Annual Financial Statements 2023

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NAMIBIA POST LIMITED AND ITS SUBSIDIARY

(Registration number 92/284)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Namibia Post Limited Group is engaged in the supply of postal services, courier services, savings bank services and micro-lending, and operates principally in Namibia.
Directors	James A Cumming Leezhel Sartorius von Bach Martha Shingenge Ndangi Katoma Simeon Amunkete
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 Standard Bank Namibia
Auditors	PricewaterhouseCoopers Chartered Accountants (Namibia) Registered Accountants and Auditors
Secretary	Eldorette C Harmse
Legal advisors	Shikongo Law Chambers and ENSafrica/Namibia
Company registration number	92/284

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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 controls 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 controls 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 2024 and, in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

Signed on behalf of the Board of Directors By:

Director

Director

Windhoek

Date: 1 December 2023

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 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

What we have audited

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

- the directors' report for the year ended 30 September 2023;
- the consolidated and separate statements of financial position as at 30 September 2023;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Namibia Post Limited and its subsidiary Annual Financial Statements for the year ended 30 September 2023". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Samuel N Ndahangwapo
Partner

Windhoek,
Namibia
Date: 8 December 2023

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Namibia Post Limited and its Subsidiary Limited, consolidated and separate for the year ended 30 September 2023.

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.

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.

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

A dividend of N$ 5 million was declared after year end and will be accounted for in the new financial year.
The N$ 8 million dividend which was declared for 2022 financial year was paid during the year under review.

5. Directorate

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

Directors	Office	Designation	Appointment Date
James A Cumming	Member	Non-executive Independent	1 October 2016
Leezhel Sartorius von Bach	Deputy Chairperson	Non-executive Independent	1 May 2021
Martha Shingenge	Member	Non-executive Independent	1 May 2021
Ndangi Katoma	Member	Non-executive Independent	1 May 2021
Simeon Amunkete	Chairperson	Non-executive Independent	1 May 2021

Directors' Report

6. Interest in subsidiaries and joint venture

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

	2023 N$ '000	2022 N$ '000
Subsidiaries		
Total profits after income tax	27,021	16,876
Joint arrangements		
Total profits after income tax	-	-
	27,021	**16,876**

There were no significant acquisitions or divestitures during the year ended 30 September 2023.

*SmartSwitch Namibia (Pty) Ltd was discontinued and derecognised in 2021. The process of being legally wound down is on-going.

7. Holding company

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

8. Events after the reporting period

On 10 October 2023, the Group signed a N$ 406.8 million loan agreement with Kreditanstalt Fur Wiederaufbau (KfW), earmarked for NamPost Financial Brokers micro-lending business. The funds will be received during the 2023/24 financial year.

9. Terms of appointment of the auditors

PricewaterhouseCoopers continued in office as auditors for the company and it's subsidiary for the 2023 financial year in accordance with section 278(2) of the Companies Act of Namibia.

10. Secretary

The company secretary is Mrs. E C Harmse.

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

11. Acknowledgements

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

Directors' Report

12. Going concern

The directors have reviewed the Group's 2024 forecasts and considered the Group's ability to continue as a going concern in light of current and anticipated economic conditions. On the basis of this review the directors are satisfied that it has adequate resources to continue in business for the foreseeable future and the going concern basis has been adopted in the preparation of the annual financial statements.

Statement of Financial Position as at 30 September 2023

		Group		Company	
	Note(s)	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Assets					
Non-Current Assets					
Property, plant and equipment	4	16,966	12,362	16,160	11,094
Right-of-use assets	5	33,496	16,495	33,496	16,495
Intangible assets	6	49,873	54,757	49,490	54,201
Investments in subsidiaries	7	-	-	15,001	15,001
Loans to group companies	9	-	-	416,206	499,171
Other financial assets	10	3,222,171	3,824,281	2,892,248	3,465,038
Deferred tax	22	59,618	66,555	54,206	61,735
		3,382,124	**3,974,450**	**3,476,807**	**4,122,735**
Current Assets					
Inventories	12	13,523	13,557	13,523	13,557
Loans to group companies	9	-	-	91,234	98,232
Trade and other receivables	13	70,438	71,225	69,998	70,730
Other financial assets	10	3,618,765	3,455,884	3,340,961	3,216,237
Current tax receivable	23	6,934	12,822	7,969	14,315
Cash and cash equivalents	14	73,702	215,766	72,505	210,029
		3,783,362	**3,769,254**	**3,596,190**	**3,623,100**
Total Assets		**7,165,486**	**7,743,704**	**7,072,997**	**7,745,835**
Equity and Liabilities					
Equity					
Share capital	15	5,075	5,075	5,075	5,075
Fair value adjustments on FVOCI financial assets	35	(46,206)	(76,612)	(46,206)	(76,612)
Retained income		436,540	378,237	319,577	285,295
		395,409	**306,700**	**278,446**	**213,758**
Liabilities					
Non-Current Liabilities					
Other financial liabilities	16	465,126	538,331	465,126	538,331
Retirement benefit obligation	17	12,360	13,361	12,360	13,361
Savings bank Investors	18	412,976	262,700	412,976	262,700
Lease liabilities	19	19,165	9,389	19,165	9,389
		909,627	**823,781**	**909,627**	**823,781**
Current Liabilities					
Trade and other payables	20	193,886	199,833	175,410	187,962
Other financial liabilities	16	88,857	88,454	88,857	88,454
Savings bank investors	18	5,559,894	6,315,403	5,602,844	6,422,347
Lease liabilities	19	17,813	9,533	17,813	9,533
		5,860,450	**6,613,223**	**5,884,924**	**6,708,296**
Total Liabilities		**6,770,077**	**7,437,004**	**6,794,551**	**7,532,077**
Total Equity and Liabilities		**7,165,486**	**7,743,704**	**7,072,997**	**7,745,835**

