's funds held by Savings Bank. These are disclosed as current liabilities unless an investment year of longer than one year has been agreed.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender and sustainability different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit and loss.

1.20 Dividend distribution

Dividend distribution to the Group shareholders is recognised as a liability in the annual financial statements in the year in which the dividends are approved by the directors of the company.

1.21 Related parties

All the Group's related party transactions are strictly at arms length.

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/	Effective date: Years beginning on or after	Expected impact
IAS 1 - Amendments on definition of material - the amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application.	**1 January 2020**	**The Group adopted the amendments of IAS 1 in the current year. The impact of the amendment is not material.**
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - the amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application.	**1 January 2020**	**The Group adopted the amendments of IAS 8 in the current year. The impact of the amendment is not material.**
IFRS 3 Business Combinations - Amendments on the definition of Business.	**1 January 2020**	**The Group adopted the amendments of IFRS 3 in the current year. The impact of the amendment is not material.**
IFRS 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform: The amendments to IFRS 9, IAS 39 and IFRS 7 - the amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.	**1 January 2020**	**The Group adopted the amendments of IFRS 7 in the current year. The impact of the amendment is not material.**

Notes to the Annual Financial Statements

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 years beginning on or after 01 October 2020 or later years:

Standard/ Interpretation:	**Effective date: Years beginning on or after**	**Expected impact**
Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 - the amendment to IFRS 16 enables a company to apply a practical expedient to account for a lease modification required by the IBOR reform. IFRS 7 - the amendment to IFRS 7 requires a company to make additional disclosures in its financial statements. The amendments to IFRS 9 enables a company to apply a practical expedient to account for a change in contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform.	1 January 2021	The impact is still being assesssed. No early adoption is being considered.
IAS 1 - Classification of Liabilities as Current or Non-current: the amendment clarifies how to classify debt and other liabilities as current or non-current. The amendment also requires companies to disclose their material accounting policy information rather than their significant accounting policies.	1 January 2023	Unlikely to have a material impact
IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future.	1 January 2023	The impact is still being assesssed. No early adoption is being considered

2.2 Standards and interpretations not yet effective (continued)

IAS 28 - Investments in Associates and Joint Venture: Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	The effective date of this amendment has been deferred indefinitely until further notice	The impact is still being assesssed. No early adoption is being considered
IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.	1 January 2022	The impact is still being assesssed. No early adoption is being considered
IAS 16 Property, Plant and Equipment(PPE) - the amendments prohibit an entity from deducting the cost of an item of PPE any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.	1 January 2022	The impact is still being assesssed. No early adoption is being considered

3. Risk management

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 returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 9 &16, cash and cash equivalents disclosed in note14, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Risk management (Continued)

Liquidity risk

Cash flow forecasting is performed in the operating entities of the company and aggregated by company finance. Company finance monitors rolling forecasts of the company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the company's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

The company has the following facilities available at the commercial bank: overdraft of N$ 54m, master card of N$ 0.3m, fleet management of N$ 0.8m, vehicle asset finance N$ 1m, guarantees N$2.7m and forward exchange N$ 2m.

The table below presents a maturity analysis of the Group's financial assets and liabilities. The sum of the balances depicted in the maturity analysis do not reconcile with the carrying amount of the assets/liabilities as disclosed in the consolidated statement of financial position. This is because the maturity analysis incorporates, on an undiscounted basis, all cash flows relating to principal and future coupon payments (except for Unit Trust funds, cash and bank, call accounts, trade & other receivables (excluding VAT), trade & other payables (excluding VAT)), which are short term in nature (less than 3 months), which makes the effect of discounting immaterial and these instruments are included in the 'Less than 1 year ' time bucket at their carrying amounts. The maturity mismatch of financial assets and financial liabilities is not a determinant factor of the level of liquidity risk of the Group due to the fact this is just a worst case scenario in the event of 100% cash outflows upon maturity, which is high unlikely. The Group through its Asset and Liability Committee (ALCO), comfortably manages its liquidity risk guided by its investment strategy and invariably, any negative gaps do fall within the internally determined threshold. From time to time, the Group also stress tests its liquidity strength and thus far, the Group's liquidity position has proven to be healthy. Please note that the prior year disclosure below has been revised to reflect undiscounted cashflow, where applicable.

Group

	As at 30 September 2021		As at 30 September 2020	
Financial Assets	**Less than 1 year**	**2 years and above**	**Less than 1 year**	**2 years and above**
Other financial assets	3,017,946	4,646,772	3,731,105	3,621,002
Trade & other receivables (excluding VAT)	68,421	-	108,481	-
Cash and Bank	49,130	-	112,845	-
Loans and receivables	207,726	427,421	189,001	349,416
	3,343,223	**5,074,193**	**4,141,432**	**3,970,418**
Financial Liabilities	**Less than 1 year**	**2 years and above**	**Less than 1 year**	**2 years and above**
Other financial liabilities	42,588	778,392	73,649	819,647
Trade and other payables (Excluding VAT)	192,136	-	227,515	-
Savings Bank Investors	5,678,852	705,724	5,426,790	722,054
Retirement benefit obligation	-	12,485	-	10,732
Lease liabilities	15,921	16,413	27,346	27,308
	5,929,497	**1,513,014**	**5,755,300**	**1,579,741**

Notes to the Annual Financial Statements

3. Risk management (Continued)

Liquidity risk (Continued)

Company

	As at 30 September 2021		As at 30 September 2020	
Financial Assets	**Less than 1 year**	**2 years and above**	**Less than 1 year**	**2 years and above**
Other financial assets	3,017,946	4,646,772	3,731,105	3,621,002
Trade & other receivables (excluding VAT)	68,170	-	108,273	-
Cash and Bank	44,373	-	107,482	-
Loans and receivables	47,311	733,116	47,311	780,501
	3,177,800	**5,379,888**	**3,994,171**	**4,401,503**

Financial Liabilities	**Less than 1 year**	**2 years and above**	**Less than 1 year**	**2 years and above**
Other financial liabilities	42,588	778,392	42,588	819,647
Trade and other payables (Excluding VAT)	181,117	-	216,790	-
Savings Bank Investors	5,880,709	705,724	5,768,441	722,054
Retirement benefit obligation	-	12,485	-	10,732
Lease liabilities	15,921	16,413	27,346	27,308
	6,120,335	**1,513,014**	**6,055,165**	**1,579,741**

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. This poses a risk as the company borrows and places funds in financial instruments at both fixed and floating interest rates.

At 30 September 2021, if interest rates on Namibia Dollar-denominated borrowings had been 1% (100bps) higher/lower with all other variables held constant, post-tax profit for the year would have been N$67 million (2020: N$43 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

If interest rates on Namibia Dollar-denominated financial assets had been 1% (100bps) higher/lower with all other variables held constant, post-tax profit for the year would have been N$71 million (2020: N$53 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings; other components of equity would have been N$7 million (2020: N$16 million) lower/higher mainly as a result of a decrease/increase in the fair value of fixed rate financial assets at fair value through profit and loss.

The risk is managed by maintaining an approximate mix between fixed and floating interest rates, and by matching the underlying profiles of borrowings and investments based on asset and liability principles.

3. Risk management (Continued)

Interest rate effect on profit

Group (N$'000)	Effect on profit 2021		Effect on profit 2020	
	100bps increase in market	100bps - decrease in market	100bps increase in market	100bps - decrease in market
Cash and cash equivalents	491	(491)	1,128	(1,128)
Other financial assets	70,680	(70,680)	68,625	(68,625)
Other financial liabilities	(6,258)	6,258	(6,630)	6,630
Savings Bank investors	(63,435)	63,435	(62,721)	62,721
	1,478	**(1,478)**	**402**	**(402)**

Company (N$'000)	Effect on profit 2021		Effect on profit 2020	
	100bps increase in market	100bps - decrease in market	100bps increase in market	100bps - decrease in market
Cash and cash equivalents	444	(444)	1,075	(1,075)
Other financial assets	65,796	(65,796)	64,652	(64,652)
Other financial liabilities	(6,258)	6,258	(6,326)	6,326
Loans to Group companies	6,077	(6,077)	6,199	(6,199)
	66,059	**(66,059)**	**65,600**	**(65,600)**

Fair value estimation

In assessing the fair value of financial instruments the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long - term debt.

The face value, less any estimated credit adjustments for financial assets and liabilities with maturity of less than one year, are assumed to approximate fair values. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates available to the Group for similar financial instruments.

Credit risk

'Credit risk' is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and this arises from the Group's investment in various financial assets; credit sales to customers and loans and advances to customers. Management is responsible for managing credit risk and reports to the Audit and Risk Committee and the Board and Investment Committee.

Credit risk exists on loans and advances due to the fact that advances granted to customers are unsecured. The risk is however mitigated by the collection of payments at source via smart card deductions, payroll agreements or government deduction codes.

Credit risk exists on financial assets investments measured at FVOCI and on accounts receivables owing to a plethora of factors which may include negative credit ratings, general economic challenges, history of default, global factors etc. The changes in the credit risk is monitored and if necessary adjustments are made to the impairment provision in accordance with IFRS 9.

3. Risk management (Continued)

Credit risk (Continued)

The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit risk exposure to any one financial institution, and cash transactions are limited to high credit quality financial institutions.

