ANNUAL FINANCIAL STATEMENTS 2019

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NAMIBIA POST LIMITED AND ITS SUBSIDIARY

(Registration number 92/284)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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, 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	Evangelina N Hamunyela Perien J Boer Muronga Haingura Israel U D Kalenga James A Cumming
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	Conradie and Damaseb, Shikongo Law Chambers and ENSafrica/Namibia

Contents

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 2020 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 67, which have been prepared on the going concern basis, were approved 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: 29/11/2019

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 2019, 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 67 comprise:

- the directors' report for the year ended 30 September 2019;
- the consolidated and separate statements of financial position as at 30 September 2019;
- the consolidated and separate statements of Profit and loss and other 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
- accounting policies
- the notes to the financial statements.

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 sections 290 and 291 of the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (Revised July 2016)*, parts 1 and 3 of the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (Revised July 2018)* (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 Annual Financial Statements for the year ended 30 September 2019". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

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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
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Samuel N Ndahangwapo
Partner
Windhoek
Date: 24 January 2020

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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 2019.

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 15 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 declared during the year under review, however a dividend of N$5 million which was subsequently declared in the prior year was paid during the current year.

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	Appointed	Current designation
Evangelina N Hamunyela	20 November 2013	Chairperson
Perien J Boer	26 August 2013	Non-executive
Muronga Haingura	01 October 2016	Vice Chairperson
Israel U D Kalenga	01 October 2016	Non-executive
James A Cumming	01 October 2016	Non-executive

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 (Joint venture)	Namibia	50

6. Interest in subsidiaries and joint venture (continued)

	2019 N$ '000	2018 N$ '000
NamPost Financial Brokers (Pty) Ltd		
Total profit after income tax	18,899	13,527
SmartSwitch Namibia (Pty) Ltd		
Total profit after income tax	11,920	12,133
	30,819	**25,660**

There were no significant acquisitions or divestitures during the year ended 30 September 2019.

7. Holding company

The group's holding company is Namibia Post and Telecom Holdings Limited 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 an impact on these financial statements.

9. Auditors

PricewaterhouseCoopers continued in office as auditors for the company, its subsidiary and joint venture for 2019 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 shareholders, and to all our staff, suppliers, customers and clients for their continued support of the Group.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2019

Statements of Financial Position as at 30 September 2019

		Group		Company	
	Notes	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
Assets					
Non - Current Assets					
Property, plant and equipment	4	28,977	20,304	27,496	18,905
Intangible assets	5	75,375	71,800	74,301	70,554
Investments in subsidiary	6	-	-	15,001	15,001
Investment in joint ventures	7	6,594	10,634	2,000	2,000
Loans to group companies	8	-	-	205,357	209,712
Other financial assets	9	2,776,575	2,774,448	2,590,619	2,470,539
Deferred tax	11	17,188	29,166	14,152	27,027
		2,904,709	**2,906,352**	**2,928,926**	**2,813,738**
Current Assets					
Inventories	14	14,035	9,576	14,035	9,576
Loans to group companies	8	-	-	6,168	6,678
Trade and other receivables	15	97,544	84,719	97,276	84,443
Other financial assets	9	3,385,406	2,393,920	3,212,337	2,393,920
Current tax receivable	19	14,145	11,742	14,936	12,871
Cash and cash equivalents	16	106,802	87,638	98,907	85,666
		3,617,932	**2,587,595**	**3,443,659**	**2,593,154**
Total Assets		**6,522,641**	**5,493,947**	**6,372,585**	**5,406,892**
Equity and Liabilities					
Equity					
Share capital	17	5,075	5,075	5,075	5,075
Retained income		319,051	265,335	266,508	227,650
		324,126	**270,410**	**271,583**	**232,725**
Liabilities					
Non-Current Liabilities					
Other financial liabilities	18	145,891	105,441	52,974	51,993
Retirement benefit obligation	12	11,926	12,278	11,926	12,278
Savings bank Investors	13	722,622	654,145	722,622	654,145
		880,439	**771,864**	**787,522**	**718,416**
Current Liabilities					
Trade and other payables	20	210,177	191,039	199,389	185,195
Other financial liabilities	18	5,207	3,033	524	1,374
Savings bank Investors	13	5,102,692	4,257,601	5,113,567	4,269,182
		5,318,076	**4,451,673**	**5,313,480**	**4,455,751**
Total Liabilities		**6,198,515**	**5,223,537**	**6,101,002**	**5,174,167**
Total Equity and Liabilities		**6,522,641**	**5,493,947**	**6,372,585**	**5,406,892**

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2019

Statements of Profit or Loss and other Comprehensive Income

	Notes	Group 2019 N$ '000	Group 2018 Restated* N$ '000	Company 2019 N$ '000	Company 2018 Restated* N$ '000
Revenue	22	869,862	830,316	787,265	763,058
Cost of sales	23	(450,520)	(415,699)	(444,334)	(413,196)
Gross profit		**419,342**	**414,617**	**342,931**	**349,862**
Other operating income (loss)	24	1,787	11,749	(184)	9,700
Operating expenses		(427,116)	(388,189)	(392,546)	(359,078)
Operating profit (loss)	25	**(5,987)**	**38,177**	**(49,799)**	**484**
Investment income	27	14,774	11,266	40,794	29,941
Finance costs	28	(1,021)	(929)	(1,021)	(929)
Income from equity accounted investments	7	5,960	6,066	-	-
Profit (loss) before taxation		**13,726**	**54,580**	**(10,026)**	**29,496**
Taxation	29	(407)	(15,290)	8,487	(8,300)
Profit (loss) for the year		**13,319**	**39,290**	**(1,539)**	**21,196**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability/asset		637	1,065	637	1,065
Fair value adjustments		66,123	(35,114)	66,123	(35,114)
Income tax relating to items that will not be reclassified	30	(21,363)	10,896	(21,363)	10,896
Total items that will not be reclassified to profit or (loss)		**45,397**	**(23,153)**	**45,397**	**(23,153)**
Other comprehensive income (loss) for the year net of taxation		**45,397**	**(23,153)**	**45,397**	**(23,153)**
Total comprehensive income (loss) for the year		**58,716**	**16,137**	**43,858**	**(1,957)**

*Certain amounts shown here do not correspond to the 2018 financial statements and reflect adjustments made, refer to Notes 22 and 23.

Statements of Changes in Equity

	Share capital N$ '000	Retained income N$ '000	Total equity N$ '000
Group			
Balance at 01 October 2017	**5,075**	**249,198**	**254,273**
Profit for the year	-	39,290	39,290
Other comprehensive income	-	(23,153)	(23,153)
Total comprehensive income for the year	**-**	**16,137**	**16,137**
Balance at 01 October 2018	**5,075**	**265,335**	**270,410**
Profit for the year	-	13,319	13,319
Other comprehensive income	-	45,397	45,397
Total comprehensive income for the year	-	**58,716**	**58,716**
Dividends paid	-	(5,000)	(5,000)
Total	**-**	**53,716**	**53,716**
Balance at 30 September 2019	**5,075**	**319,051**	**324,126**

Refer to note 17 for details on share capital

	Share capital N$ '000	Retained income N$ '000	Total equity N$ '000
Company			
Balance at 01 October 2017	**5,075**	**229,606**	**234,681**
Profit for the year	-	21,196	21,196
Other comprehensive income	-	**(23,153)**	**(23,153)**
Total comprehensive loss for the year	**-**	**(1,957)**	**(1,957)**
Balance at 01 October 2018	**5,075**	**227,650**	**232,725**
Loss for the year	-	(1,539)	(1,539)
Other comprehensive income	-	45,397	45,397
Total comprehensive income for the year	**-**	**43,858**	**43,858**
Dividends paid	-	(5,000)	(5,000)
Total	**-**	**38,858**	**38,858**
Balance at 30 September 2019	**5,075**	**266,508**	**271,583**