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Note(s)	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Revenue	24	1,072,817	980,519	946,734	875,552
Cost of sales	25	(484,670)	(374,059)	(489,404)	(382,397)
Gross profit		**588,147**	**606,460**	**457,330**	**493,155**
Other operating income	26	29,872	8,145	25,527	5,621
Other operating expenses		(530,859)	(492,750)	(475,052)	(444,170)
Operating profit	28	**87,160**	**121,855**	**7,805**	**54,606**
Investment income	27	19,434	12,150	62,052	54,581
Finance costs	30	(43,523)	(45,373)	(43,523)	(45,373)
Profit before taxation		**63,071**	**88,632**	**26,334**	**63,814**
Taxation	31	(5,562)	(20,966)	7,154	(13,024)
Profit for the year		**57,509**	**67,666**	**33,488**	**50,790**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability/asset		1,167	(785)	1,167	(785)
Gains (losses) on fair value adjustments on FVOCI financial assets		44,715	(150,066)	44,715	(150,066)
Income tax relating to items that will not be reclassified		(14,682)	48,272	(14,682)	48,272
Total items that will not be reclassified to profit or loss		**31,200**	**(102,579)**	**31,200**	**(102,579)**
Other comprehensive income for the year net of taxation		**31,200**	**(102,579)**	**31,200**	**(102,579)**
Total comprehensive income (loss) for the year		**88,709**	**(34,913)**	**64,688**	**(51,789)**

Statement of Changes in Equity

	Share capital N$ '000	Fair value adjustments on FVOCI financial assets N$ '000	Retained income N$ '000	Total equity N$ '000
Group				
Balance at 1 October 2021	**5,075**	**25,433**	**319,105**	**349,613**
Profit for the year	-	-	67,666	67,666
Other comprehensive income	-	(102,045)	(534)	(102,579)
Total comprehensive income for the year	**-**	**(102,045)**	**67,132**	**(34,913)**
Dividends	-	-	(8,000)	(8,000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(8,000)**	**(8,000)**
Balance at 1 October 2022	**5,075**	**(76,612)**	**378,237**	**306,700**
Profit for the year	-	-	57,509	57,509
Other comprehensive income	-	30,406	794	31,200
Total comprehensive income for the year	**-**	**30,406**	**58,303**	**88,709**
Balance at 30 September 2023	**5,075**	**(46,206)**	**436,540**	**395,409**
Note(s)	15			
Company				
Balance at 1 October 2021	**5,075**	**25,433**	**243,039**	**273,547**
Profit for the year	-	-	50,790	50,790
Other comprehensive income	-	(102,045)	(534)	(102,579)
Total comprehensive income for the year	**-**	**(102,045)**	**50,256**	**(51,789)**
Dividends	-	-	(8,000)	(8,000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(8,000)**	**(8,000)**
Balance at 1 October 2022	**5,075**	**(76,612)**	**285,295**	**213,758**
Profit for the year	-	-	33,488	33,488
Other comprehensive income	-	30,406	794	31,200
Total comprehensive income for the year	**-**	**30,406**	**34,282**	**64,688**
Balance at 30 September 2023	**5,075**	**(46,206)**	**319,577**	**278,446**
Note(s)	15			