Expected credit loss (ECL) measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- The underlying principle in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The diagram below summarises the three stage impairment model under IFRS 9 which the Group has adopted.

Stage 1	Stage 2	Stage 3
(Initial Recognition) 12 month expected credit loss (ECL)	(Significant increase in credit risk since initial recognition) Lifetime expected credit losses	(Credit-impaired assets) Lifetime expected credit losses

Significant increase in credit risk (SICR)

The Group uses qualitative and quantitative factors in assessing any significant increase in credit risk. Quantitative factors may include but not limited to actual default, extension of the credit period etc. Qualitative factors include but not limited to the general economic environment; adverse changes in the counterparty's external credit ratings, and any other publicly available information that can give a forward looking picture.

Measuring ECL – inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-months or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit loss is a product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

3. Risk management (Continued)

Measuring ECL – inputs, assumptions and estimation techniques (Continued)

- The PD represents the likelihood of a counter part or a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12 months EAD) or over the remaining lifetime (Lifetime EAD) which for example, for debt investment, is the market value as at year end.
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

Financial instruments at fair value through other comprehensive income

The significant component of the Group's FVOCI relates to sovereign bonds of which 94% of the sovereign bonds is with the Government of the Republic of Namibia and the 6% balance is with the South African Government. Corporate bonds comprises Bank Windhoek and NamWater. NamWater bond is sovereign guaranteed. Other instruments comprise unit trusts and money market instruments, which are short term in nature given that these instruments can be liquidated on short notice. The FVOCI instruments are periodically marked to market, with fair values available from the market. Internally, the Asset and Liability Committee (ALCO), evaluates the credit risk of the counterparties and the respective instruments to determine the credit quality and any possibility of default. In determining the level of credit risk, various factors are considered, which inter-alia include external credit ratings (if available); maturity date of the instrument (the long dated instruments likely to have higher risk of default) ; internal credit ratings (if available), historical information e.g. any history of default; forward looking economic and financial information that can be obtained without undue costs. The conclusion of the level of credit risk is not premised on one factor, hence there is reasonable judgement involved, taking into consideration both quantitative and qualitative factors.

Despite the downgrade of Namibian government long-term local currency debt in 2020, which was affirmed in 2021, and the overall economy, based on the available forward looking information of projected economic growth, less severe Covid19 impact relative to year 2021, coupled with history of no default by the counterparties, the Group believes that there is no risk of default on sovereign debt. In regard to corporate bonds, the counterparties are Bank Windhoek and NamWater, and these entities are in a relatively stable financial position such that the Group concluded that there is no risk of default. The instruments will mature in less than two years as from the financial year end. Furthermore, NamWater bond is sovereign guaranteed. On other instruments, the underlying assets of these instruments are unit trusts and money market instruments. They are short term , which can be liquidated on short notice. Based on internal credit risk evaluation, due to the short term nature of these investments , the quality of the underlying assets and also the available credit history of the counterparties, there is no risk of default anticipated and the impairment amounts were deemed

	Group		Company	
	2021 N$ '000	**2020 N$ '000**	**2021 N$ '000**	**2020 N$ '000**
Government Bonds	3,290,956	2,239,304	3,290,956	2,239,304
Corporate Bonds	369,204	383,306	369,204	383,306
Other instruments	719,118	1,573,483	719,118	1,573,483
	4,379,278	**4,196,093**	**4,379,278**	**4,196,093**

3. Risk management (Continued)

Trade receivables

Trade receivables comprise a widespread customer base. Management evaluate credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit insurance is purchased when deemed appropriate on loans and advances.

The provision matrix was determined based on available forward looking information on the probability of default per each category. Furthermore, the actual history of default was used in determining the level of provision in the matrix. The provision matrix is reviewed on an annual basis to determine if there are possible changes to credit risk that might warrant an increase or decrease in the provision matrix rates.

Details of accounts receivable credit loss (provision matrix) is presented below at Group level:

Trade receivables

2021 (N$ 000)

Description	**Current**	**30 days**	**60 days**	**90 days**	**180 days**	**365 days+**
Corporate trade debtors	3,089	2,897	627	661	246	3,811
Individual cash clients						6,863
Government trade debtors					441	7,438
Provision matrix	0.2%	1%	2%	5%	50%	100%
Total Provision	**6**	**29**	**13**	**33**	**344**	**18,112**

2020 (N$ 000)

Description	**Current**	**30 days**	**60 days**	**90 days**	**180 days**	**365 days+**
Corporate trade debtors	6,772	2,416	2,135	3,163	1,697	1,360
*Individual cash clients						4,724
Government trade debtors					4,316	3,652
Provision matrix	0.2%	1%	2%	5%	50%	100%
Total Provision	**14**	**24**	**43**	**158**	**3,007**	**9,736**

*Details disclosed on this item do not correspond to the 2020 financial statements, however, reflect adjustments for comparative purposes. All the unpaid cash outstanding from the Individual cash clients are fully provided for, irregardless of the ageing.

Other components of accounts receivables:

- Insurance debt - provision is made on the forward looking information of the expected repudiations
- Staff debt - a full provision is made for employees with outstanding balances who have left employment whilst the company takes legal actions to recover.
- Shortages - any shortages that can not be matched to existing surplus are provided for in full in the year they would have occurred.
- International dues - these are imbalances between countries and has zero probability of default, and settlement is done on a net basis. There is no history of defaults in this category.

3. Risk management (Continued)

Trade receivables (Continued)

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

Financial instruments (measured at fair value through profit / loss and fair value through other comprehensive income)

	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
Loans to Group companies	-	-	607,651	619,865
Other financial assets	7,068,047	6,862,476	6,579,560	6,465,215
Trade and other receivables (excluding prepayments and VAT receivable)	46,456	84,606	46,382	84,532
Cash and cash equivalents	49,130	112,845	44,373	107,482

Loans and advances (measured at amortised cost)

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Group's loans are unsecured
- Significant changes in the level of indebtedness of existing borrowers

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. In view of the current Namibian CPI and the limited salary increase received by the employees. Thus there seem to be a slow growth in real in income.
Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. However, this assumption is rebuttable in accordance with IFRS 9.

The Group uses five categories for loans which reflect their credit risk and how the loan impairment provision is determined for each of those categories.

3. Risk management (Continued)

Loans and advances (measured at amortised cost) (Continued)

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of
Loans Current	Loans whose credit risk is in line with original expectations	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1)
Loans 30 days and 60 days	Loans for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due.	Lifetime expected losses (stage 2)
Loans 60 days > < 6 months	Loans for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due.	Lifetime expected losses (stage 2)
Loans 6 months > < 9 months	Interest and/or principal repayments are more than 6 months past due or it becomes probable a customer will enter bankruptcy	Lifetime expected losses (stage 3)
Loans >12 months	Interest and/or principal repayments are 12 months past due and there is no reasonable expectation of recovery	Loan is written off (stage 3)

Interest-bearing loans are provided to employed individuals and recipients of social grants. The Group does not require the borrowers to pledge collateral as security against the loan.

Over the term of the loans, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers, and adjusts for forward-looking macroeconomic data. The Group provides for credit losses against loans to customers as follows:

Group 2021

Group internal Credit	Expected credit	Gross carrying amount	Gross carrying	Gross carrying amount
High-AAA	1%	494,756	-	-
High-A	4%	-	1,550	-
Moderate	3%	-	1,103	-
Credit impaired	66%	-	-	852
Fully impaired	100%	-	-	5,826

Group 2020

Group internal Credit	Expected credit	Gross carrying amount	Gross carrying	Gross carrying amount
High-AAA	1%	400,251	-	-
High-A	4%	-	2,000	-
Moderate	3%	-	1,277	-
Credit impaired	66%	-	-	940
Fully impaired	100%	-	-	7,389

*No significant changes to estimation techniques or assumptions were made during the reporting period.

3. Risk management (Continued)

Internal rating categories

High-AAA	Clients in this rating category have no previous records of default as independently verified by the Credit Bureau in Namibia and are currently repaying on time.
High-A	Clients in this rating category have arrears but have made payment plans or re-negotiated new payment terms and are in compliance with new terms or new payment plan.
Moderate	Clients are in arrears on their loans with the Group , but they still have a steady monthly income and are making partial payments to reduce the outstanding balances.
Credit impaired	Clients in this category have been handed over for legal action by the Group's attorneys for the recovery of the outstanding balances.
Fully impaired	Legal action has been taken against clients in this category and the process is till ongoing. However according to internal credit risk management procedures, the total gross amount in this category is fully impaired.

Foreign exchange risk

The Group transacts with foreign entities/ individuals and hence is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro, SDR (Special Drawing Right) and the British pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

Foreign currency exposure arises from the rendering of international postal services and products and loans denominated in foreign currency. The Group has a policy not to take out cover on outstanding foreign currency transactions.

Foreign currency exposure at the statement of financial position date

	Group		Company	
	2021	**2020**	**2021**	**2020**
Assets				
SDR*	517	354	354	354
Liabilities				
Euro	3,000	3,000	3,000	3,000
USD	165	192	165	192
SDR*	294	117	294	117

*Special drawing rights (XDR - aka: SDR) are supplementary foreign exchange reserve assets defined and maintained by the International Monetary Fund (IMF). The SDR is not a currency per se. It instead represents a claim to currency held by IMF member countries for which they may be exchanged.