Refer to note 17 for details on share capital

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2019

Statements of Cash Flows

	Notes	Group 2019 N$ '000	Group 2018 N$ '000	Company 2019 N$ '000	Company 2018 N$ '000
Cash flows from operating activities					
Cash generated by operations	31	14,880	80,954	(44,442)	39,913
Interest received	27	4,972	4,706	20,992	21,881
Finance costs	28	(1,021)	(929)	(1,021)	(929)
Dividend received	27	9,802	6,559	19,802	8,059
Tax paid	32	(12,194)	(15,363)	(2,065)	(8,304)
Net cash inflow from operating activities		**16,439**	**75,927**	**(6,734)**	**60,620**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(8,928)	(3,703)	(8,456)	(2,669)
Sale of property, plant and equipment	4	215	307	215	34
Purchase of intangible assets	5	(17,688)	(28,510)	(17,688)	(28,510)
Net movement in financial assets		(927,490)	(883,189)	(872,374)	(863,884)
Movement in loans to group companies		-	-	4,865	7,287
Proceeds from a share buy back	7	-	-	-	4,000
Net cash outflow from investing activities		**(953,891)**	**(915,095)**	**(893,438)**	**(883,742)**
Cash flows from financing activities					
Movement in other financial liabilities		41,997	24,283	(500)	(340)
Movement in agency / third party funds		6,051	5,270	6,051	5,270
Dividends paid		(5,000)	-	(5,000)	-
Movement in savings deposits liabilities		913,568	833,017	912,862	840,069
Net cash from financing activities		**956,616**	**862,570**	**913,413**	**844,999**
Total cash and cash equivalents movement for the year		**19,164**	**23,402**	**13,241**	**21,877**
Cash and cash equivalents at the beginning of the year		87,638	64,236	85,666	63,789
Total cash and cash equivalents at the end of the year	16	**106,802**	**87,638**	**98,907**	**85,666**

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 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.

1.3 Significant judgements and sources of estimation uncertainty (continued)

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.

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.

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 the following areas:

Post box rentals are 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.

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

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the 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

Company annual financial statements

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.

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:

a. Amortised cost
b. Fair value through other comprehensive income (FVOCI).
c. Fair value through profit & loss

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 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.

1.8 Financial instruments (continued)

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 fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through 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.

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 income statement within 'other (losses)/gains —net' 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.

1.8 Financial instruments (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the 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

Loans to (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.

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.

1.8 Financial instruments (continued)

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 assets and liabilities

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 yearsare 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.

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).

Current tax assets and liabilities (continued)

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.

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

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

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each year during the lease term so as to produce a constant yearly rate of on the remaining balance of the liability.

1.10 Leases (continued)

Operating leases - lessor

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

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

Income for leases is disclosed under revenue in the statement of comprehensive income.

Operating leases – lessee

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

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

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.

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

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

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:

Accounting Policies

1.16 Revenue (continued)

The five-step model framework (continued)

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.

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:
• Philately stamps- Group ensures that the customer receives the purchased stamps upon payment.
• Mail revenue- This includes physical mail, small parcels (both domestic and international), and hybrid mail among others. Group's obligation is to ensure that mail or parcels are delivered to the correct destination. PO boxes are rented annually and customers have to renew on an annual basis and it is the Group's obligation to ensure that customers who have renewed their PO Boxes have access to their physical PO Boxes at any point during that financial year. The annual PO Box renewal fee is fixed and is not apportionable for a part of the year irrespective of when the customer has paid for renewal.
• Logistics services revenue- Group's obligation is to ensure that the parcels shipped reach their destination and revenue is recognised when this service is rendered.
• Agency commission- the Group's obligation is to collect funds on behalf of third parties and also sell airtime on behalf of mobile and telecom companies for a commission or fee. Revenue is recognised based on the collections done and also based on airtime sold at a point in time.
• Savings Bank fees- the Group's obligation is to provide deposit , withdrawal services and other transactional services to its retail clients and also maintain the savings accounts for a fee. Revenue is recognised at a point in time when these services are rendered.

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 over time (see below); and
• a single method of measuring progress would be used to measure the entity's progress towards complete 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.

1.16 Revenue (continued)

The five-step model framework (continued)

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:
- 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.

Where consideration is paid in advance or in arrears, the Group considers whether the contract includes a significant financing arrangement and, if so, adjust for the time value of money.

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:

1.16 Revenue (continued)

The five-step model framework (continued)

- 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

- 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.

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.

Principal/Agency relationship

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). This however, has no impact to the retained earnings. Prior year revenue and cost of sales figures were accordingly adjusted, refer to note 1.21 and note 22.

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.

1.16 Revenue (continued)

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.

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 Change in accounting policies

IFRS 9 became effective on 1 January 2019. However the Group had early adopted IFRS 9 in 2016. Consequently there is no transitional impact in the current financial year.

IFRS 15 became effective on 1 January 2019. This has not impacted the Group significantly given that the nature of its revenue was largely recognised more or less within the criteria of the new standard. The Group however changed the way it recognises revenue from airtime sales in terms of which the new Agency/Principal relationships requirements in IFRS 15 has made the Group to conclude that it is providing this service as an agency basis rather than as a principal. Consequently revenue from this service is now recognised on net basis i.e. commission rather than gross. The impact of this would be a significant reduction in revenue and cost of sales in the current financial year, and the prior year has also been adjusted to reflect the same effect, but with no impact on the net position. Furthermore the inventory for airtime vouchers will be reclassified to prepayments under trade and other receivables (refer to note 14 and 15). The effects are presented in the statement of profit or loss and statement of financial position as follows:

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
Statement of Profit or loss effect				
Revenue from sale of goods				
Reduction in Revenue - mobile products	-	(282,789)	-	(282,789)
Reduction in Cost of sales	-	274,991	-	274,991
Agency commission				
Net fee	8,189	7,798	8,189	7,798
Rebate	5,656	6,902	5,656	6,902
Total agency revenue	**13,845**	**14,700**	**13,845**	**14,700**
Statement of Financial Position effect				
Reduction in inventory	-	(20,685)	-	(20,685)
Increase of prepayment (trade and other receivables)	-	20,685	-	20,685

1.22 Statement of Cashflows

The group has consistently presented movement in its financial assets and movement in savings bank deposits liabilities on a net basis as permitted by IAS 7 paragraph 22-24.

Notes to the Annual Financial Statements

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
IFRS 15 Revenue from Contracts from Customers - Amendments on recognition of revenue and revenue disclosures	**1 January 2018**	**The significant impact is on revenue generated from sale of airtime which is now recognised on the net basis and also on the disclosure of revenue, refer to note 1.16 and note 22.**

2.2 Standards and Interpretations early adopted

The group has chosen to early adopt the following standards and interpretations:

Standard/	Effective date: Years beginning on or after	Expected impact
IFRS 9 Financial Instruments	1 January 2018	The impact of the amendment is not material

2.3 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 2018 or later years:

Standard/	Effective date: Years beginning on or after	Expected impact
IFRS 10 and IAS 28 Consolidated Financial Statements - Amendment on sale or contribution of assets between an Investor and its Associate or Joint Venture	The effective date has been deferred indefinitely	Unlikely to have a material impact
IFRS 3 Business Combinations - Annual Improvements 2015-2017 Cycle: Clarification that when an entity obtains control of a business that is a joint operation, it is required to remeasure previously held interests in that business.	1 January 2019	Unlikely to have a material impact

2.3 Standards and interpretations not yet effective (continued)

	IFRS10 Consolidated Financial Statements: 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	Unlikely to have a material impact
	Standard/	Effective date: Years beginning on or after	
	IFRS 16 Leases - Amendments on recognition and disclosures of leased assets and liabilities	1 January 2019	

Impact of IFRS 16

- IFRS 16: Leases has not yet been applied, as it is applicable for annual reporting years commencing 1 January 2019, though Group will only apply IFRS 16 in the next accounting year.
- The IFRS 16 implementation project is in early stage and is expected to be completed in the fourth quarter of the 2020 financial year. No implementation was done as at current financial year end, hence the impact can not be quantitatively disclosed.
- The simplified approach will be adopted in transitioning to IFRS 16.
- Key judgements and estimates to be made include assessing whether an arrangement contains a lease, determining the lease term, calculating the discount rate and determining any service/lease components of arrangements to be separated from the lease payments.
- The expected impact of transitioning to IFRS 16 on the date of transition is an increase in assets. (Right-of-use) and a corresponding increase in lease liabilities. The quantitative assessment is still work in progress.