Statement of Cash Flows

		Group		Company	
	Note(s)	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Cash flows from operating activities					
Cash generated from operations	34	137,217	152,270	50,583	84,208
Interest income	27	2,553	1,070	48,390	48,632
Dividends received	27	16,881	11,080	19,881	11,080
Finance costs	30	(44,685)	(45,373)	(44,685)	(45,373)
Tax (paid) received	33	(7,419)	(5,487)	6,346	2,771
Net cash from operating activities		**104,547**	**113,560**	**80,515**	**101,318**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(10,770)	(4,703)	(10,334)	(4,194)
Proceeds from sale of property, plant and equipment	4	461	39	12	39
Purchases of intangible assets	6	(4,314)	(5,682)	(4,315)	(5,682)
Proceeds from sale of intangible assets	6	150	-	150	-
Net movement in financial assets	10	483,944	(362,052)	492,781	(251,781)
Cash receipts on repayments of loans to group companies	9	-	-	83,743	5,254
Net cash from investing activities		**469,471**	**(372,398)**	**562,037**	**(256,364)**
Cash flows from financing activities					
Movement in other financial liabilities	16	(78,721)	-	(78,721)	-
Movement in agency / third party funds		(4,983)	(5,124)	(4,983)	(5,124)
Movement in savings deposits liabilities	18	(605,233)	446,339	(669,227)	341,567
Lease payments	19	(19,145)	(15,741)	(19,145)	(15,741)
Dividends paid		(8,000)	-	(8,000)	-
Net cash from financing activities		**(716,082)**	**425,474**	**(780,076)**	**320,702**
Total cash movement for the year		**(142,064)**	**166,636**	**(137,524)**	**165,656**
Cash and cash equivalents at the beginning of the year		215,766	49,130	210,029	44,373
Cash and cash equivalents at the end of the year	14	**73,702**	**215,766**	**72,505**	**210,029**

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.

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.

1.1 Consolidation (continued)

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

Jointly controlled entities

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

1.2 Statement of compliance

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

1.3 Significant judgements and sources of estimation uncertainty

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

Fair value estimation

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

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

Impairment testing

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

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.

Accounting Policies

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 expected credit loss (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:

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

Provision for post retirement medical aid benefits

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

Deferred tax asset

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

Deferred Income

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

Discount Rates

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

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.

Accounting Policies

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 improvements	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. Depreciation is charged as soon as the asset is available for use.

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.

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

1.5 Intangible assets

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

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale; and
- there is an intention to complete and use or sell it; and
- there is an ability to use or sell it; and
- it will generate probable future economic benefits; and
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

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 period 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 useful life and amortisation method are reviewed every year.

Accounting Policies

1.5 Intangible assets (continued)

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 less accummulated impairment losses and are 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	Amortisation method	Amortisation period
Computer software	Straight line	10 years

1.6 Investments in subsidiaries

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

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

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

1.7 Investments in joint ventures

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 fully adopted IFRS 9 and classifies its financial assets in any of the following measurement categories:
- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit & loss

Debt investments:
Classification and subsequent measurement of debt instruments depend on:
- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

1.8 Financial instruments (continued)

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

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

- **Fair value through other comprehensive income**: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at FVOCI. Movements in the carrying amount are taken through Other Comprehensive Income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in ' Investment income' as per Note 27. 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.

Loans receivable at amortised cost

Recognition and measurement

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 27).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

1.8 Financial instruments (continued)

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Loans denominated in foreign currencies

When a loan receivable is denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 26).

Details of foreign currency risk exposure and the management thereof are provided in the specific notes.

Impairment

The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Group measures the loss allowance at an amount equal to lifetime Expected Credit Losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

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 statement of profit or loss in the year in which they arise.

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

Accounting Policies

1.8 Financial instruments (continued)

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

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

Derecognition

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

Impairment of financial assets

Assets carried at amortised cost

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Write-off of financial assets

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

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables, and measured at amortised costs.

Trade and other receivables

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

Financial liabilities

Savings bank investors and long-term borrowings

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

Trade and other payables

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

Accounting Policies

1.8 Financial instruments (continued)

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 amortised cost.

Bank overdraft and borrowings

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

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

1.9 Income tax

Current tax and Deferred tax

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

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year. The Group uses the balance sheet method in calculating deferred tax.

Income tax expenses

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

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

1.9 Income tax (continued)

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

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

1.10 Leases

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

Right-of-use assets

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

For right-of-use assets which are amortised over their useful lives, the useful lives are presented in the following table:

Item	Amortisation method	Amortisation period
Property	Straight line	2 - 10 years
Motor vehicles	Straight line	3 - 5 years

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

Lease liabilities

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

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

Accounting Policies

1.10 Leases (continued)

Short-term leases and lease of low-value assets

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

Discount factor

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

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

Lessee's incremental borrowing rate

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

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

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

Leased assets identified by nature	Reference Rate	Incremental Borrowing Rates
Property	Prime Rate Minus 125 bps	10.25%
Vehicles	Prime Rate Minus 225 bps	9.25%

The Group's current external funding is from developmental financial institutions which invariably lend at relatively cheaper cost. Consequently, management by applying judgment determined the incremental borrowing rate on the basis of likely cost in the event that the source funds to finance similar underlying assets in the lease is from commercial financial institutions. Interest rates have increased during the year. However, NamPost's credit standing can enable it to access funding at below prime.

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, costs of conversion 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.

Accounting Policies

1.11 Inventories (continued)

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 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 periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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

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

1.13 Share capital and equity

Ordinary shares are classified as equity.

Accounting Policies

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period 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.

Accounting Policies

1.15 Provisions and contingencies (continued)

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 from contracts with customers

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

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

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

Step 1: Identify the contract with the customer.