Price risk

The Group is exposed to quoted securities price risk because of investments held by the Group and classified on the consolidated balance sheet at FVOCI. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in quoted securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by ALCO.

4. Property, plant and equipment

Group	2021 N$ '000			2020 N$ '000		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	8,027	(5,896)	2,131	7,923	(5,329)	2,594
Motor vehicles	2,724	(1,920)	804	2,725	(1,730)	995
IT equipment	53,218	(47,124)	6,094	51,570	(40,385)	11,185
Leasehold improvements	3,724	(2,246)	1,478	3,612	(1,949)	1,663
Other equipment	47,210	(42,161)	5,049	46,683	(40,068)	6,615
Total	**114,903**	**(99,347)**	**15,556**	**112,513**	**(89,461)**	**23,052**

Company	2021 N$ '000			2020 N$ '000		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	7,430	(5,386)	2,044	7,381	(4,902)	2,479
Motor vehicles	1,528	(1,414)	114	1,528	(1,312)	216
IT equipment	51,459	(45,714)	5,745	50,000	(39,198)	10,802
Leasehold improvements	3,724	(2,246)	1,478	3,612	(1,949)	1,663
Other equipment	47,187	(42,151)	5,036	46,667	(40,067)	6,600
Total	**111,328**	**(96,911)**	**14,417**	**109,188**	**(87,428)**	**21,760**

Reconciliation of property, plant and equipment - Group 2021 - N$'000

	Opening balance	Additions	Transfers	Disposals	Depreciation	Total
Furniture and fixtures	2,594	103	-	-	(566)	2,131
Motor vehicles	995	-	-	-	(191)	804
IT equipment	11,185	1,856	-	(38)	(6,909)	6,094
Leasehold improvements	1,663	112	-	-	(297)	1,478
Other equipment	6,615	541	-	(2)	(2,105)	5,049
	23,052	**2,612**	**-**	**(40)**	**(10,068)**	**15,556**

Reconciliation of property, plant and equipment - Group 2020 - N$'000

	Opening balance	Additions	Transfers	Disposals	Depreciation	Total
Furniture and fixtures	2,931	357	(5)	(2)	(687)	2,594
Motor vehicles	1,108	185	-	-	(298)	995
IT equipment	14,047	3,682	5	(17)	(6,532)	11,185
Leasehold improvements	1,829	145	-	(1)	(310)	1,663
Other equipment	9,062	579	-	(1)	(3,025)	6,615
	28,977	**4,948**	**-**	**(21)**	**(10,852)**	**23,052**

4. Property, plant and equipment (Continued)

Reconciliation of property, plant and equipment - Company 2021 - N$'000

	Opening balance	Additions	Transfers	Disposals	Depreciation	Total
Furniture and fixtures	2,479	49	-	-	(484)	2,044
Motor vehicles	216	-	-	-	(102)	114
IT equipment	10,802	1,667	-	(32)	(6,692)	5,745
Leasehold improvements	1,663	112	-	-	(297)	1,478
Other equipment	6,600	535	-	(2)	(2,097)	5,036
	21,760	**2,363**	**-**	**(34)**	**(9,672)**	**14,417**

Reconciliation of property, plant and equipment - Company 2020 - N$'000

	Opening balance	Additions	Transfers	Disposals	Depreciation	Total
Furniture and fixtures	2,704	293	(5)	(2)	(511)	2,479
Motor vehicles	198	185	-	-	(167)	216
IT equipment	13,702	3,463	5	(17)	(6,351)	10,802
Leasehold improvements	1,829	145	-	(1)	(310)	1,663
Other equipment	9,063	562	-	(1)	(3,024)	6,600
	27,496	**4,648**	**-**	**(21)**	**(10,363)**	**21,760**

5. Right-of-use assets

Group - 2021

	Property N$ '000	Motor vehicles N$ '000	Total N$ '000
Cost			
Opening balance	16,074	45,537	61,611
Additions	1,462	6,872	8,334
Disposals / terminations	(121)	-	(121)
Balance at 30 September 2021	**17,415**	**52,409**	**69,824**
Accumulated depreciation			
Opening balance	(3,791)	(17,990)	(21,781)
Depreciation for the year	(5,007)	(19,416)	(24,423)
Balance at 30 September 2021	**(8,798)**	**(37,406)**	**(46,204)**
Net book value at 30 September 2021	**8,617**	**15,003**	**23,620**

Group - 2020

	Property N$ '000	Motor vehicles N$ '000	Total N$ '000
Cost			
Implementation of IFRS 16	7,807	35,065	42,872
Additions	8,267	10,472	18,739
Disposals / terminations	-	-	-
***Balance at 30 September 2020**	**16,074**	**45,537**	**61,611**
Accumulated depreciation			
Depreciation for the year	(3,791)	(17,990)	(21,781)
Balance at 30 September 2020	**(3,791)**	**(17,990)**	**(21,781)**
Net book value at 30 September 2020	**12,283**	**27,547**	**39,830**

5. Right-of-use assets (Continued)

Company - 2021

	Property N$ '000	Motor vehicles N$ '000	Total N$ '000
Cost			
Opening balance	16,074	45,537	61,611
Additions	1,462	6,872	8,334
Disposals / terminations	(121)	-	(121)
Balance at 30 September 2021	**17,415**	**52,409**	**69,824**
Accumulated depreciation			
Opening balance	(3,791)	(17,990)	(21,781)
Depreciation for the year	(5,007)	(19,416)	(24,423)
Balance at 30 September 2021	**(8,798)**	**(37,406)**	**(46,204)**
Net book value at 30 September 2021	**8,617**	**15,003**	**23,620**

Company - 2020

	Property N$ '000	Motor vehicles N$ '000	Total N$ '000
Cost			
Balance at 1 October 2019	-	-	-
Implementation of IFRS 16	7,807	35,065	42,872
Additions	8,267	10,472	18,739
Disposals / terminations	-	-	-
***Balance at 30 September 2020**	**16,074**	**45,537**	**61,611**
Accumulated depreciation			
Balance at 1 October 2019	-	-	-
Depreciation for the year	(3,791)	(17,990)	(21,781)
Balance at 30 September 2020	**(3,791)**	**(17,990)**	**(21,781)**
Net book value at 30 September 2020	**12,283**	**27,547**	**39,830**

* The amounts here were disclosed net of accumulated depreciation on the prior year financial statements and this disclosure has been revised to reflect separate movement in cost and depreciation.

6. Intangible assets

Group	2021 N$ '000			2020 N$ '000		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	127,812	(71,547)	56,265	127,306	(62,377)	64,929
Work in progress (WIP)	1,868	-	1,868	904	-	904
Total	**129,680**	**(71,547)**	**58,133**	**128,210**	**(62,377)**	**65,833**

6. Intangible assets (Continued)

Company	2021 N$ '000			2020 N$ '000		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer software	126,140	(70,603)	55,537	125,634	(61,606)	64,028
Work in progress (WIP)	1,868	-	1,868	904	-	904
Total	**128,008**	**(70,603)**	**57,405**	**126,538**	**(61,606)**	**64,932**

Reconciliation of intangible - Group 2021 - N$'000

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	64,929	510	-	(9,174)	56,265
Work in progress (WIP)	904	964	-	-	1,868
Total	**65,833**	**1,474**	**-**	**(9,174)**	**58,133**

Reconciliation of intangible assets- Group 2020 - N$'000

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	74,587	1,299	-	(10,957)	64,929
Work in progress (WIP)	788	116	-	-	904
Total	**75,375**	**1,415**	**-**	**(10,957)**	**65,833**

Reconciliation of intangible assets - Company 2021 - N$'000

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	64,028	505	-	(8,996)	55,537
Work in progress (WIP)	904	964	-	-	1,868
Total	**64,932**	**1,469**	**-**	**(8,996)**	**57,405**

Reconciliation of intangible assets - Company 2020 - N$'000

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	73,513	1,299	-	(10,784)	64,028
Work in progress (WIP)	788	116	-	-	904
Total	**74,301**	**1,415**	**-**	**(10,784)**	**64,932**

7. Investments in Subsidiary

The following table lists the entities which are controlled by the Group.

Company

Name of company	% holding 2021	% holding 2020	Carrying amount 2021 N$ '000	Carrying amount 2020 N$ '000
NamPost Financial Brokers (Pty) Ltd Unlisted share investment	100	100	15,001	15,001

Nature of business of subsidiary

NamPost Financial Brokers (Pty) Ltd is engaged in micro-lending business activities and carries on the business of financial services broker.

Directors valuation:

The directors have valued the subsidiary at its net asset value of N$90,967,396 (2020: N$77,434,266).

8. Investment in Joint Ventures

Joint venture - SmartSwitch Namibia (Pty) Ltd

SmartSwitch Namibia (Pty) Ltd was operational since February 2006 and was 50% owned by NamPost at an initial investment cost of N$6 million which reduced to N$2 million following a N$4 million share buy back in 2018. The company ceased operations on 31 March 2021 and is in the process of being wound-up.