	IAS 19 Employee Benefits - Amendments on using assumptions from a plan amendment, curtailment or settlement	1 January 2019	Unlikely to have a material impact
	IFRS 11 Joint arrangements Clarification that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business	1 January 2019	Unlikely to have a material impact
	IAS 1 Presentation of Financial Statements The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards	1 January 2020	Unlikely to have a material impact

2.3 Standards and interpretations not yet effective (continued)

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 of that concept whenever it is used in IFRS Standards.	1 January 2020	Unlikely to have a material impact

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 8 & 18 cash and cash equivalents disclosed in note 16, 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.

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$ 14m, master card of N$ 0.3m, fleet management of N$ 0.8m, vehicle asset finance N$ 1m, guarantee N$0.17m, foreign exchange N$ 1m, forward exchange N$ 1m, interest rate swaps amounts to N$2.76m.

Liquidity risk (continued)

The table below analyses the group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining year at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

As at 30 September 2019	Less than 1 year	Between 2 and 5 years
Borrowings	5,207	145,891
Trade and other payables (Excluding VAT and amounts received in advance)	202,205	-
Savings Bank Investors	5,102,692	722,622
Retirement benefit obligation	-	11,926

Group

As at 30 September 2018	Less than 1 year	Between 2 and 5 years
Borrowings	3,033	105,441
Trade and other payables (Excluding VAT and amounts received in advance)	181,257	-
Savings Bank Investors	4,257,601	654,145
Retirement benefit obligation	-	12,278

Company

As at 30 September 2019	Less than 1 year	Between 2 and 5 years
Borrowings	524	52,974
Trade and other payables (Excluding VAT and amounts received in advance)	191,797	-
Savings Bank Investors	5,113,567	722,622
Retirement benefit obligation	-	11,926

Company

As at 30 September 2018	Less than 1 year	Between 2 and 5 years
Borrowings	1,374	51,993
Trade and other payables (Excluding VAT and amounts received in advance)	171,090	-
Savings Bank Investors	4,269,182	654,145
Retirement benefit obligation	-	12,278

Notes to the Annual Financial Statements

Liquidity risk (continued)

Short term exposure	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
Current portion of Savings Bank investors	(5,102,692)	(4,257,601)	(5,113,567)	(4,269,182)
Current portion of other financial assets	3,385,406	2,393,920	3,212,337	2,393,920
Cash and cash equivalents (excluding cash on hand)	75,989	71,323	68,102	69,359
	(1,641,297)	**(1,792,358)**	**(1,833,128)**	**(1,805,903)**

Long term exposure	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
Long term portion of Savings Bank investors	(722,622)	(654,145)	(722,622)	(654,145)
Long term portion of other financial assets	2,776,575	2,774,448	2,590,619	2,470,539
	2,053,953	**2,120,303**	**1,867,997**	**1,816,394**

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 2019, if interest rates on Namibia Dollar-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been N$59 million (2018: N$49 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% higher/lower with all other variables held constant, post-tax profit for the year would have been N$54 million (2018: N$43 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings; other components of equity would have been N$8 million (2018: N$8 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.

Interest rate risk (continued)

Interest rate effect on profit

Group (N$'000)	Effect on profit 2019		Effect on profit 2018	
	100bp increase in market	100bp decrease in market	100bp increase in market	100bp decrease in market
Cash and cash equivalents	1,068	(1,068)	876	(876)
Other financial assets	61,620	(61,620)	51,684	(51,684)
Other financial liabilities	(1,511)	1,511	(1,085)	1,085
Savings Bank investors	(58,362)	58,362	(49,117)	49,117
	2,815	**(2,815)**	**2,358**	**(2,358)**

Company (N$'000)	Effect on profit 2019		Effect on profit 2018	
	100bp increase in market	100bp decrease in market	100bp increase in market	100bp decrease in market
Cash and cash equivalents	989	(989)	857	(857)
Other financial assets	58,030	(58,030)	48,645	(48,645)
Other financial liabilities	(535)	535	(534)	534
Loans to group companies	2,115	(2,115)	1,595	(1,595)
	60,599	**(60,599)**	**50,563**	**(50,563)**

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.

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.

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.

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.

Credit risk (continued)

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:

• 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.

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

2019 (N$ 000)

Description	**Current**	**30 days**	**60 days**	**90 days**	**180 days**	**365 days+**
Corporate trade debtors	7,173	3,112	3,924	1,602	958	1,743
Government trade debtors					1,365	3,352
Provision matrix	0.2%	1%	2%	5%	50%	100%
Total Provision	14	31	78	80	1,161	5,095

2018 (N$ 000)

Description	**Current**	**30 days**	**60 days**	**90 days**	**180 days**	**365 days+**
Corporate trade debtors	7,525	3,536	476	1,167	403	1,753
Government trade debtors					1,598	2,928
Provision matrix	0.2%	1%	2%	5%	50%	100%
Total Provision	15	35	10	58	1,001	4,681

Credit risk (continued)

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.

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

Financial instrument	**Group**		**Company**	
	2019 N$ '000	**2018 N$ '000**	**2019 N$ '000**	**2018 N$ '000**
Loans to group companies	-	-	211,525	216,390
Other financial assets	6,161,981	5,172,841	5,802,956	4,864,459
Trade and other receivables (excluding prepayments and VAT)	68,164	60,281	68,091	60,271
Cash and cash equivalents	106,802	87,638	98,907	85,666

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
- External credit rating (Group makes use of the Credit Bureaus in Namibia on each new loan application)
- 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.

A default on the loan is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Loans and advances are written off when there is no reasonable expectation of recovery, such as a borrower failing to engage in a repayment plan with the Group. The Group categorises a loan for write off when a borrower fails to make contractual payments more than 365 days past due. Where loans have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where

Credit risk (continued)

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.

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 expected credit loss provision**
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 2019

Group internal Credit rating	**Expected credit loss rate***	**Gross carrying amount (stage 1) (N$ 000)**	**Gross carrying amount (stage 2) (N$ 000)**	**Gross carrying amount (stage 3) (N$ 000)**
High-AAA	1%	358,787		
High-A	4%		1,435	
Moderate	3%		1,290	
Credit impaired	66%			4,104
Fully impaired	100%			7,312

Credit risk (continued)

Group 2018

Group internal Credit rating	Expected credit loss rate*	Gross carrying amount (stage 1) (N$ 000)	Gross carrying amount (stage 2) (N$ 000)	Gross carrying amount (stage 3) (N$ 000)
High-AAA	1%	298,020		
High-A	4%		5,927	
Moderate	3%		1,718	
Credit impaired	66%			4,450
Fully impaired	100%			4,620

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

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	
	2019	**2018**	**2019**	**2018**
Assets				
SDR*	1.290	1.398	1.290	1.398
Liabilities				
Euro	3.010	2.709	3.010	2.709
SDR*	341	406	341	406

Credit risk (continued)

*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.

Notes to the Annual Financial Statements

4. Property, plant and equipment

Group	2019 N$ '000 Cost	2019 N$ '000 Accumulated depreciation	2019 N$ '000 Carrying value	2018 N$ '000 Cost	2018 N$ '000 Accumulated depreciation	2018 N$ '000 Carrying value
Furniture and fixtures	7,587	(4,656)	2,931	6,699	(4,126)	2,573
Motor vehicles	2,540	(1,432)	1,108	2,540	(1,164)	1,376
IT equipment	49,162	(35,115)	14,047	34,741	(31,490)	3,251
Leasehold improvements	3,467	(1,638)	1,829	3,106	(1,343)	1,763
Other equipment	46,108	(37,046)	9,062	44,827	(33,487)	11,341
Total	**108,864**	**(79,887)**	**28,977**	**91,913**	**(71,610)**	**20,304**

Company	2019 N$ '000 Cost	2019 N$ '000 Accumulated depreciation	2019 N$ '000 Carrying value	2018 N$ '000 Cost	2018 N$ '000 Accumulated depreciation	2018 N$ '000 Carrying value
Furniture and fixtures	7,110	(4,406)	2,704	6,411	(3,953)	2,458
Motor vehicles	1,343	(1,145)	198	1,343	(1,008)	335
IT equipment	47,811	(34,109)	13,702	33,673	(30,664)	3,009
Leasehold improvements	3,467	(1,638)	1,829	3,106	(1,342)	1,764
Other equipment	46,107	(37,044)	9,063	44,827	(33,488)	11,339
Total	**105,838**	**(78,342)**	**27,496**	**89,360**	**(70,455)**	**18,905**