The Group has assessed contracts with its customers on mail, philately, agency, logistics, and savings bank fees and has satisfactorily applied the following IFRS 15 criteria on all the revenue streams derived from contracts with customers to be able to identify existing contracts with the customers:
A contract with a customer will be within the scope of IFRS 15 if all the following conditions are met:

- the contract has been approved by the parties to the contract;
- each party's rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can be identified;
- the contract has commercial substance; and
- it is probable that the consideration to which the entity is entitled to in exchange for the goods or 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.

Accounting Policies

1.16 Revenue from contracts with customers (continued)

- **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 customer would be a performance obligation that is satisfied over time (see below); and
- a single method of measuring progress would be used to measure the entity's progress towards complete satisfaction of the performance obligation to transfer each distinct good or service in the series to the customer.

A good or service is distinct if both of the following criteria are met:

- the customer can benefit from the good or services on its own or in conjunction with other readily available resources; and
- the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

Factors for consideration as to whether a promise to transfer goods or services to the customer is not separately identifiable include, but are not limited to:

- the entity does provide a significant service of integrating the goods or services with other goods or services promised in the contract;
- the goods or services significantly modify or customise other goods or services promised in the contract;
- the goods or services are highly interrelated or highly interdependent.

Step 3: Determine the transaction price

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

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

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

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

1.16 Revenue from contracts with customers (continued)

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

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

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:

- 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.

All of the above-mentioned Group revenue streams from contracts with customers is recognised at a point in time, except for the P.O Boxes rental which when received in advance at the end of the financial year will be deferred and subsequently released into the new financial year income statement.

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

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

Principal/Agency relationship

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

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

Accounting Policies

1.16 Revenue from contracts with customers (continued)

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

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

Interest revenue from financial investments and loan advances

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

1.17 Borrowing costs

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

1.18 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia Dollars, 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 period 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 if the term of the investment is for more than one year.

Accounting Policies

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

1.20 Dividend distribution

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

1.21 Related parties

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

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/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Reference to the Conceptual Framework: Amendments to IFRS 3	1 January 2022	The impact of the amendments is not material.
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2022	The impact of the amendments is not material.
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	1 January 2022	The impact of the amendments is not material.

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations which are not yet effective:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Lease liability in a sale and leaseback	1 January 2024	Unlikely there will be a material impact
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	1 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact

Notes to the Annual Financial Statements

3. Financial instruments and risk management

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 9 &16, cash and cash equivalents disclosed in note 14, 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

Overview

The Group is exposed to the following risks from its use of financial instruments:

- Liquidity risk;
- Credit risk; and
- Market risk (currency risk, interest rate risk and price 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.

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.

Credit risk exposure arising on cash and cash equivalents is managed by the Group through dealing with well-established financial institutions with high credit ratings.

'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 fair value through other comprehensive income (FVOCI) and on accounts receivables owing to a plethora of factors which may include negative credit ratings, general economic challenges, history of default, global factors etc. The changes in the credit risk is monitored and if necessary adjustments are made to the impairment provision in accordance with IFRS 9.

3. Financial instruments and risk management (continued)

Financial instruments at fair value through other comprehensive income (FVOCI)

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

Despite the fact that Namibia's non-investment grade was affirmed in 2023, based on the available Bank of Namibia's economic outlook, coupled with a history of no default by the counterparties, the Group believes that there is no risk of default on sovereign debt. GC23 was succesfully redeemed on 15 October 2023 and GC24 will mature in 12 months and we expect the Government to successfully redeem. On other instruments, the underlying assets of these instruments are unit trusts and money market instruments. They are short term, which can be liquidated on short notice. Based on internal credit risk evaluation, due to the short term nature of these investments , the quality of the underlying assets and also the available credit history of the counterparties, there is no risk of default anticipated and the impairment amounts were deemed immaterial.

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)

3. Financial instruments and risk management (continued)

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

Measuring ECL – inputs, assumptions and estimation techniques

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

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

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

Group		2023 N$ '000			2022 N$ '000		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Government Bonds	10	3,121,120	-	3,121,120	3,652,158	-	3,652,158
Corporate Bonds	10	-	-	-	134,415	-	134,415
Unit trusts	10	289,471	-	289,471	318,713	-	318,713
Trade and other receivables (Excluding prepayments and VAT)	13	102,078	(32,080)	69,998	104,676	(33,451)	71,225
Fixed term deposits, call accounts and money market instruments	10	2,822,619	-	2,822,619	2,739,549	-	2,739,549
Loans and advances	10	628,594	(20,867)	607,727	617,869	(18,979)	598,890
Cash and cash equivalents	14	73,702	-	73,702	215,766	-	215,766
		7,037,584	**(52,947)**	**6,984,637**	**7,783,146**	**(52,430)**	**7,730,716**