Group

Name of company	% holding 2021	% holding 2020	Carrying amount 2021 N$ '000	Carrying amount 2020 N$ '000
SmartSwitch Namibia (Pty) Ltd unlisted share investment	50	50	-	6,301

Summarised financial information of material joint ventures

Summarised Statement of Comprehensive Income

	SmartSwitch Namibia (Pty) Ltd 2021 N$ '000	2020 N$ '000
Revenue	9,636	20,176
Cost of sales	-	(694)
Operating expenses	(7,664)	(11,992)
Investment revenue	132	472
Profit before tax	2,104	7,962
Tax expense	(669)	(2,548)
Profit from continuing operations	1,435	5,414
Total comprehensive income	**1,435**	**5,414**

8. Investment in Joint Ventures (Continued)

Summarised Statement of Financial Position

	SmartSwitch Namibia (Pty) Ltd	
	2021	2020
	N$ '000	N$ '000
Non-current assets	-	114
Current assets	1,239	8,660
Non-current liabilities	(125)	(125)
Current liabilities	(130)	(1,100)
Net assets	**984**	**7,549**
Investment at beginning of the year	6,301	6,594
*Share of total comprehensive income	717	2,707
Dividends received from joint venture	(2,000)	(3,000)
Initial Investment distributions	(2,000)	-
Remaining reserves	(492)	
Carrying amount write-down on dissolution	(2,526)	-
Carrying amount of Investment	**-**	**6,301**

* This is for the current year period until 31 March 2021 when the company ceased operations and is in the process of being wound-up.

Directors valuation

The directors have valued the joint venture at its net carrying value N$ Nil (2020: N$ 6.3 million). The joint venture was dissolved during the current year resulting in net investment write-down of N$ 2.3 million (refer to the Statement of Profit or Loss and Other Comprehensive Income), which consist of N$ 0.7 million share of after tax profit, N$ 0.5 million share of the remaining reserves and the carrying amount write-down of N$ 2.5 million.

Joint Venture - Hollard

NamPost entered into a joint venture with Hollard Life Namibia Ltd in 2016 on the credit life and funeral cover products and is entitled to dividend distributions as declared by Hollard directors. NamPost invested N$1 in the joint venture and this has been accounted for as a normal financial asset.

9. Loans to Group companies

	Group		Company	
	2021	2020	2021	2020
	N$ '000	N$ '000	N$ '000	N$ '000
Subsidiary				
NamPost Financial Brokers (Pty) Ltd This loan has fixed repayment terms, has a term of 10 years and interest payable on capital only every 6 months. The loan attracts interest at an effective rate of prime less 3% with a grace period of two years. Capital to be paid in December annually.	-	-	18,374	24,503
NamPost Financial Brokers (Pty) Ltd Prior to 1 October 2016, loan interest was charged at 5% with no repayment terms. Effective 1 October 2016, N$ 149 million of the total loan balance has a five year repayment period, carries an interest rate of Prime less 1% payable annually on 30 September, and a bullet payment of the capital payable in the 5th year. Total interest outstanding as at 30 September 2017 is repayable in 4 equal instalments commencing year 2020. The remaining N$ 10 million of the loan balance is a subordinated loan and attracts interest at 5% per annum with no fixed repayment terms.	-	-	19,566	25,651
NamPost Financial Brokers (Pty) Ltd The loan amount of N$ 325 million bears interest at 7.3% and is repayable over 10 years, with 3 years grace period.	-	-	333,991	333,991
NamPost Financial Brokers (Pty) Ltd The loan is charged interest at 7.46% and is repayable over a period of 10 years, with the first 3 years being grace period.	-	-	235,720	235,720
	-	**-**	**607,651**	**619,865**
Non-current assets	-	-	587,237	598,777
Current assets	-	-	20,414	21,088
	-	**-**	**607,651**	**619,865**

Notes to the Annual Financial Statements

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N$ '000	N$ '000	N$ '000	N$ '000

10. Other financial assets

At fair value through other comprehensive income				
Unit trusts and Bonds*	4,379,278	4,196,093	4,379,278	4,196,093
	4,379,278	**4,196,093**	**4,379,278**	**4,196,093**
At fair value through profit and loss				
Fixed term deposits, call accounts and money market instruments	2,200,282	2,269,122	2,200,282	2,269,122
	2,200,282	**2,269,122**	**2,200,282**	**2,269,122**
At amortised cost				
Other financial assets	488,487	397,261	-	-
Total other financial assets	**7,068,047**	**6,862,476**	**6,579,560**	**6,465,215**

* Limited surety in the form of Internal Registered Stock GC027 to the nominal value of N$235,000,000 issued by the Republic of Namibia has been provided on the Agence Française de Développement (AFD) loan.

Non-current assets				
At fair value through other comprehensive income	3,286,592	2,608,496	3,286,592	2,608,496
At fair value through profit or loss	308,932	339,175	308,932	339,175
Other financial assets - at amortised cost	307,951	237,347	-	-
	3,903,475	**3,185,018**	**3,595,524**	**2,947,671**
Current assets				
At fair value through other comprehensive income	1,092,686	1,587,597	1,092,686	1,587,597
At fair value through profit or loss	1,891,350	1,929,947	1,891,350	1,929,947
Other financial assets - at amortised cost	180,536	159,914	-	-
	3,164,572	**3,677,458**	**2,984,036**	**3,517,544**
	7,068,047	**6,862,476**	**6,579,560**	**6,465,215**

The fair values of the financial assets were determined as follows:

The fair values of investments under level 1 (listed or quoted investments) are based on the quoted market price.

The fair values on investments on level 2 are estimated using observable market data and the fair values of investments on level 3 is estimated using amortised cost, with the carrying amount deemed to be estimating the fair value.

Fair values are determined annually at the statement of financial position date.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N$ '000	N$ '000	N$ '000	N$ '000

10. Other financial assets (continued)

Fair value hierarchy of financial assets at fair value through other comprehensive income

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

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

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

	Group 2021	Group 2020	Company 2021	Company 2020
Level 1				
*Unit trusts	-	-	-	-
Level 2				
Unit trusts and Bonds	4,379,278	4,196,093	4,379,278	4,196,093
Fixed term deposits, call accounts and money market instruments	2,200,282	2,269,122	2,200,282	2,269,122
	6,579,560	**6,465,215**	**6,579,560**	**6,465,215**
Level 3				
Other instruments	488,487	397,261	-	-
	488,487	**397,261**	-	-
	7,068,047	6,862,476	6,579,560	6,465,215
Financial assets				
Opening balance	6,862,476	6,161,981	6,465,215	5,802,956
Additions	23,465,948	18,729,718	23,374,722	18,691,482
Disposals	(23,272,654)	(18,228,169)	(23,272,654)	(18,228,169)
Interest	95,492	149,686	95,492	149,686
Fair value adjustments	(83,215)	49,260	(83,215)	49,260
	7,068,047	**6,862,476**	**6,579,560**	**6,465,215**

The fair value adjustments relates to IFRS 9 revaluations of financial assets at year end.

*Unit trusts investments have been re-grouped to level 2 investments.

Credit quality of other financial assets - At fair value through other comprehensive income and fair value through profit or loss

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Notes to the Annual Financial Statements

	Group		Company	
	2021 N$ '000	**2020** N$ '000	**2021** N$ '000	**2020** N$ '000

10. Other financial assets (continued)

Credit rating

Bank Windhoek Limited AA (Global credit rating)	774,132	976,582	774,132	976,582
Standard Bank Namibia Limited AA+ (Fitch credit rating)	425,435	686,914	425,435	686,914
Namibian Government bond Baa1 (Moody's credit rating)	3,082,143	2,570,406	3,082,143	2,570,406
NamWater BB (Fitch credit rating)	25,373	26,434	25,373	26,434
South African Government bond BB (Moody's credit rating)	208,813	141,611	208,813	141,611
Entities with no external credit rating*	1,907,060	999,146	1,907,060	999,146
Nedbank Namibia Limited F1+	76,673	182,715	76,673	182,715
Old Mutual F2	-	2	-	2
Sanlam Namibia AA	29,905	-	29,905	-
Development Bank of Namibia BB (Fitch credit rating)	-	33,000	-	33,000
Capricorn AA (Global Credit Rating)	-	703,383	-	703,383
First National Bank AA (zaf)	50,026	145,022	50,026	145,022
	6,579,560	**6,465,215**	**6,579,560**	**6,465,215**

* The counterparties without credit ratings comprise Arysteq, Stanlib, Pointbreak, IJG, Momentum and also Ninety One). The risk of defaulting is minimal due to internal credit risk control measures.

Credit quality of other financial assets - at amortised cost

Loans and advances are issued to individuals with no external credit ratings. ITC check is done on each applicant before the loan is issued.
The credit quality of loans and advances can be assessed by reference to historical information about counterparty default rates.

Loans and advances

Gross	504,087	411,857	-	-
Less provision for impairment	(15,600)	(14,596)	-	-
	488,487	**397,261**	-	-

Impairment allowance on loans and advances

Opening balance	14,596	13,903	-	-
Additional provision raised during the current year	2,759	6,519	-	-
Utilised during the year (previous provision)	(1,755)	(5,826)	-	-
	15,600	**14,596**	-	-

Refer to note 3 for detailed information on credit risk management, credit quality, assumptions and estimates

The Group performed a detailed assessment of impairment allowance during the year. Actual historic write-off losses and wider credit risk associated with lending to pensioners, corporate employees and other smart-card holders were considered and impairment allowance was adjusted accordingly.