Reconciliation of property, plant and equipment - Group 2019 - N$'000

	Opening balance	Additions	Transfers	Disposals	Depreciation	Total
Furniture and fixtures	2,573	947	-	(30)	(559)	2,931
Motor vehicles	1,376	-	-	-	(268)	1,108
IT equipment	3,251	6,311	8,258	(146)	(3,627)	14,047
Leasehold improvements	1,763	394	-	(31)	(297)	1,829
Other equipment	11,341	1,276	19	(8)	(3,565)	9,062
	20,304	**8,928**	**8,277**	**(215)**	**(8,316)**	**28,977**

Reconciliation of property, plant and equipment - Group 2018 - N$'000

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,962	126	-	(515)	2,573
Motor vehicles	1,003	611	-	(239)	1,376
IT equipment	3,332	2,262	(13)	(2,330)	3,251
Leasehold improvements	1,832	215	-	(284)	1,763
Other equipment	14,663	489	(294)	(3,516)	11,341
	23,792	**3,703**	**(307)**	**(6,884)**	**20,304**

Notes to the Annual Financial Statements

Reconciliation of property, plant and equipment - Company 2019 - N$'000

	Opening balance	Additions	Transfers	Disposals	Depreciation	Total
Furniture and fixtures	2,458	759	-	(30)	(483)	2,704
Motor vehicles	335	-	-	-	(137)	198
IT equipment	3,009	6,026	8,258	(146)	(3,445)	13,702
Leasehold improvements	1,764	393	-	(31)	(297)	1,829
Other equipment	11,339	1,278	19	(8)	(3,565)	9,063
	18,905	**8,456**	**8,277**	**(215)**	**(7,927)**	**27,496**

Reconciliation of property, plant and equipment - Company 2018 - N$'000

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,843	78	-	(463)	2,458
Motor vehicles	472	-	-	(137)	335
IT equipment	2,950	2,160	(13)	(2,088)	3,009
Leasehold improvements	1,832	216	-	(284)	1,764
Other equipment	14,663	215	(21)	(3,518)	11,339
	22,760	**2,669**	**(34)**	**(6,490)**	**18,905**

5. Intangible assets

Group	**2019 N$ '000**			**2018 N$ '000**		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	126,008	(51,421)	74,587	53,635	(45,619)	8,016
Work in progress (WIP)	788	-	788	63,784	-	63,784
Total	**126,796**	**(51,421)**	**75,375**	**117,419**	**(45,619)**	**71,800**

Company	**2019 N$ '000**			**2018 N$ '000**		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer software	124,335	(50,822)	73,513	51,963	(45,193)	6,770
Work in progress (WIP)	788	-	788	63,784	-	63,784
Total	**125,123**	**(50,822)**	**74,301**	**115,747**	**(45,193)**	**70,554**

Reconciliation of intangible - Group 2019 - N$'000

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	8,016	16,918	55,489	(5,836)	74,587
Work in progress (WIP)	63,784	770	(63,766)	-	788
Total	**71,800**	**17,688**	**(8,277)**	**(5,836)**	**75,375**

Reconciliation of intangible assets- Group 2018 - N$'000

	Opening balance	Additions	Amortisation	Total
Computer software	9,994	1,467	(3,445)	8,016
Work in progress (WIP)	36,741	27,043	-	63,784
Total	**46,735**	**28,510**	**(3,445)**	**71,800**

Reconciliation of intangible assets - Company 2019 - N$'000

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	6,770	16,918	55,489	(5,664)	73,513
Work in progress (WIP)	63,784	770	(63,766)	-	788
Total	**70,554**	**17,688**	**(8,277)**	**(5,664)**	**74,301**

Reconciliation of intangible assets - Company 2018 - N$'000

	Opening balance	Additions	Amortisation	Total
Computer software	8,575	1,467	(3,272)	6,770
Work in progress (WIP)	36,741	27,043	-	63,784
Total	**45,316**	**28,510**	**(3,272)**	**70,554**

6. Investments in Subsidiary

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

Company

Name of company	**% holding 2019**	**% holding 2018**	**Carrying amount 2019 N$ '000**	**Carrying amount 2018 N$ '000**
NamPost Financial Brokers (Pty) Ltd	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$71,855,242 (2018: N$44,232,929).

Notes to the Annual Financial Statements

7. Investment in Joint Ventures

Joint venture - SmartSwitch

SmartSwitch Namibia Limited has been operational since February 2006 and is 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.

Group

Name of company	% holding 2019	% holding 2018	Carrying amount 2019 N$ '000	Carrying amount 2018 N$ '000
SmartSwitch Namibia (Pty) Ltd unlisted share investment	50	50	6,594	10,634

Summarised financial information of material joint ventures

Summarised Statement of Comprehensive Income

	SmartSwitch Namibia (Pty) Ltd	
	2019 N$ '000	2018 N$ '000
Revenue	30,045	28,900
Cost of sales	(1,525)	(1,297)
Operating expenses	(11,825)	(10,746)
Investment revenue	835	986
Profit before tax	17,530	17,843
Tax expense	(5,610)	(5,710)
Profit from continuing operations	11,920	12,133
Total comprehensive income	**11,920**	**12,133**

Summarised Statement of Financial Position

Non-current assets	182	136
Current assets	9,076	17,329
Non-current liabilities	(125)	(125)
Current liabilities	(802)	(931)
Net assets	**8,331**	**16,409**
Investment at beginning of the year	10,634	10,068
Share of total comprehensive income	5,960	6,066
Dividends received from joint venture	(10,000)	(1,500)
Share buy back	-	(4,000)
Carrying amount of Investment	**6,594**	**10,634**

Directors valuation

The directors have valued the joint venture at its net carrying value N$ 6 594 million (2018: N$ 10 634 million).

7. Investment in Joint Ventures (continued)

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.

8. Loans to group companies

	Group		Company	
	2019 N$ '000	**2018 N$ '000**	**2019 N$ '000**	**2018 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.	-	-	30,842	37,022
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.	-	-	180,683	179,368
	-	**-**	**211,525**	**216,390**
Non-current assets	-	-	205,357	209,712
Current assets	-	-	6,168	6,678
	-	**-**	**211,525**	**216,390**

Notes to the Annual Financial Statements

	Group		Company	
	2019 N$ '000	**2018** N$ '000	**2019** N$ '000	**2018** N$ '000
9. Other financial assets				
At fair value through other comprehensive income				
Quoted investments	760,155	846,426	760,155	846,426
Bonds*	2,405,499	2,101,291	2,405,499	2,101,291
	3,165,654	**2,947,717**	**3,165,654**	**2,947,717**
At fair value through profit and loss				
Fixed term deposits, call accounts and money market instruments	2,637,302	1,916,742	2,637,302	1,916,742
	2,637,302	**1,916,742**	**2,637,302**	**1,916,742**
At amortised cost				
Other financial assets	359,025	303,909	-	-
Total other financial assets	**6,161,981**	**5,168,368**	**5,802,956**	**4,864,459**

* Limited surety in the form of Internal Registered Stock GC024 to the nominal value of N$200,000,000 issued by the Republic of Namibia has been provided on the Bank Windhoek loan.

Non-current assets				
At fair value through other comprehensive income	2,138,444	2,470,539	2,138,444	2,470,539
At fair value through profit or loss	452,175	-	452,175	-
Other financial assets - at amortised cost	185,956	303,909	-	-
	2,776,575	**2,774,448**	**2,590,619**	**2,470,539**
Current assets				
At fair value through other comprehensive income	1,519,553	2,393,920	1,519,553	2,393,920
At fair value through profit or loss	1,692,784	-	1,692,784	-
Other financial assets - at amortised cost	173,069	-	-	-
	3,385,406	**2,393,920**	**3,212,337**	**2,393,920**
	6,161,981	**5,168,368**	**5,802,956**	**4,864,459**

The fair values of the financial assets were determined as follows:
The fair values of listed or quoted investments are based on the quoted market price.
The fair values on investments not listed or quoted are estimated using the discounted cash flow analysis.