3. Financial instruments and risk management (continued)

Company

		2023 N$ '000			2022 N$ '000		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans to group companies	9	507,440	-	507,440	597,403	-	597,403
Government Bonds	10	3,121,120	-	3,121,120	3,652,158	-	3,652,158
Corporate Bonds		-	-	-	134,415	-	134,415
Unit trusts	10	289,471	-	289,471	318,713	-	318,713
Trade and other receivables	13	102,078	(32,080)	69,998	104,181	(33,451)	70,730
Fixed term deposits, call accounts and money market instruments	10	2,822,619	-	2,822,619	2,739,549	-	2,739,549
Cash and cash equivalents	14	72,505	-	72,505	210,029	-	210,029
		6,915,233	**(32,080)**	**6,883,153**	**7,756,448**	**(33,451)**	**7,722,997**

Trade receivables

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

The provision matrix was determined based on available forward looking information on the probability of default per each category. This forward looking information includes, but not limited to overall economic growth, inflation, industry trends etc. 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:

2023 (N$ '000')

Expected credit loss rate:	**Corporate trade debtors**	**Individual Cash clients**	**Government trade debtors**	**Loss allowance (Lifetime expected credit loss)**
Not past due: 0.2% (2022: 0.2%)	8,737	-	-	**17**
30 - 59 days past due: 1% (2022: 2%)	2,507	-	-	**25**
60 - 89 days past due: 2% (2022: 2%)	457	-	-	**5**
90 - 179 days past due: 5% (2022: 5%)	235	-	-	**12**
180 - 365 days past due: 50% (2022: 50%)	20	-	25	**28**
More than 365 days past due: 100% (2022: 100%)	648	7,094	1,927	**9,669**

3. Financial instruments and risk management (continued)
2022 (N$ '000')

Expected credit loss rate:	Corporate trade debtors	Individual Cash clients	Government trade debtors	Loss allowance (Lifetime expected credit loss)
Not past due: 0.2% (2021: 0.2%)	8,317	-	-	**17**
30 - 59 days past due: 1% (2021: 2%)	3,416	-	-	**34**
60 - 89 days past due: 2% (2021: 2%)	572	-	-	**11**
90 - 179 days past due: 5% (2021: 5%)	184	-	-	**9**
180 - 365 days past due: 50% (2021: 50%)	28	-	651	**340**
More than 365 days past due: 100% (2021: 100%)	3,926	7,242	3,355	**14,523**

*All the unpaid cash outstanding from the Individual cash clients are fully provided for, irregardless of the ageing.

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

Loans and advances (measured at amortised cost)

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:
- Internal credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.
- Group's loans are unsecured
- Significant changes in the level of indebtedness of existing borrowers

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. In view of the current Namibian CPI and the limited salary increase received by the employees. Thus there seem to be a slow growth in real in income.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. However, this assumption is rebuttable in accordance with IFRS 9.

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 recoveries are made, these are recognised in profit or loss.

3. Financial instruments and risk management (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 2023

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)
High-AAA	1 %	609,745	-	-
High-A	4 %	-	4,620	-
Moderate	3 %	-	3,215	-
Credit impaired	66 %	-	-	4,571
Fully impaired	100 %	-	-	6,442
	-	**609,745**	**7,835**	**11,013**

Notes to the Annual Financial Statements

3. Financial instruments and risk management (continued)

Group 2022

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)
High-AAA	1 %	604,066	-	-
High-A	4 %	-	3,201	-
Moderate	3 %	-	1,680	-
Credit impaired	66 %	-	-	959
Fully impaired	100 %	-	-	7,963
	-	**604,066**	**4,881**	**8,922**

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 still ongoing. However according to internal credit risk management procedures, the total gross amount in this category is fully impaired.

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 banks: overdraft of N$ 14m, master card of N$ 0.3m, fleet management of N$ 0.8m, vehicle asset finance of N$ 6.6m, guarantees of N$ 3.52m and forward exchange of N$ 2.39m.

3. Financial instruments and risk management (continued)

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

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

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

Group - 2023 (N$ '000')

		1 year or less	More than 1 year	Total	Carrying amount
Non-current liabilities					
Lease liabilities	19	-	19,199	19,199	19,165
Savings Bank Investors	18	-	441,803	441,803	412,976
Other financial liabilities	16	-	565,003	565,003	465,126
Retirement benefit obligation	17	-	12,360	12,360	12,360
		-	**1,038,365**	**1,038,365**	**909,627**
Current liabilities					
Trade and other payables (Excluding VAT)	20	189,845	-	189,845	189,845
Lease liabilities	19	19,894	-	19,894	17,813
Savings Bank Investors	18	5,552,978	-	5,552,978	5,559,894
Other financial liabilities	16	115,634	-	115,634	88,857
		5,878,351	**1,038,365**	**6,916,716**	**6,766,036**
Non-current assets					
Other financial assets	10	-	2,939,369	2,939,369	3,222,171
Loans and advances	9	-	458,983	458,983	329,923
		-	**3,398,352**	**3,398,352**	**3,552,094**