Notes to the Annual Financial Statements

	Group		Company	
	2021 N$ '000	**2020** N$ '000	**2021** N$ '000	**2020** N$ '000

11. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

	Group 2021 N$ '000	Group 2020 N$ '000	Company 2021 N$ '000	Company 2020 N$ '000
At amortised cost				
Loans to Group companies	-	-	607,651	619,865
Other instruments	488,487	397,261	-	-
Trade and other receivables (excluding VAT)	68,421	108,481	68,170	108,273
	556,908	**505,742**	**675,821**	**728,138**
At fair value through other comprehensive income				
Unit trusts and Bonds	4,379,278	4,196,093	4,379,278	4,196,093
At fair value through profit and loss				
Fixed term deposits, call accounts and money market instruments	2,200,282	2,269,122	2,200,282	2,269,122
	6,579,560	**6,465,215**	**6,579,560**	**6,465,215**
At amortised cost				
Loans and receivables	488,487	397,261	-	-
Cash and cash equivalents	49,130	112,845	44,373	107,482
Total other financial assets	**537,617**	**510,106**	**44,373**	**107,482**

12. Inventories

	Group 2021 N$ '000	Group 2020 N$ '000	Company 2021 N$ '000	Company 2020 N$ '000
Goods for resale	1,027	1,469	1,027	1,469
Stamps	3,727	3,456	3,727	3,456
Stationery	6,408	6,434	6,408	6,434
Other inventories (Smartcards, philately new range)	3,034	743	3,034	743
	14,196	**12,102**	**14,196**	**12,102**

13. Trade and other receivables

	Group 2021 N$ '000	Group 2020 N$ '000	Company 2021 N$ '000	Company 2020 N$ '000
Trade receivables	23,866	60,999	23,866	60,999
Employee loans	2,295	1,763	2,295	1,763
Prepayments (mobile products, licences and insurance fees)	21,965	23,875	21,788	23,741
Other receivables (Agency fees etc)	20,295	21,844	20,221	21,770
	68,421	**108,481**	**68,170**	**108,273**

The credit quality of trade and other receivables can be assessed by reference to external credit ratings (if available) and a combination of information of historical information about counterparty default rates and forward looking information available, as guided by IFRS 9.

	Group		Company	
	2021 N$ '000	**2020** N$ '000	**2021** N$ '000	**2020** N$ '000

13. Trade and other receivables (continued)

Trade receivables

Counterparties in their respective categories				
State owned entities	2,946	3,506	2,946	3,506
Government of the Republic of Namibia	19,825	33,596	19,825	33,596
Corporate clients	11,636	19,076	11,636	19,076
Private individuals	6,863	4,821	6,863	4,821
	41,270	**60,999**	**41,270**	**60,999**
Trade and other receivables				
Gross	115,935	152,403	115,684	152,195
Less provision for impairment	(47,514)	(43,922)	(47,514)	(43,922)
	68,421	**108,481**	**68,170**	**108,273**
Impairment allowance on trade and other receivables				
Opening balance	43,922	35,664	43,922	35,664
Impairment adjustment increase / (decrease) for the year	3,592	8,258	3,592	8,258
	47,514	**43,922**	**47,514**	**43,922**

Refer to note 3 for detailed information on credit risk management, credit quality, assumptions and estimates

The Group performed a detailed assessment of impairment allowance during the year. Provision matrix was reviewed based on actual write-offs and available forward looking information and impairment allowance was adjusted accordingly.

The carrying amount of trade and other receivables excluding VAT approximates their fair values because they are short term in nature.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	15,449	15,214	15,436	15,206
Bank balances	33,681	97,631	28,937	92,276
	49,130	**112,845**	**44,373**	**107,482**

The company has undrawn bank overdraft facilities of N$ 54 million (2020: N$ 54 million) applicable to all current accounts. The overdraft facilities are unsecured. There are specific covenants attached to the facility with which Namibia Post Limited needs to comply.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank, excluding cash on hand can be assessed by reference to external credit ratings (if available) and to a combination of historical information about counterparty default rates and forward looking information available.

Notes to the Annual Financial Statements

	Group		Company	
	2021 N$ '000	**2020** N$ '000	**2021** N$ '000	**2020** N$ '000
14. Cash and cash equivalents (Continued)				
Credit rating				
Bank Windhoek Limited (AA) Global credit rating	4,744	5,284	-	-
Standard Bank Namibia Limited (AA+)	28,176	92,183	28,176	92,183
Nedbank Namibia (A1+)	-	71	-	-
First National Bank Namibia (AA+)	761	93	761	93
	33,681	**97,631**	**28,937**	**92,276**
15. Share capital				
Authorised				
50,000,000 Ordinary shares	50,000	50,000	50,000	50,000
Issued				
5,075,000 Ordinary shares, fully paid	5,075	5,075	5,075	5,075
16. Other financial liabilities				
Held at amortised cost				
Kreditanstalt Fur Wiederaufbau loan (KfW)	390,062	396,834	390,062	396,834

The loan is issued in Euros and is repayable in half yearly instalments of 15,000 euros which commenced on 30 June 2015. The initial amount borrowed was 883,767 Euros, a further loan amount of 6,070,000 Euros was subsequently borrowed, payable from June 2023 to June 2027 at an instalment of 151,000 euros and 152,000 Euros from June 2023 at 4% interest rate. A new loan was received in the local currency during the current financial year. The loan amount of N$ 325 million bears interest at 7.3% and is repayable over 10 years, with a 3 year grace period for the capital portion. The new loan is guaranteed by the government of the Republic of Namibia.

Development Bank of Namibia (DBN)	-	30,433	-	-

The loan bears interest of 8% per annum and has been repaid in full during the year.

Notes to the Annual Financial Statements

	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
16. Other financial liabilities (continued)				
Held at amortised cost (Continued)				
Agence Française de Développement (AFD)	235,720	235,720	235,720	235,720
The loan bears Interest at 7.46% and is repayable over a period of 10 years , with a 3 year grace period for the capital portion. The loan is secured with GC27 bonds.				
	625,782	**662,987**	**625,782**	**632,554**
Non-current liabilities				
At amortised cost	615,688	622,864	615,688	622,864
Current liabilities				
At amortised cost	10,094	40,123	10,094	9,690
	625,782	**662,987**	**625,782**	**632,554**

Kreditanstalt Fur Wiederaufbau loan (KfW)

	Kreditanstalt fur Wieder aufbau 2021 N$ '000	Kreditanstalt fur Wieder aufbau 2020 N$ '000	Kreditanstalt fur Wieder aufbau 2021 N$ '000	Kreditanstalt fur Wieder aufbau 2020 N$ '000
Opening balance	396,834	53,498	396,834	53,498
Interest expense	24,613	19,628	24,613	19,628
Foreign exchange (gain) / loss	(6,702)	9,626	(6,702)	9,626
Receipts	-	325,020	-	325,020
Payments	(24,683)	(10,938)	(24,683)	(10,938)
	390,062	**396,834**	**390,062**	**396,834**

Agence Française de Développement (AFD)

	Agence Française de Développement 2021 N$ '000	Agence Française de Développement 2020 N$ '000	Agence Française de Développement 2021 N$ '000	Agence Française de Développement 2020 N$ '000
Opening balance	235,720	-	235,720	-
Interest expense	17,529	10,181	17,529	10,181
Receipts	-	235,720	-	235,000
Payments	(17,529)	(9,461)	(17,529)	(9,461)
	235,720	**236,440**	**235,720**	**235,720**

Notes to the Annual Financial Statements

17. Post employment benefits

Medical benefit - (defined benefit plan)

The company continues to pay two thirds of total contributions towards the medical scheme when qualifying employees retire or become incapacitated.

The plan is a final post employment medical benefit plan.

Carrying value

	Group 2021 N$ '000	Group 2020 N$ '000	Company 2021 N$ '000	Company 2020 N$ '000
Present value of the defined benefit obligation - wholly unfunded	(12,485)	(10,732)	(12,485)	(10,732)

Movements for the year

	Group 2021 N$ '000	Group 2020 N$ '000	Company 2021 N$ '000	Company 2020 N$ '000
Opening balance	(10,732)	(11,926)	(10,732)	(11,926)
Benefits paid	1,184	998	1,184	998
Actuarial gain/ (loss)	(1,556)	1,430	(1,556)	1,430
Net expense recognised in profit or loss	(1,381)	(1,234)	(1,381)	(1,234)
	(12,485)	**(10,732)**	**(12,485)**	**(10,732)**

Net expense recognised in the statement of profit or loss and other comprehensive income

	Group 2021 N$ '000	Group 2020 N$ '000	Company 2021 N$ '000	Company 2020 N$ '000
Current service cost	(68)	(79)	(68)	(79)
Interest cost	(1,313)	(1,155)	(1,313)	(1,155)
Actuarial gain	(1,556)	1,430	(1,556)	1,430
	(2,937)	**196**	**(2,937)**	**196**

Key assumptions used

Assumptions used on last valuation on 30 September 2021.