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

Notes to the Annual Financial Statements

	Group		Company	
	2019	**2018**	**2019**	**2018**
	N$ '000	N$ '000	N$ '000	N$ '000

9. 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 2019	Group 2018	Company 2019	Company 2018
Level 1				
Quoted investments	760,155	846,426	760,155	846,426
Level 2				
Bonds	2,405,499	2,101,291	2,405,499	2,101,291
Fixed term deposits, call accounts and money market instruments	2,637,302	1,916,742	2,637,302	1,916,742
	5,042,801	**4,018,034**	**5,042,801**	**4,018,034**
Level 3				
Other instruments	359,025	-	-	-
	359,025	**-**	**-**	**-**
	6,161,981	**4,864,459**	**5,802,956**	**4,864,459**

Financial assets through other comprehensive income

	Group 2019	Group 2018	Company 2019	Company 2018
Opening balance	5,168,368	4,320,293	4,864,459	4,035,689
Additions	16,750,479	8,218,315	16,695,363	8,199,010
Disposals	(15,904,677)	(7,465,795)	(15,904,677)	(7,465,795)
Interest	81,688	130,670	81,688	130,670
Fair value adjustments	66,123	(35,114)	66,123	(35,114)
	6,161,981	**5,168,368**	**5,802,956**	**4,864,459**

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

Credit quality of other financial assets - At fair value through other comprehensive income

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.

	Group		Company	
	2019	**2018**	**2019**	**2018**
	N$ '000	N$ '000	N$ '000	N$ '000

9. Other financial assets (continued)

Credit quality of other financial assets - At fair value through other comprehensive income

Credit rating				
Bank Windhoek Limited AA (Global credit rating)	1,372,091	1,028,350	1,372,091	1,028,350
Standard Bank Namibia Limited AA+ (Fitch credit rating)	493,946	660,917	493,946	660,917
Namibian Government bond Baa3 (Moody's credit rating)	2,050,639	1,574,728	2,050,639	1,574,728
Entities with no external credit rating	438,689	707,399	438,689	403,490
Nedbank Namibia Limited F1+	484,289	288,365	484,289	288,365
Old Mutual F2	249,454	201,467	249,454	201,467
Sanlam Namibia AA	337,296	448,687	337,296	448,687
First National Bank AA (zaf)	376,552	258,455	376,552	258,455
	5,802,956	**5,168,368**	**5,802,956**	**4,864,459**

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	372,928	314,735	-	-
Less provision for impairment	(13,903)	(10,826)	-	-
	359,025	**303,909**	-	-

Impairment allowance on loans and advances				
Opening balance	10,826	7,192	-	-
Additional provision raised during the current year	12,365	9,460	-	-
Utilised during the year (previous provision)	(9,288)	(5,826)	-	-
	13,903	**10,826**	-	-

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

10. Financial assets by category

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

	Group 2019 N$ '000	Group 2018 N$ '000	Company 2019 N$ '000	Company 2018 N$ '000
At amortised cost				
Loans to group companies	-	-	211,525	216,390
Other instruments	359,025	-		
Trade and other receivables (excluding VAT)	97,544	64,036	97,276	84,443
	456,570	**64,036**	**308,802**	**300,833**
At fair value through other comprehensive income				
Quoted investments and Bonds	3,165,654	2,947,717	3,165,654	2,947,717
At fair value through profit and loss				
Fixed term deposits, call accounts and money market instruments	2,637,302	1,916,742	2,637,302	1,916,742
	5,802,956	**4,864,459**	**5,802,956**	**4,864,459**
At amortised cost				
Loans and receivables	359,025	303,909	-	-
Cash and cash equivalents	106,802	87,638	98,907	85,666
Total other financial assets	**465,827**	**391,547**	**98,907**	**85,666**

11. Deferred tax

	Group 2019 N$ '000	Group 2018 N$ '000	Company 2019 N$ '000	Company 2018 N$ '000
Deferred tax liability				
Property plant and equipment	(9,165)	(6,550)	(12,201)	(5,964)
Fair value adjustments	(12,097)	10,085	(12,097)	10,085
Terminal dues	(1,215)	(2,858)	(1,215)	(2,858)
Stock - Consumables	(1,729)	(1,172)	(1,729)	(1,172)
Prepayments and other deferred tax liabilities	(581)	(1,201)	(581)	(1,117)
Total deferred tax liability	**(24,787)**	**(1,697)**	**(27,823)**	**(1,026)**
Deferred tax asset				
Retirement benefit obligation	3,816	4,270	3,816	4,270
Provisions	17,542	20,934	17,542	18,124
Deferred tax balance from temporary differences other than unused tax losses	21,358	25,204	21,358	22,394
Income received in advance	2,587	4,153	2,587	4,153
	23,945	29,357	23,945	26,547
Other deferred tax (unrealised foreign) exchange, loans etc.	18,030	1,506	18,030	1,506
Total deferred tax asset, net of valuation allowance recognised	**41,975**	**30,863**	**41,975**	**28,053**

	Group		Company	
	2019	**2018**	**2019**	**2018**
	N$ '000	N$ '000	N$ '000	N$ '000

11. Deferred tax (continued)

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 2019 N$ '000	Group 2018 N$ '000	Company 2019 N$ '000	Company 2018 N$ '000
Deferred tax liability	**(24,787)**	**(1,697)**	**(27,823)**	**(1,026)**
Deferred taxation liability to be recovered after more than 12 months	(24,787)	(1,697)	(27,823)	(1,026)
Deferred taxation liability to be recovered within 12 months	-	-	-	-
Deferred tax asset	***41,975***	**30,863**	***41,975***	**28,053**
Deferred taxation asset to be recovered after more than 12 months	41,975	30,863	41,975	28,053
Deferred taxation asset to be recovered within 12 months	-	-	-	-
Total net deferred tax asset	**17,188**	**29,166**	**14,152**	**27,027**

Reconciliation of deferred tax asset / (liability)

	Group 2019 N$ '000	Group 2018 N$ '000	Company 2019 N$ '000	Company 2018 N$ '000
At the beginning of year	29,166	15,384	27,027	15,154
Temporary differences on terminal dues and parcel credits	1,643	1,274	1,643	1,274
Temporary differences on income received in advance	(1,566)	2,005	(1,566)	2,005
Originating temporary differences on tangible fixed assets	(3,200)	166	(6,237)	227
Originating / (Reversing) temporary differences on Post retirement obligation	(454)	124	(454)	124
Temporary differences on fair value adjustments	(22,182)	7,491	(22,182)	7,491
Originating temporary differences on provisions	(699)	3,643	(699)	1,729
Originating temporary differences on stock - consumables	(557)	111	(557)	111
Temporary differences on prepayments	599	(3,033)	599	(3,090)
Other deferred tax (unrealised forex, workmen compensation, etc.)	14,438	2,001	16,578	2,002
	17,188	**29,166**	**14,152**	**27,027**

Notes to the Annual Financial Statements

	Group		Company	
	2019 N$ '000	**2018** N$ '000	**2019** N$ '000	**2018** N$ '000

12. 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

Present value of the defined benefit obligation - wholly unfunded	(11,926)	(12,278)	(11,926)	(12,278)

Movements for the year

Opening balance	(12,278)	(12,958)	(12,278)	(12,958)
Benefits paid	953	946	953	946
Actuarial gain / (loss)	637	1,065	637	1,065
Net expense recognised in profit or (loss)	(1,238)	(1,331)	(1,238)	(1,331)
	(11,926)	**(12,278)**	**(11,926)**	**(12,278)**

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

Current service cost	(106)	(102)	(106)	(102)
Interest cost	(1,132)	(1,229)	(1,132)	(1,229)
Acturial gain / (loss)	637	1,065	637	1,065
	(601)	**(266)**	**(601)**	**(266)**

Key assumptions used

Assumptions used on last valuation on 30 September 2019.

Average retirement age	58	58	58	58
Discount rates used	9.99%	9.48%	9.99%	9.48%
Health care cost inflation	7.44%	7.39%	7.44%	7.39%

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 2019, which indicate that the fund was in a sound financial position.