Notes to the Annual Financial Statements

3. Financial instruments and risk management (continued)

Current assets					
Trade and other receivables	13	70,438	-	70,438	70,438
Other financial assets	10	4,263,285	-	4,263,285	3,618,765
Cash and cash equivalents	14	73,702	-	73,702	73,702
Loans and advances	9	320,387	-	320,387	277,804
		4,727,812	**-**	**4,727,812**	**4,040,709**

Group - 2022 (N$ '000')

	1 year or less	More than 1 year	Total	Carrying amount
Non-current liabilities				
Other financial liabilities	-	672,353	672,353	538,331
Savings Bank Investors	-	262,700	262,700	262,700
Lease liabilities	-	9,389	9,389	9,389
Retirement benefit obligation	-	13,361	13,361	13,361
	-	**957,803**	**957,803**	**823,781**
Current liabilities				
Trade and other payables	195,430	-	195,430	195,430
Other financial liabilities	119,439	-	119,439	88,454
Savings Bank Investors	6,315,403	-	6,315,403	6,315,403
Lease liabilities	9,533	-	9,533	9,533
	6,639,805	**957,803**	**7,597,608**	**7,432,601**
Non-current assets				
Other financial assets	-	4,649,669	4,649,669	3,824,281
Loans and advances	-	580,518	580,518	359,243
	-	**5,230,187**	**5,230,187**	**4,183,524**
Current assets				
Other financial assets	3,093,672	-	3,093,672	3,455,884
Trade & other receivables (excluding VAT)	71,225	-	71,225	71,225
Cash and Bank	215,766	-	215,766	215,766
Loans and advances	207,677	-	207,677	239,647
	3,588,340	**5,230,187**	**8,818,527**	**8,166,046**

Notes to the Annual Financial Statements

3. Financial instruments and risk management (continued)

Company - 2023 (N$ '000')

	1 year or less	More than 1 year	Total	Carrying amount
Non-current liabilities				
Lease liabilities	-	19,199	19,199	19,165
Other financial liabilities	-	565,003	565,003	465,126
Savings Bank Investors	-	441,803	441,803	412,976
Retirement benefit obligation	-	12,360	12,360	12,360
	-	**1,038,365**	**1,038,365**	**909,627**
Current liabilities				
Trade and other payables	171,594	-	171,594	171,594
Lease liabilities	19,894	-	19,894	17,813
Other financial liabilities	115,634	-	115,634	88,857
Savings Bank Investors	5,598,495	-	5,598,495	5,602,844
	5,905,617	**1,038,365**	**6,943,982**	**6,790,735**
Non-current assets				
Other financial assets	-	2,939,369	2,939,369	2,892,248
Loans to Group Companies	-	492,879	492,879	416,206
	-	**3,432,248**	**3,432,248**	**3,308,454**
Current assets				
Other financial assets	4,263,285	-	4,263,285	3,340,961
Trade and other receivables (excluding VAT)	69,998	-	69,998	69,998
Cash and cash equivalents	72,505	-	72,505	72,505
Loans to Group	117,229	-	117,229	91,234
	4,523,017	**3,432,248**	**7,955,265**	**6,883,152**

Company - 2022 (N$ '000')

	1 year or less	More than 1 year	Total	Carrying amount
Non-current liabilities				
Other financial liabilities	-	672,353	672,353	538,331
Savings Bank Investors	-	262,700	262,700	262,700
Lease liabilities	-	9,389	9,389	9,389
Retirement benefit obligation	-	13,361	13,361	13,361
	-	**957,803**	**957,803**	**823,781**

Notes to the Annual Financial Statements

		Group		Company	
		2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
3. Financial instruments and risk management (continued)					
Current liabilities					
Trade and other payables (excluding VAT)	20	183,862	-	183,862	183,862
Other financial liabilities		119,439	-	119,439	88,454
Savings Bank Investors		6,422,347	-	6,422,347	6,422,347
Lease liabilities		9,533	-	9,533	9,533
		6,735,181	**957,803**	**7,692,984**	**7,527,977**
Non-current assets					
Other financial assets		-	4,649,669	4,649,669	3,465,038
Loans to Group		-	610,286	610,286	499,170
Current assets					
Other financial assets		3,093,672	-	3,093,672	3,216,237
Trade and other receivables (excluding VAT)		70,730	-	70,730	70,730
Cash and Bank		210,029	-	210,029	210,029
Loans to Group		122,803	-	122,803	98,232
		3,497,234	**5,259,955**	**8,757,189**	**7,559,436**

Foreign currency risk

The Group is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the Group deals primarily are US Dollars, Euros, 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.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

Euro exposure:

	Group 2023	Group 2022	Company 2023	Company 2022
Non-current liabilities:				
Other financial liabilities	2,925	3,000	2,925	3,000

Notes to the Annual Financial Statements

		Group		Company	
		2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
3. Financial instruments and risk management (continued)					
SDR* exposure:					
Current assets:					
Trade and other receivables	13	431	390	431	390
Current liabilities:					
Trade and other receivables		111	127	111	127
SDR* exposure		**542**	**517**	**542**	**517**

*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.