	Group 2021	Group 2020	Company 2021	Company 2020
Average retirement age	60	58	60	58
Discount rates used	11.8%	12.69%	11.8%	12.69%
Health care cost inflation	8.2%	8.84%	8.2%	8.84%

Pension Fund - (defined contribution)

At the financial year end, all the permanent employees of the company were members of the Napotel Pension Fund, a defined contribution fund, governed by the Pension Fund Act no 24 of 1956. Employees' contributions amount to 7% of basic salary and the company's contributions amounts to 16% of basic salary.

The Napotel Pension Fund converted from a defined benefit plan to defined contribution plan with effect from 1 October 1997. A statutory actuarial valuation was carried out as at 30 September 2021, which indicate that the fund was in a sound financial position.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N$ '000	N$ '000	N$ '000	N$ '000

17. Post employment benefits (Continued)

Pension Fund - (defined contribution) (Continued)

Sensitivity Analysis

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

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:
Demographics of heavier/ no withdrawals in the assumed level of mortality;
1 % increase/ decrease in the Medical Aid inflation

Mortality

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the company. If the actual rates of mortality turns out higher than the rates assumed in the valuation basis, the cost to the company in the form of subsidies will reduce and vice versa.

We have illustrated the effect of higher and lower mortality rates on total accrued liability by applying demographics of heavier mortality or no withdrawals. The effect is as follows:

Balance of liability with change in assumption:

Pre-retirement withdrawals are ignored	12,537	11,629	12,537	11,629
Valuation assumption	12,485	10,732	12,485	10,732
Heavier mortality	11,832	10,008	11,832	10,008

Medical Aid inflation

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

We have tested the effect of a 1% p.a change in the medical aid inflation assumption. The effect is as follows:

Balance of liability with change in assumption:

1% decrease in medical aid	13,658	9,885	13,658	9,885
Valuation assumption	12,485	10,732	12,485	10,732
1% increase in valuation	11,480	11,698	11,480	11,698

Notes to the Annual Financial Statements

	Group 2021 N$ '000	Group 2020 N$ '000	Company 2021 N$ '000	Company 2020 N$ '000

18. Savings bank investors

Composition of savings bank investors

	Group 2021	Group 2020	Company 2021	Company 2020
Savings accounts	626,651	647,194	626,686	647,194
Save as you earn	36,423	30,285	36,423	30,285
Fixed term deposits	5,207,380	5,066,323	5,419,060	5,396,375
Call and notice accounts	251,030	186,867	251,030	186,867
Mychoice accounts	10,280	11,391	10,280	11,391
	6,131,764	**5,942,060**	**6,343,479**	**6,272,112**

The current and long term portions of the portfolio is split as follows:

	Group 2021	Group 2020	Company 2021	Company 2020
Non current portion	673,389	688,870	673,389	688,870
Current portion	5,458,375	5,253,190	5,670,090	5,583,242
	6,131,764	**5,942,060**	**6,343,479**	**6,272,112**

19. Lease Liabilities

Group - 2021

	Opening Balance	Current year Additions	Interest expense	Cash payments	Balance at 30 September 2021
Property	12,917	1,462	1,166	(5,593)	9,952
Motor vehicles	30,386	6,872	1,919	(21,935)	17,242
Total	**43,303**	**8,334**	**3,085**	**(27,528)**	**27,194**

Company 2021

	Opening Balance	Current year Additions	Interest expense	Cash payments	Balance at 30 September 2021
Property	12,917	1,462	1,166	(5,593)	9,952
Motor vehicles	30,386	6,872	1,919	(21,935)	17,242
Total	**43,303**	**8,334**	**3,085**	**(27,528)**	**27,194**

Company 2020

	Opening Balance	Implementation of IFRS 16	Interest expense	Cash payments	Balance at 30 September 2020
Property	-	16,074	1,007	(4,164)	12,917
Motor vehicles	-	45,537	3,144	(18,295)	30,386
Total	**-**	**61,611**	**4,151**	**(22,459)**	**43,303**

Notes to the Annual Financial Statements

	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000

19. Lease Liabilities (Continued)

Maturity analysis of lease liabilities

	Group 2021	Group 2020	Company 2021	Company 2020
Within 1 year	15,216	5,411	15,216	5,411
From 1 to 5 years	11,978	37,892	11,978	37,892
Total	**27,194**	**43,303**	**27,194**	**43,303**

Amounts recognised in the income statement relating to leases

The following are the amounts recognised in the profit or loss:

	Group 2021	Group 2020	Company 2021	Company 2020
Property	5,007	3,791	5,007	3,791
Motor vehicles	19,416	17,990	19,416	17,990
Total depreciation charge for the right-of-use assets	24,423	21,781	24,423	21,781
Interest expense on lease liabilities (included in finance cost)	3,085	4,150	3,085	4,150
Expense relating to short-term leases (included in cost of sales)	447	1,688	447	1,688
Expense relating to short-term leases (included in operating expenses)	36,379	35,983	35,034	35,983
Total expenses related to leases	**64,334**	**63,602**	**62,989**	**63,602**

20. Trade and other payables

	Group 2021	Group 2020	Company 2021	Company 2020
Trade payables	32,581	43,564	27,043	38,004
Amounts received in advance	9,175	6,703	8,606	6,367
VAT	4,479	2,767	4,130	2,478
Telecom- telephone payments	247	328	247	328
Provisions and Accruals	33,296	28,630	33,296	23,660
Third party funds payable	103,298	128,608	103,298	128,608
Other payables	13,538	19,690	8,627	19,823
	196,614	**230,290**	**185,247**	**219,268**

The carrying amount of trade and other payables excluding VAT and amounts received in advance approximates their fair values because they are short term in nature.

21. Financial liabilities

The accounting policies for financial instruments have been applied at amortised cost to the following line items:

Financial liabilities at amortised cost

	Group 2021	Group 2020	Company 2021	Company 2020
Other financial liabilities	625,782	662,987	625,782	632,554
Trade and other payables (excluding VAT payable)	192,136	227,515	181,117	216,790
Savings bank investors	6,131,764	5,942,060	6,343,479	6,272,112
Lease liabilities	27,194	43,303	27,194	43,303
	6,976,876	**6,875,865**	**7,177,572**	**7,164,759**

Notes to the Annual Financial Statements

22. Deferred tax

	Group 2021 N$ '000	Group 2020 N$ '000	Company 2021 N$ '000	Company 2020 N$ '000
Deferred tax liability				
Property plant and equipment	(29,076)	(25,121)	(27,955)	(28,719)
Fair value adjustments	(2,356)	(29,009)	(2,356)	(29,009)
Terminal dues	(1,538)	(1,802)	(1,538)	(1,802)
Stock - Consumables	(1,783)	(1,845)	(1,783)	(1,845)
Prepayments and other deferred tax liabilities	(618)	(1,476)	(561)	(1,432)
Total deferred tax liability	**(35,371)**	**(59,253)**	**(34,193)**	**(62,807)**
Deferred tax asset				
Retirement benefit obligation	3,995	3,542	3,995	3,434
Provisions	26,563	22,271	22,049	18,197
Deferred tax balance from temporary differences other than unused tax losses	30,558	25,813	26,044	21,631
Income received in advance	3,871	2,037	3,871	2,037
	34,429	27,850	29,915	23,668
Other deferred tax (unrealised foreign) exchange, loans etc.	31,465	45,753	30,765	45,753
Total deferred tax asset, net of valuation allowance recognised	**65,894**	**73,603**	**60,680**	**69,421**

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 2021 N$ '000	Group 2020 N$ '000	Company 2021 N$ '000	Company 2020 N$ '000
Deferred tax liability	**(35,371)**	**(59,253)**	**(34,193)**	**(62,807)**
Deferred taxation liability to be recovered after more than 12 months	(35,371)	(59,253)	(34,193)	(62,807)
Deferred tax asset	**65,894**	**69,421**	**60,680**	**69,421**
Deferred taxation asset to be recovered after more than 12 months	65,894	69,421	60,680	69,421
Total net deferred tax asset	**30,523**	**10,168**	**26,487**	**6,614**

Notes to the Annual Financial Statements

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N$ '000	N$ '000	N$ '000	N$ '000

22. Deferred tax (Continued)

Reconciliation of deferred tax asset / (liability)

	Group 2021	Group 2020	Company 2021	Company 2020
At the beginning of year	3,148	10,168	6,614	14,152
Temporary differences on terminal dues and parcel credits	(1,538)	(587)	(1,538)	(587)
Temporary differences on income received in advance	3,870	358	3,870	358
Originating temporary differences on tangible fixed assets	(28,448)	(3,138)	(27,955)	(3,766)
Originating / (Reversing) temporary differences on Post retirement obligation	3,995	(492)	3,995	(382)
Temporary differences on fair value adjustments	(2,356)	(15,763)	(2,356)	(15,763)
Originating temporary differences on provisions	25,501	(1,265)	20,987	(1,265)
Originating temporary differences on stock - consumables	(1,840)	(116)	(1,783)	(116)
Temporary differences on prepayments	(561)	169	(561)	169
Other deferred tax (unrealised forex, workmen compensation, etc.)	28,752	13,814	25,214	13,814
	30,523	**3,148**	**26,487**	**6,614**