	Group		Company	
	2019	**2018**	**2019**	**2018**
	N$ '000	N$ '000	N$ '000	N$ '000

12. Post employment benefits (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:
20 % increase/ decrease 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 increasing and decreasing the mortality rates by 20%. The effect is as follows:

Balance of liability with change in assumption:

20% decrease in mortality rate	12,991	13,388	12,991	13,388
Valuation assumption	11,926	12,278	11,926	12,278
20% increase in mortality rate	11,077	11,395	11,077	11,395

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 inflation	10,873	11,134	10,873	11,134
Valuation assumption	11,926	12,278	11,926	12,278
1% decrease in valuation assumption	13,146	13,609	13,146	13,609

Notes to the Annual Financial Statements

	Group		Company	
	2019 N$ '000	**2018** N$ '000	**2019** N$ '000	**2018** N$ '000

13. Savings bank investors

Composition of savings bank investors

Savings accounts	604,541	614,887	604,541	614,887
Save as you earn	20,333	17,517	20,333	17,517
Fixed term deposits	5,045,976	4,145,555	5,056,851	4,157,136
Call and notice accounts	132,993	112,047	132,993	112,046
Mychoice accounts	21,471	21,740	21,471	21,740
	5,825,314	**4,911,746**	**5,836,189**	**4,923,327**

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

Non current portion	722,622	654,145	722,622	654,145
Current portion	5,102,692	4,257,601	5,113,567	4,269,182
	5,825,314	**4,911,746**	**5,836,189**	**4,923,327**

14. Inventories

Goods for resale	2,376	2,262	2,376	2,262
Stamps	2,968	3,156	2,968	3,156
Stationery	5,403	4,000	5,403	4,000
Other inventories (Smartcards, philately new range)	3,288	158	3,288	158
	14,035	**9,576**	**14,035**	**9,576**

15. Trade and other receivables

Trade receivables	44,113	34,717	44,113	34,717
Employee loans	2,760	2,124	2,760	2,124
Prepayments	29,380	24,438	29,185	24,172
Other receivables (Agency fees etc)	21,291	23,440	21,218	23,430
	97,544	**84,719**	**97,276**	**84,443**

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.

	Group		Company	
	2019 N$ '000	**2018** N$ '000	**2019** N$ '000	**2018** N$ '000

15. Trade and other receivables (continued)

Trade receivables

Counterparties without external credit rating				
State owned entities (existing clients with no history of default)	3,720	2,774	3,720	2,774
State owned entities (existing clients with history of default)	12,287	2,264	12,287	2,264
Government entities (existing clients with no history of default)	7,621	7,437	7,621	7,437
Government entities (existing clients with history of default)	4,096	6,130	4,096	6,130
Corporate clients (existing clients with no history of default)	7,886	11,759	7,886	11,759
Corporate clients (existing clients with history of default)	7,573	4,150	7,573	4,150
Private individuals(existing clients with no history of default)	179	105	179	105
Private individuals (existing clients with history of default)	751	97	751	97
	44,113	**34,717**	**44,113**	**34,717**

Trade and other receivables				
Gross	133,208	118,171	132,940	117,895
Less provision for impairment	(35,664)	(33,452)	(35,664)	(33,452)
	97,544	**84,719**	**97,276**	**84,443**

Impairment allowance on trade and other receivables				
Opening balance	33,452	28,723	33,452	28,723
Impairment adjustment increase / (decrease) for the year	2,212	4,729	2,212	4,729
	35,664	**33,452**	**35,664**	**33,452**

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.

	Group		Company	
	2019 N$ '000	**2018** N$ '000	**2019** N$ '000	**2018** N$ '000

16. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	30,813	16,315	30,805	16,307
Bank balances	75,989	71,323	68,102	69,359
	106,802	**87,638**	**98,907**	**85,666**
Cash and cash equivalents held by Namibia Post Limited on behalf of savings bank customers and are not available for use by the group.	27,977	36,679	27,977	36,679

The company has undrawn bank overdraft facilities of N$ 14 million (2018: N$ 14 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.

Credit rating				
Bank Windhoek Limited (AA) Global credit rating	7,723	15	-	15
Standard Bank Namibia Limited (AA+)	68,011	68,951	68,011	68,951
Nedbank Namibia (A1+)	164	1,964	-	-
First National Bank Namibia (AA+)	91	393	91	393
	75,989	**71,323**	**68,102**	**69,359**

17. Share capital

Authorised				
50,000,000 Ordinary shares	50,000	50,000	50,000	50,000
Issued				
5,075,000 Ordinary shares	5,075	5,075	5,075	5,075

Notes to the Annual Financial Statements

	Group		Company	
	2019 N$ '000	**2018** N$ '000	**2019** N$ '000	**2018** N$ '000
18. Other financial liabilities				
Held at amortised cost				
Kreditanstalt Fur Wiederaufbau loan (KfW)	53,498	53,367	53,498	53,367
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 4% (2017: 4%). The loan is unsecured and the effective interest rate is 2% (2017: 2%).				
Development Bank of Namibia	30,451	30,451	-	-
The loan bears interest of 8% and is repayable over a period of 5 years including 4 months grace period on interest. Capital portion will be repaid as a bullet payment on last day of the 5th year.				
Bank Windhoek	67,149	24,656	-	-
The loan bears Interest at the nominal annual Prime Interest Rate (10.50% at present) plus 0.50% and is repayable over a period of 5 years (60 months) with a balloon payment of the outstanding amount in month 60, with a refinancing option for another 5 years. The loan is being withdrawn in tranches and the full loan amount of N$ 200 million will be withdrawn by 30 September 2019.				
	151,098	**108,474**	**53,498**	**53,367**
Non-current liabilities				
At amortised cost	145,891	105,441	52,974	51,993
Current liabilities				
At amortised cost	5,207	3,033	524	1,374
	151,098	**108,474**	**53,498**	**53,367**

Notes to the Annual Financial Statements

	Group		Company	
	2019 N$ '000	**2018** N$ '000	**2019** N$ '000	**2018** N$ '000

18. Other financial liabilities (continued)

	Kreditanstalt fur Wieder aufbau 2019 N$ '000	Kreditanstalt fur Wieder aufbau 2018 N$ '000	Kreditanstalt fur Wieder aufbau 2019 N$ '000	Kreditanstalt fur Wieder aufbau 2018 N$ '000
Opening balance	53,367	52,407	53,367	52,407
Interest expense	968	928	968	928
Foreign exchange (gain) / loss	462	1,292	462	1,292
Payments	(1,299)	(1,260)	(1,299)	(1,260)
	53,498	**53,367**	**53,498**	**53,367**

19. Current tax receivable / (payable)

Current tax receivable

Current tax receivable	14,145	11,742	14,936	12,871

Reconciliation for current tax receivable / (payable):

Opening balance	11,742	14,556	12,871	13,844
Current tax for the year	(9,791)	(16,906)	-	(9,277)
Opening balance adjustment	-	(1,271)	-	-
Provisional tax payment - 2019	12,194	15,363	2,065	8,304
	14,145	**11,742**	**14,936**	**12,871**

Balance of provision for taxation consists of:

2015	3,627	3,627	3,627	3,627
2016	13,117	13,252	13,089	13,224
2017	(3,003)	(3,167)	(2,871)	(3,007)
2018	(1,029)	-	(342)	(973)
2019	1,433	(1,970)	1,433	
	14,145	**11,742**	**14,936**	**12,871**

20. Trade and other payables

Trade payables	23,276	25,247	17,632	23,361
Amounts received in advance	5,343	11,789	5,247	11,789
VAT	2,629	2,447	2,345	2,318
Telecom- telephone payments	348	378	348	378
Provisions and Accruals	32,627	32,595	28,238	30,244
Deposits received	121,517	115,466	121,517	115,466
Other payables	24,437	3,119	24,062	1,639
	210,177	**191,039**	**199,389**	**185,195**

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.