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 2023, if interest rates on Namibia Dollar-denominated Group borrowings had been 1% (100bps) higher/lower with all other variables held constant, post-tax profit for the year would have been N$ 65 million (2022: N$ 72 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

If interest rates on Namibia Dollar-denominated Group financial assets had been 1% (100bps) higher/lower with all other variables held constant, post-tax profit for the year would have been N$ 68 million (2022: N$ 73 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings; other components of equity would have been N$ 28 million (2022: N$ 4 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 sensitivity analysis

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

Group	2023	2023	2022	2022
100bps Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Cash and cash equivalents	737	(737)	2,158	(2,158)
Other financial assets	68,409	(68,409)	72,802	(72,802)
Other financial liabilities	(5,540)	5,540	(6,268)	6,268
Savings Bank investors	(59,729)	59,729	(65,781)	65,781
	3,877	**(3,877)**	**2,911**	**(2,911)**

3. Financial instruments and risk management (continued)

Company	2023	2023	2022	2022
100bps Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Cash and cash equivalents	725	(725)	2,100	(2,100)
Other financial assets	62,332	(62,332)	66,813	(66,813)
Other financial liabilities	(5,540)	5,540	(6,268)	6,268
Loans to Group Companies	5,074	(5,074)	5,974	(5,974)
Savings Bank investors	(60,158)	60,158	(66,850)	66,850
	2,433	**(2,433)**	**1,769**	**(1,769)**

Price risk

The Group is exposed to price risk because of its investments in equity instruments which are measured at fair value. The exposure to price risk on equity investments is managed through a diversified portfolio. Diversification of the portfolio is done in accordance with the limits set by ALCO.

The Group is not exposed to commodity price risk.

There have been no significant changes in the price risk management policies and processes since the prior reporting year.

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.

4. Property, plant and equipment

Group (N$ '000)	2023		
	Cost	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	9,630	(6,892)	2,738
Motor vehicles	3,641	(1,958)	1,683
IT equipment	61,597	(54,859)	6,738
Leasehold improvements	5,450	(2,957)	2,493
Other equipment	48,219	(44,905)	3,314
Total	**128,537**	**(111,571)**	**16,966**

Group (N$ '000)	2022		
	Cost	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	8,774	(6,442)	2,332
Motor vehicles	2,724	(2,047)	677
IT equipment	56,203	(52,214)	3,989
Leasehold improvements	4,110	(2,558)	1,552
Other equipment	47,497	(43,685)	3,812
Total	**119,308**	**(106,946)**	**12,362**

4. Property, plant and equipment (continued)

Company (N$ '000)	2023		
	Cost	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	8,735	(6,217)	2,518
Motor vehicles	3,322	(1,729)	1,593
IT equipment	59,196	(52,950)	6,246
Leasehold improvements	5,450	(2,957)	2,493
Other equipment	48,194	(44,884)	3,310
Total	**124,897**	**(108,737)**	**16,160**

Company (N$ '000)	2022		
	Cost	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	8,035	(5,869)	2,166
Motor vehicles	1,528	(1,451)	77
IT equipment	54,082	(50,586)	3,496
Leasehold improvements	4,110	(2,558)	1,552
Other equipment	47,472	(43,669)	3,803
Total	**115,227**	**(104,133)**	**11,094**

Reconciliation of property, plant and equipment - Group - 2023 - (N$ '000)

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,332	1,063	(12)	(645)	2,738
Motor vehicles	677	1,794	(449)	(339)	1,683
IT equipment	3,989	5,791	-	(3,042)	6,738
Leasehold improvements	1,552	1,340	-	(399)	2,493
Other equipment	3,812	782	-	(1,280)	3,314
	12,362	**10,770**	**(461)**	**(5,705)**	**16,966**

Reconciliation of property, plant and equipment - Group - 2022 - (N$ '000)

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,131	747	-	(546)	2,332
Motor vehicles	804	-	-	(127)	677
IT equipment	6,094	3,275	(35)	(5,345)	3,989
Leasehold improvements	1,478	386	-	(312)	1,552
Other equipment	5,049	295	(4)	(1,528)	3,812
	15,556	**4,703**	**(39)**	**(7,858)**	**12,362**

Reconciliation of property, plant and equipment - Company - 2023 - (N$ '000)

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,166	908	(12)	(544)	2,518
Motor vehicles	77	1,794	-	(278)	1,593
IT equipment	3,496	5,511	-	(2,760)	6,246
Leasehold improvements	1,552	1,340	-	(399)	2,493
Other equipment	3,803	782	-	(1,275)	3,310
	11,094	**10,335**	**(12)**	**(5,256)**	**16,160**

Notes to the Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2022 - (N$ '000)

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,044	604	-	(482)	2,166
Motor vehicles	114	-	-	(37)	77
IT equipment	5,746	2,912	(35)	(5,126)	3,496
Leasehold improvements	1,478	386	-	(312)	1,552
Other property, plant and equipment	5,035	292	(4)	(1,521)	3,803
	14,417	**4,194**	**(39)**	**(7,478)**	**11,094**