23. Current tax receivable / (payable)

Current tax receivable

	Group 2021	Group 2020	Company 2021	Company 2020
Current tax receivable	15,826	15,161	16,854	14,936

Reconciliation for current tax receivable / (payable):

	Group 2021	Group 2020	Company 2021	Company 2020
Opening balance	15,161	14,145	14,936	14,936
Other prior year minor adjustments	(32)	-	(33)	-
Current tax for the year	(6,798)	(7,381)	-	-
Provisional tax payment - 2021	7,495	8,397	1,951	-
	15,826	**15,161**	**16,854**	**14,936**

Balance of provision for taxation consists of:

	Group 2021	Group 2020	Company 2021	Company 2020
2018	5,882	12,712	13,470	13,503
2019	1,433	1,433	1,433	1,433
2020	1,016	1,016	-	-
2021	7,495	-	1,951	-
	15,826	**15,161**	**16,854**	**14,936**

Notes to the Annual Financial Statements

	Group		Company	
	2021	2020	2021	2020
	N$ '000	N$ '000	N$ '000	N$ '000
24. Revenue				
Revenue from contracts with customers				
Philately stamps revenue	810	533	810	533
Mail revenue	111,567	129,950	111,567	129,950
Agency commission	29,800	28,265	29,800	28,265
Logistics services	129,203	136,154	129,203	136,154
Savings bank fees	70,351	65,180	70,351	65,180
Other	2,435	2,889	2,435	2,889
Total revenue recognised at a point in time	**344,166**	**362,971**	**344,166**	**362,971**
Interest and similar income				
Interest and similar income on investments	516,838	508,412	516,838	508,412
Interest and similar charges on loan advances	84,370	81,600	-	-
Total Interest	**601,208**	**590,012**	**516,838**	**508,412**
Total revenue	**945,374**	**952,983**	**861,004**	**871,383**

25. Cost of sales

	Group 2021	Group 2020	Company 2021	Company 2020
Cost of sales	374,428	450,205	391,903	465,028

26. Other income

	Group 2021	Group 2020	Company 2021	Company 2020
Profit on sale of assets and liabilities	39	15	39	14
Recoveries	3,452	2,196	-	-
Other income	1,084	1,106	1,063	1,111
Profit (loss) on exchange differences	4,651	(2,979)	4,651	(2,979)
	9,226	**338**	**5,753**	**(1,854)**

27. Investment Income

	Group 2021	Group 2020	Company 2021	Company 2020
Dividends received	11,902	11,161	13,902	14,161
Interest received	1,664	1,738	44,241	38,373
	13,566	**12,899**	**58,143**	**52,534**

28. Operating profit (loss)

Operating profit / loss for the year is stated after charging the following, amongst others:

	Group 2021	Group 2020	Company 2021	Company 2020
Auditor's remuneration - external				
Audit fees	2,235	2,846	1,758	2,342
	2,235	**2,846**	**1,758**	**2,342**
Remuneration, other than to employees				
Consulting and professional services	13,326	13,380	8,549	9,273

Notes to the Annual Financial Statements

	Group		Company	
	2021 N$ '000	**2020** N$ '000	**2021** N$ '000	**2020** N$ '000

28. Operating profit (loss) (Continued)

Leases

Short-term lease charges				
Premises	36,373	39,027	35,482	37,671
Depreciation and amortisation				
Depreciation of property, plant and equipment	10,068	10,852	9,672	10,363
Depreciation - right-of-use assets	24,423	21,781	24,423	21,781
Amortisation of intangible assets	9,174	10,957	8,996	10,784
Total depreciation and amortisation	**43,665**	**43,590**	**43,091**	**42,929**

Expenses by nature

Employee costs	275,256	263,149	256,698	245,121
Short-term lease charges	35,608	37,339	35,034	35,983
Depreciation, amortisation and impairment	43,665	43,590	43,091	42,929
Advertising	5,205	6,559	4,386	5,634
Subscriptions	19,291	14,353	19,291	14,353
IT expenses	12,763	10,705	12,763	10,705
Security	9,943	10,490	9,943	10,490
Municipal expenses	2,546	2,915	2,546	2,915
Consulting and professional fees	13,326	13,380	8,549	9,273
Bad debts	4,414	10,010	4,414	10,010
Telephone and fax	13,469	13,461	13,335	13,331
Commission paid	8,348	7,839	5,015	5,391
Other expenses	47,882	44,637	33,812	31,759
	491,716	**478,427**	**448,877**	**437,894**

29. Depreciation, amortisation and impairment losses

Depreciation				
Property, plant and equipment (PPE)	10,068	10,852	9,672	10,363
Depreciation				
Right-of-use assets	24,423	21,781	24,423	21,781
Amortisation				
Intangible assets	9,174	10,957	8,996	10,784
Total depreciation, amortisation and impairment				
Depreciation (PPE)	10,068	10,852	9,672	10,363
Depreciation - Right-of-use assets	24,423	21,781	24,423	21,781
Amortisation	9,174	10,957	8,996	10,784
	43,665	**43,590**	**43,091**	**42,929**

Notes to the Annual Financial Statements

	Group		Company	
	2021 N$ '000	**2020** N$ '000	**2021** N$ '000	**2020** N$ '000
30. Finance costs				
Long-term borrowings	42,600	29,683	42,600	29,683
Interest on lease liabilities	3,085	4,150	3,085	4,150
Total finance costs	**45,685**	**33,833**	**45,685**	**33,833**
31. Income tax expense				
Major components of the income tax expense				
Current				
Local income tax - current year	6,798	7,381	-	-
Deferred				
Current year	6,866	(10,357)	7,296	(9,839)
Arising from prior year adjustments	(9)	1,156	(9)	1,156
	6,857	**(9,201)**	**7,287**	**(8,683)**
	13,655	**(1,820)**	**7,287**	**(8,683)**
Reconciliation of the income tax expense				
Accounting profit	54,036	6,461	38,435	(14,692)
Tax at the applicable tax rate of 32% (2020: 32%)	17,291	2,068	12,299	(4,701)
Tax effect of adjustments on taxable income				
Net Permanent differences	(3,627)	(5,044)	(5,003)	(5,138)
Prior year adjustments	(9)	1,156	(9)	1,156
	13,655	**(1,821)**	**7,287**	**(8,683)**
32. Income tax expense (other comprehensive income)				
Major components of the income tax expense				
Current relating to other comprehensive income				
Local income tax - current year	-	-	-	-
Deferred relating to other comprehensive income / (loss)				
Current year	(27,127)	16,221	(27,127)	16,221
Reconciliation of the income tax expense				
Reconciliation between other comprehensive income and tax expense				
Other comprehensive income / (loss)	(84,771)	50,690	(84,771)	50,690
Tax at the applicable tax rate of 32% (2020: 32%)	(27,127)	16,221	(27,127)	16,221
Tax effect of adjustments on taxable other comprehensive income	**(27,127)**	**16,221**	**(27,127)**	**16,221**

Notes to the Annual Financial Statements

	Group		Company	
	2021 N$ '000	**2020** N$ '000	**2021** N$ '000	**2020** N$ '000

33. Tax (paid) refunded

Balance at the beginning of the year	15,161	14,145	14,936	14,936
Prior year adjustment	(32)	-	(33)	-
Current tax for the year recognised in profit or (loss)	(6,798)	(7,381)	-	-
Balance at end of the year	(15,826)	(15,161)	(16,854)	(14,936)
	(7,495)	**(8,397)**	**(1,951)**	**-**

34. Cash generated from operations

Profit (loss) before taxation and fair value	52,480	7,891	36,879	(13,262)
Adjustments for:				
Depreciation and amortisation	43,665	43,590	43,091	42,929
Dividend income	(11,902)	(11,161)	(13,902)	(14,161)
Interest received - investment	(1,599)	(1,830)	(44,240)	(38,226)
Finance costs	45,685	33,833	45,685	33,833
Foreign exchange differences	(4,269)	6,240	(4,269)	6,240
Movements in retirement benefit assets and liabilities	1,753	-	1,753	-
Other non - cash items	-	-	-	-
Equity accounting	6,301	293	-	-
Changes in working capital:				
Inventories	(2,094)	-	(2,094)	-
Trade and other receivables	37,626	3,387	37,671	3,387
Trade and other payables	(8,367)	22,325	(8,710)	22,071
	159,279	**104,569**	**91,864**	**42,813**

35. Commitments

Authorised capital expenditure

Already contracted for but not provided for

Commitments in respect of contracts placed	1,351	-	1,351	-
Not yet contracted for and authorised by directors	25,495	23,433	25,495	23,433

Guarantees

Ministry of Finance	20	20	20	20
Avon and Justine	1,500	1,500	1,500	1,500
Roads Authority	-	690	-	690
Puma Energy	1,500	1,500	1,500	1,500