Notes to the Annual Financial Statements

	Group		Company	
	2019 N$ '000	**2018** N$ '000	**2019** N$ '000	**2018** N$ '000

21. Financial liabilities

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

	Group 2019	Group 2018	Company 2019	Company 2018
Financial liabilities at amortised cost				
Other financial liabilities	151,098	108,474	53,498	53,367
Trade and other payables (excluding VAT)	202,205	188,593	191,797	182,877
Savings bank investors	5,825,314	4,911,746	5,836,189	4,923,327
	6,178,617	**5,208,813**	**6,081,484**	**5,159,571**

22. Revenue

	Group 2019	Group 2018	Company 2019	Company 2018
Revenue from contracts with customers				
Philately stamps revenue	2,833	970	2,833	970
Mail revenue	146,348	159,218	146,348	159,218
Agency commission	28,485	28,885	28,485	28,885
Logistics services	126,234	116,218	126,234	116,218
Savings bank fees	65,438	61,414	65,438	61,414
Other	2,700	1,986	2,700	1,986
Total revenue recognised at a point in time	**372,038**	**368,691**	**372,038**	**368,691**
Interest and similar income				
Interest on investments	415,227	394,367	415,227	394,367
Interest on loan advances	82,597	67,258	-	-
Total Interest	**497,824**	**461,625**	**415,227**	**394,367**
Total revenue	**869,862**	**830,316**	**787,265**	**763,058**

Due to adoption of IFRS 15 in the current year , revenue from sale of mobile products is now recognised on a net basis under agency commission as opposed to gross basis. The prior year figures have been restated to reflect the same net basis effect. This has no impact on the retained earnings.

23. Cost of sales

	Group 2019	Group 2018	Company 2019	Company 2018
Cost of sales	450,520	415,699	444,334	413,196

Due to the new accounting policy on mobile products, the cost of sales balance has significantly reduced. The prior year figures have also been adjusted to reflect the same effect.

24. Other income

	Group 2019	Group 2018	Company 2019	Company 2018
Profit on sale of assets and liabilities	18	23	18	15
Recoveries	1,902	1,922	-	-
Other income	2,293	9,074	2,224	8,955
Profit (loss) on exchange differences	(2,426)	730	(2,426)	730
	1,787	**11,749**	**(184)**	**9,700**

Notes to the Annual Financial Statements

	Group		Company	
	2019	**2018**	**2019**	**2018**
	N$ '000	N$ '000	N$ '000	N$ '000

25. Operating profit (loss)

Operating profit (loss) for the year is stated after charging (crediting) the following, amongst others:

	Group 2019 N$ '000	Group 2018 N$ '000	Company 2019 N$ '000	Company 2018 N$ '000
Auditor's remuneration - external				
Audit fees	1,836	2,127	1,543	1,868
	1,836	**2,127**	**1,543**	**1,868**
Remuneration, other than to employees				
Consulting and professional services	10,411	6,993	9,766	6,448
Leases				
Operating lease charges				
Premises	28,890	27,050	27,916	26,216
Contingent rentals on operating leases				
Premises	9,521	9,321	9,521	9,321
Total operating lease charges	**38,411**	**36,371**	**37,437**	**35,537**
Depreciation and amortisation				
Depreciation of property, plant and equipment	8,316	6,884	7,927	6,490
Amortisation of intangible assets	5,836	3,445	5,664	3,272
Total depreciation and amortisation	**14,152**	**10,329**	**13,591**	**9,762**
Expenses by nature				
Employee costs	251,062	240,294	236,285	228,557
Operating lease charges	38,330	36,371	37,437	35,537
Depreciation, amortisation and impairment	14,152	10,329	13,591	9,762
Advertising	9,198	7,583	5,623	7,144
IT expenses	17,282	7,783	17,687	7,783
Security	7,991	8,786	7,991	8,786
Municipal expenses	2,920	2,877	2,920	2,877
Consulting and professional fees	10,411	6,993	9,766	6,448
Bad debts	10,841	13,588	3,427	5,490
Telephone and fax	12,048	11,853	11,993	11,755
Commission paid	5,419	4,902	5,419	4,901
Other expenses	47,462	36,830	40,407	30,038
	427,116	**388,189**	**392,546**	**359,078**

Notes to the Annual Financial Statements

	Group 2019 N$ '000	Group 2018 N$ '000	Company 2019 N$ '000	Company 2018 N$ '000
26. Depreciation, amortisation and impairment losses				
Depreciation				
Property, plant and equipment	8,316	6,884	7,927	6,490
Amortisation				
Intangible assets	5,836	3,445	5,664	3,272
Total depreciation, amortisation and				
Depreciation	8,316	6,884	7,927	6,490
Amortisation	5,836	3,445	5,664	3,272
	14,152	**10,329**	**13,591**	**9,762**
27. Investment Income				
Dividends received	9,802	6,559	19,802	8,059
Interest received	4,972	4,707	20,992	21,882
	14,774	**11,266**	**40,794**	**29,941**
28. Finance costs				
Non-current borrowings	1,021	929	1,021	929
Total finance costs	**1,021**	**929**	**1,021**	**929**
29. Income tax expense				
Major components of the income tax expense				
Current				
Local income tax - current year	9,791	16,906	-	9,277
Deferred				
Current year	(10,747)	(5,349)	(9,850)	(4,712)
Arising from prior year adjustments	1,363	3,733	1,363	3,735
	(9,384)	**(1,616)**	**(8,487)**	**(977)**
	407	**15,290**	**(8,487)**	**8,300**
Reconciliation of the income tax expense				
Accounting profit	13,726	54,580	(10,026)	29,496
Tax at the applicable tax rate of 32% (2018: 32%)	4,392	17,466	(3,208)	9,439
Tax effect of adjustments on taxable income				
Net Permanent differences	(5,348)	3,733	(6,642)	3,735
Prior year adjustments	1,363	(5,909)	1,363	(4,874)
	407	**15,290**	**(8,487)**	**8,300**

Notes to the Annual Financial Statements

	Group		Company	
	2019 N$ '000	**2018** N$ '000	**2019** N$ '000	**2018** N$ '000
30. 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	21,363	(10,896)	21,363	(10,896)
Reconciliation of the income tax expense				
Reconciliation between other comprehensive income and tax expense				
Other comprehensive income / (loss)	66,760	(34,049)	66,760	(34,049)
Tax at the applicable tax rate of 32% (2018: 32%)	21,363	(10,896)	21,363	(10,896)
Tax effect of adjustments on taxable other comprehensive income	**21,363**	**(10,896)**	**21,363**	**(10,896)**
31. Cash generated from operations				
Profit (loss) before taxation	14,363	55,645	(9,389)	30,561
Adjustments for:				
Depreciation and amortisation	14,152	10,329	13,591	9,762
Dividend income	(9,802)	(6,559)	(19,802)	(8,059)
Interest received - investment	(4,972)	(4,706)	(20,992)	(21,881)
Finance costs	1,021	929	1,021	929
Foreign exchange differences	2,594	(730)	2,594	(730)
Movements in retirement benefit assets and liabilities	(352)	(680)	(352)	(680)
Other non - cash items	-	-	-	-
Equity accounting	4,040	(566)	-	-
Changes in working capital:				
Inventories	(4,459)	15,815	(4,459)	15,815
Trade and other receivables	(14,788)	(1,957)	(14,796)	(1,803)
Trade and other payables	13,083	13,434	8,142	15,999
	14,880	**80,954**	**(44,442)**	**39,913**
32. Tax (paid) refunded				
Balance at the beginning of the year	11,742	14,556	12,871	13,844
Prior year adjustment	-	(1,271)	-	-
Current tax for the year recognised in profit or (loss)	(9,791)	(16,906)	-	(9,277)
Balance at end of the year	(14,145)	(11,742)	(14,936)	(12,871)
	(12,194)	**(15,363)**	**(2,065)**	**(8,304)**

Notes to the Annual Financial Statements

	Group		Company	
	2019 N$ '000	**2018** N$ '000	**2019** N$ '000	**2018** N$ '000

33. Commitments

Authorised capital expenditure

Already contracted for but not provided for

	Group 2019	Group 2018	Company 2019	Company 2018
Commitments in respect of contracts placed	660	1,246	660	1,246
Not yet contracted for and authorised by	18,567	25,766	18,567	25,766

Guarantees

	Group 2019	Group 2018	Company 2019	Company 2018
Ministry of Finance	70	70	70	70
Avon and Justine	150	150	150	150
Roads Authority	690	-	690	-
Puma Energy	1,500	-	1,500	-

Operating leases – as lessee (expense)

	Group 2019	Group 2018	Company 2019	Company 2018
Minimum lease payments due				
Within one year	57,391	57,651	57,391	57,651
In second to fifth year inclusive	177,380	213,748	177,380	213,748
	234,771	**271,399**	**234,771**	**271,399**

Operating lease payments represent rentals payable by the group for certain of its office properties

and fleet. The operating leases are from multiple lessors with average lease periods ranging from one to five years with an option for renewal.