36. Related parties

Relationships

Ultimate shareholder	Government of the Republic of Namibia
Holding company	Namibia Post and Telecom Holdings Limited
Subsidiary	NamPost Financial Brokers (Pty) Ltd, Refer to note 7
Joint arrangements	SmartSwitch Namibia (Pty)Ltd, Refer to note 8
NamPost directors	Refer to directors' report on page 7
Directors (NamPost Financial Brokers (Pty) Ltd)	Mr Festus F Hangula
	Mr James A Cumming
	Erastus Hoveka (appointed 01 December 2020)
	Sonia Bergh (appointed 01 December 2020)
	Ms Jennifer J Comalie (resigned 01 October 2020)
Fellow Subsidiaries	Telecom Namibia Limited
	Mobile Telecommunications Limited
Key members of management	Festus Hangula (Chief Executive Officer: Namibia Post Limited)
	Patrick Gardiner (Chief Executive Officer: NamPost Financial Brokers (Pty) Ltd)
	Batsirai Pfigirai (Executive: Finance)
	Jorn Schnoor (Executive: Information Technology)
	Sonia Bergh (Executive: Human Resources) retired 31 August 2021
	Mbo Luvindao (Executive: Financial Services)
	Berlindi van Eck (Executive: Marketing)
	Eldorette Harmse (Executive: Legal, Compliance and Governance)
	Bennie Jakobs (Executive: Retail Channels)
	Kgomotso Hochobeb (Executive: Internal Audit) resigned 31 August 2021
	Deon Claasen (Executive: Enterprise Risk Management)
	Michael Feldmann (Executive: Mail and Logistics)

Notes to the Annual Financial Statements

	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
36. Related parties (continued)				
Related party balances				
Receivable from related parties				
Mobile Telecommunications Limited	905	728	905	728
Telecom Namibia Limited	1,089	1,608	1,089	1,608
NamPost Financial Brokers (Pty) Ltd	-	-	76	-
Payable to related parties				
Mobile Telecommunications Limited	6,335	18,049	6,335	18,049
Telecom Namibia Limited	590	274	590	274
SmartSwitch Namibia (Pty) Ltd	-	2,429	-	2,429
NamPost Financial Brokers (Pty) Ltd	-	-	-	18,950
Hollard	2,097	-	2,097	-
Loans to related parties				
NamPost Financial Brokers (Pty) Ltd	-	-	607,561	619,865
Related party transactions				
Sales of goods / services				
Telecom Namibia Limited	8,730	7,912	8,730	7,912
Namibia Post and Telecom Holdings Limited	3	2	3	2
Mobile Telecommunications Limited	4,215	4,699	4,215	4,699
NamPost Financial Brokers (Pty) Ltd	-	-	766	620,261
SmartSwitch Namibia (Pty) Ltd	4,000	3,371	4,000	3,371
Hollard Life Namibia Ltd	8,916	13,846	8,916	13,846
Purchases of goods / services				
Namibia Post and Telecom Holdings Limited	30,259	25,121	30,259	25,121
Mobile Telecommunications Limited	284,207	316,490	284,207	316,490
Telecom Namibia Limited	6,506	3,504	6,506	3,504
SmartSwitch Namibia (Pty) Ltd	11,106	19,822	11,106	19,822
Directors' emoluments				
Evangelina N Hamunyela	104	201	104	201
Perien J Boer	89	150	89	150
Muronga Haingura	41	154	41	154
Israel U D Kalenga	71	122	71	122
James A Cumming	221	235	126	156
Simeon Amunkete	32	-	32	-
Leezhel Mouton	32	-	32	-
Martha Shingenge	29	-	29	-
Ndangi Katoma	27	-	27	-
Festus F Hangula	16	-	-	-
Erastus Hoveka	71	-	-	-
Sonia Bergh	16	-	-	-
Compensation: Key management				
Short -term employee benefits	**21,072**	**23,482**	**18,445**	**20,770**

Detailed Statement of Profit or Loss

	Notes	Group 2021 N$ '000	Group 2020 N$ '000	Company 2021 N$ '000	Company 2020 N$ '000
Revenue					
Philately stamps revenue		810	533	810	533
Mail revenue		111,567	129,950	111,567	129,950
Agency commission		29,800	28,265	29,800	28,265
Courier services		129,203	136,154	129,203	136,154
Interest on loan advances		84,370	81,600	-	-
Savings bank investments		516,838	508,412	516,838	508,412
Savings bank fees		70,351	65,180	70,351	65,180
Other revenue		2,435	2,889	2,435	2,889
		945,374	**952,983**	**861,004**	**871,383**
Cost of sales					
Opening stock		(12,102)	(14,035)	(12,102)	(14,035)
Purchases		(376,522)	(448,272)	(393,997)	(463,095)
Closing stock		14,196	12,102	14,196	12,102
	25	**(374,428)**	**(450,205)**	**(391,903)**	**(465,028)**
Gross profit		**570,946**	**502,778**	**469,101**	**406,355**
Other operating income (loss)					
Bad debts recovered		3,452	2,196	-	-
Other income		1,084	1,106	1,063	1,112
Profit / (loss) on exchange differences		4,651	(2,979)	4,651	(2,979)
Profit / (loss) on sale of assets and liabilities		39	15	39	14
Other operating income (loss)	26	**9,226**	**338**	**5,753**	**(1,853)**
Expenses (Refer to page 71)		**(491,716)**	**(478,427)**	**(448,877)**	**(437,894)**
Operating profit/ (loss)	28	**88,456**	**24,689**	**25,977**	**(33,392)**
Investment income	27	13,566	12,899	58,143	52,534
Finance costs	30	(45,685)	(33,833)	(45,685)	(33,833)
Income from equity accounted investments		(2,301)	2,707	-	-
Profit/ (loss) before taxation		**54,036**	**6,462**	**38,435**	**(14,691)**
Taxation		(13,655)	1,820	(7,287)	8,683
Profit/ (loss) for the year		**40,381**	**8,282**	**31,148**	**(6,008)**

The supplementary information presented does not form part of the annual financial statements and is unaudited.

Detailed Statement of Profit or Loss

	Notes	Group 2021 N$ '000	Group 2020 N$ '000	Company 2021 N$ '000	Company 2020 N$ '000
Other operating expenses					
Selling and distribution expenses					
Commission paid		(8,348)	(7,839)	(5,015)	(5,391)
Motor vehicle expenses		(199)	(370)	(177)	(321)
Postage		(692)	(581)	(225)	(206)
		(9,239)	(8,790)	(5,417)	(5,918)
Marketing expenses					
Advertising		(5,205)	(6,559)	(4,386)	(5,634)
General and administrative expenses					
Auditors remuneration - external auditors	28	(2,235)	(2,846)	(1,758)	(2,342)
Bank charges		(3,605)	(2,853)	(3,572)	(2,833)
Computer expenses		(2,364)	(2,657)	-	-
Depreciation		(10,068)	(10,852)	(9,672)	(10,363)
Employee costs		(275,256)	(263,149)	(256,698)	(245,121)
Insurance		(3,858)	(4,094)	(3,797)	(4,020)
IT expenses		(12,763)	(10,705)	(12,763)	(10,705)
Lease rentals on operating lease		(35,608)	(37,339)	(35,034)	(35,983)
Municipal expenses		(2,546)	(2,915)	(2,546)	(2,915)
Printing and stationery		(1,253)	(1,232)	(1,081)	(1,098)
Telephone and fax		(13,469)	(13,461)	(13,335)	(13,331)
		(363,025)	(352,103)	(340,256)	(328,711)
Maintenance expenses					
Repairs and maintenance		(2,348)	(2,483)	(2,348)	(2,483)

The supplementary information presented does not form part of the annual financial statements and is unaudited.

Detailed Statement of Profit or Loss

	Notes	Group 2021 N$ '000	Group 2020 N$ '000	Company 2021 N$ '000	Company 2020 N$ '000
Other operating expenses					
Amortisation		(9,174)	(10,957)	(8,996)	(10,784)
Depreciation - right-of-use assets		(24,423)	(21,781)	(24,423)	(21,781)
Bad debts		(4,414)	(10,010)	(4,414)	(10,010)
Cleaning		(1,920)	(1,479)	(1,874)	(1,433)
Consulting and professional fees		(13,326)	(13,380)	(8,549)	(9,273)
Legal fees		(497)	(974)	(175)	(513)
Entertainment		(743)	(1,207)	(737)	(1,200)
HIV/ Aids expenses		(498)	(622)	(498)	(622)
Recruitment fees		(215)	(579)	(215)	(579)
Impairment of loans		(8,320)	(7,603)	-	-
Mass distance charges		(431)	(393)	(431)	(393)
Corporate communication		(329)	(216)	(329)	(216)
Safe custody fees		(386)	9	(386)	9
Fines and penalties		(4)	(9)	(4)	(9)
Security		(9,943)	(10,490)	(9,943)	(10,490)
Staff welfare		60	(646)	144	(569)
Subscriptions		(19,291)	(14,353)	(19,291)	(14,353)
Training		(1,117)	(1,103)	(905)	(826)
Travel - local		(117)	(674)	(117)	(657)
Travel - overseas		-	(11)	-	(11)
Other expenses		(16,811)	(12,014)	(15,327)	(11,438)
		(111,899)	(108,492)	(96,470)	(95,148)
		(491,716)	**(478,427)**	**(448,877)**	**(437,894)**

The supplementary information presented does not form part of the annual financial statements and is unaudited.

nampost®

NAMIBIA POST LIMITED

175 Independence Avenue
P. O. Box 287, Windhoek,
Namibia

www.nampost.com.na
Tel: 264 (0) 61-201 9311
Fax: 264 (0) 61-226 500