34. 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 6
Joint arrangements	SmartSwitch Namibia (Pty)Ltd, Refer to note 7
NamPost directors	Refer to directors' report on page 7
Directors (Nampost Financial Brokers (Pty) Ltd)	Mr Festus F Hangula Mr James A Cumming Ms Jennifer J Comalie
Fellow Subsidiaries	Telecom Namibia Limited Mobile Telecommunications Limited
Members of key 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) Jennifer Comalie (Executive: Financial Services) Berlindi van Eck (Executive: Marketing) Eldorette Harmse (Executive: Legal, Compliance and Governance) Tangeni Erkana (General Manager: Retail Services) Kgomotso Hochobeb (Executive: Internal Audit) Deon Claasen (Executive Enterprise Risk Management) Guilleame Christ (Acting General Manager: Courier Services)

Notes to the Annual Financial Statements

	Group		Company	
	2019 N$ '000	**2018 N$ '000**	**2019 N$ '000**	**2018 N$ '000**
34. Related parties (continued)				
Related party balances				
Receivable from related parties				
Mobile Telecommunications Limited	343	342	343	342
Telecom Namibia Limited	2,511	119	2,511	119
Namibia Post and Telecom Holdings Limited	-	2	-	2
Payable to related parties				
Mobile Telecommunications Limited	2,017	1,926	2,017	1,926
Telecom Namibia Limited	-	84	-	84
SmartSwitch Namibia (Pty) Ltd	5,337	2,838	5,337	2,838
NamPost Financial Brokers (Pty) Ltd	-	-	10,875	11,581
Loans to related parties				
NamPost Financial Brokers (Pty) Ltd	-	-	211,525	216,390
Related party transactions				
Sales of goods / services				
Telecom Namibia Limited	7,198	2,595	7,198	2,595
Namibia Post and Telecom Holdings Limited	2	6	2	6
Mobile Telecommunications Limited	11,733	12,495	11,733	12,495
NamPost Financial Brokers (Pty) Ltd	-	-	359	306
SmartSwitch Namibia (Pty) Ltd	10,972	7,474	10,972	7,474
Hollard Life Namibia Ltd	18,111	13,834	18,111	13,834
Purchases of goods / services				
Namibia Post and Telecom Holdings Limited	34,705	33,231	34,705	33,231
Mobile Telecommunications Limited	327,632	293,471	327,632	293,471
Telecom Namibia Limited	3,507	247	3,507	247
SmartSwitch Namibia (Pty) Ltd	19,206	15,904	19,206	15,904
NamPost Financial Brokers (Pty) Ltd		-	720	709
Directors'emoluments				
Evangelina N Hamunyela	214	179	214	179
Perien J Boer	150	157	150	157
Muronga Haingura	173	151	173	151
Israel U D Kalenga	142	122	142	122
James A Cumming	272	146	176	101
Compensation: Key management				
Short -term employee benefits	**22,695**	**22,681**	**20,119**	**17,172**

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2019

Detailed Income Statement

	Notes	Group 2019 N$ '000	Group 2018 N$ '000	Company 2019 N$ '000	Company 2018 N$ '000
Revenue					
Philately stamps revenue		2,833	970	2,833	970
Mail revenue		146,348	159,218	146,348	159,218
Agency commission		28,485	28,885	28,485	28,885
Courier services		126,234	116,218	126,234	116,218
Interest on loan advances		82,597	67,258	-	-
Savings bank investments		415,227	394,367	415,227	394,367
Savings bank fees		65,438	61,414	65,438	61,414
Other revenue		2,700	1,986	2,700	1,986
		869,862	**830,316**	**787,265**	**763,058**
Cost of sales					
Opening stock		(9,576)	(11,879)	(9,576)	(11,879)
Purchases		(454,979)	(413,449)	(448,793)	(410,946)
Closing stock		14,035	9,576	14,035	9,576
Discount received		-	53	-	53
	23	**(450,520)**	**(415,699)**	**(444,334)**	**(413,196)**
Gross profit		**419,342**	**414,617**	**342,931**	**349,862**
Other operating income (loss)					
Bad debts recovered		1,902	1,922	-	-
Other income		2,293	9,074	2,224	8,955
Profit / (loss) on exchange differences		(2,426)	730	(2,426)	730
Profit / (loss) on sale of assets and liabilities		18	23	18	15
Operating profit (loss)	24	**1,787**	**11,749**	**(184)**	**9,700**
Expenses (Refer to page 68)		**(427,116)**	**(388,189)**	**(392,546)**	**(359,078)**
Operating profit (loss)	25	**(5,987)**	**38,177**	**(49,799)**	**484**
Investment income		14,774	11,266	40,794	29,941
Finance costs		(1,021)	(929)	(1,021)	(929)
Income from equity accounted investments		5,960	6,066	-	-
Profit (loss) before taxation		**13,726**	**54,580**	**(10,024)**	**29,496**
Taxation		(407)	(15,290)	8,487	(8,300)
Profit (loss) for the year		**13,319**	**39,290**	**(1,539)**	**21,196**

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

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2019

Detailed Income Statement

		Group		Company	
	Notes	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
Other operating expenses					
Selling and distribution expenses					
Commission paid		(7,667)	(6,396)	(5,420)	(4,902)
Motor vehicle expenses		(3,119)	(2,592)	(3,074)	(2,592)
Postage		(561)	(413)	(86)	(100)
		(11,347)	(9,401)	(8,580)	(7,594)
Marketing expenses					
Advertising		(6,253)	(7,583)	(5,623)	(7,144)
General and administrative expenses					
Auditors remuneration - external auditors	25	(1,836)	(2,127)	(1,543)	(1,868)
Bank charges		(1,835)	(2,028)	(1,806)	(1,998)
Computer expenses		(1,674)	(113)	-	-
Depreciation		(8,316)	(6,884)	(7,927)	(6,490)
Employee costs		(253,628)	(240,018)	(236,194)	(228,282)
Insurance		(3,170)	(3,103)	(3,088)	(3,034)
IT expenses		(18,057)	(7,783)	(17,687)	(7,783)
Lease rentals on operating lease		(38,715)	(35,537)	(37,437)	(35,537)
Municipal expenses		(2,920)	(2,877)	(2,920)	(2,877)
Printing and stationery		(1,350)	(1,426)	(1,248)	(1,330)
Telephone and fax		(12,104)	(11,853)	(11,993)	(11,755)
		(343,605)	(313,749)	(321,843)	(300,954)
Maintenance expenses					
Repairs and maintenance		(2,649)	(1,474)	(2,646)	(1,469)

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

Detailed Income Statement

		Group		Company	
	Notes	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
Other operating expenses					
Amortisation		(5,836)	(3,445)	(5,664)	(3,272)
Bad debts		(3,427)	(5,490)	(3,427)	(5,490)
Cleaning		(1,306)	(1,299)	(1,285)	(1,272)
Consulting and professional fees		(10,411)	(6,993)	(9,766)	(6,448)
Consulting and professional fees - legal		(297)	(544)	(297)	(175)
Entertainment		(1,724)	(873)	(1,094)	(865)
HIV/ Aids expenses		(663)	(493)	(663)	(493)
Recruitment fees		(91)	(276)	(91)	(276)
Impairment of loans		(7,415)	(8,098)	-	-
Mass distance charges		(355)	(308)	(355)	(308)
Corporate communication		(450)	(204)	(444)	(204)
Safe custody fees		(74)	(35)	(74)	(35)
Fines and penalties		(20)	(3,251)	(20)	(688)
Other expenses		(22,739)	(19,705)	(22,534)	(17,760)
Security		(1,062)	(1,021)	(1,062)	(1,021)
Staff welfare		(684)	(376)	(624)	(304)
Subscriptions		(4,226)	(2,166)	(4,226)	(2,166)
Training		(1,786)	(869)	(1,553)	(637)
Travel - local		(638)	(501)	(617)	(468)
Travel - overseas		(58)	(36)	(58)	(36)
		(63,262)	(55,982)	(53,854)	(41,917)
		(427,116)	**(388,189)**	**(392,546)**	**(359,078)**

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

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