5. Right-of-use assets

Group (N$ '000)	2023		
	Cost	Accumulated depreciation	Carrying value
Property	24,385	(17,445)	6,940
Motor vehicles	90,054	(63,498)	26,556
Total	**114,439**	**(80,943)**	**33,496**

Group (N$ '000)	2022		
	Cost	Accumulated depreciation	Carrying value
Property	20,817	(13,299)	7,518
Motor vehicles	56,422	(47,445)	8,977
Total	**77,239**	**(60,744)**	**16,495**

Company (N$ '000)	2023		
	Cost	Accumulated depreciation	Carrying value
Property	24,385	(17,445)	6,940
Motor vehicles	90,054	(63,498)	26,556
Total	**114,439**	**(80,943)**	**33,496**

Company (N$ '000)	2022		
	Cost	Accumulated depreciation	Carrying value
Property	20,817	(13,299)	7,518
Motor vehicles	56,422	(47,445)	8,977
Total	**77,239**	**(60,744)**	**16,495**

5. Right-of-use assets (continued)

Reconciliation of right-of-use assets - Group - 2023 - (N$ '000)

	Opening balance	Additions	Disposals	Depreciation	Total
Property	7,518	3,568	-	(4,146)	6,940
Motor vehicles	8,977	34,209	(576)	(16,054)	26,556
	16,495	**37,777**	**(576)**	**(20,200)**	**33,496**

Reconciliation of right-of-use assets - Group - 2022 - (N$ '000)

	Opening balance	Additions	Disposals	Depreciation	Total
Property	8,617	3,407	(5)	(4,501)	7,518
Motor vehicles	15,003	4,062	(50)	(10,038)	8,977
	23,620	**7,469**	**(55)**	**(14,539)**	**16,495**

Reconciliation of right-of-use assets - Company - 2023 - (N$ '000)

	Opening balance	Additions	Disposals	Depreciation	Total
Property	7,518	3,568	-	(4,146)	6,940
Motor vehicles	8,977	34,209	(576)	(16,054)	26,556
	16,495	**37,777**	**(576)**	**(20,200)**	**33,496**

Reconciliation of right-of-use assets - Company - 2022 - (N$ '000)

	Opening balance	Additions	Disposals	Depreciation	Total
Property	8,617	3,407	(5)	(4,501)	7,518
Motor vehicles	15,003	4,062	(50)	(10,038)	8,977
	23,620	**7,469**	**(55)**	**(14,539)**	**16,495**

6. Intangible assets

Group (N$ '000)	2023		
	Cost	**Accumulated amortisation**	**Carrying value**
Computer software	132,703	(89,653)	43,050
Work in progres (WIP)	6,823	-	6,823
Total	**139,526**	**(89,653)**	**49,873**

Group (N$ '000)	2022		
	Cost	**Accumulated amortisation**	**Carrying value**
Computer software	128,388	(80,604)	47,784
Work in progres (WIP)	6,973	-	6,973
Total	**135,361**	**(80,604)**	**54,757**

6. Intangible assets (continued)

Company (N$ '000)	2023		
	Cost	**Accumulated amortisation**	**Carrying value**
Computer software	131,031	(88,364)	42,667
Work in progress (WIP)	6,823	-	6,823
Total	**137,854**	**(88,364)**	**49,490**

Company (N$ '000)	2022		
	Cost	**Accumulated amortisation**	**Carrying value**
Computer software	126,716	(79,488)	47,228
Work in progress (WIP)	6,973	-	6,973
Total	**133,689**	**(79,488)**	**54,201**

Reconciliation of intangible assets - Group - 2023 - (N$ '000)

	Opening balance	**Additions**	**Disposals**	**Amortisation**	**Total**
Computer software	47,784	4,314	-	(9,048)	43,050
Work in progress (WIP)	6,973	-	(150)	-	6,823
	54,757	**4,314**	**(150)**	**(9,048)**	**49,873**

Reconciliation of intangible assets - Group - 2022 - (N$ '000)

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	56,265	577	(9,058)	47,784
Work in progress (WIP)	1,868	5,105	-	6,973
	58,133	**5,682**	**(9,058)**	**54,757**

Reconciliation of intangible assets - Company - 2023 - (N$ '000)

	Opening balance	**Additions**	**Disposals**	**Amortisation**	**Total**
Computer software	47,228	4,315	-	(8,876)	42,667
Work in progress (WIP)	6,973	-	(150)	-	6,823
	54,201	**4,315**	**(150)**	**(8,876)**	**49,490**

Reconciliation of intangible assets - Company - 2022 - (N$ '000)

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	55,537	577	(8,886)	47,228
Work in progress (WIP)	1,868	5,105	-	6,973
	57,405	**5,682**	**(8,886)**	**54,201**

Notes to the Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

7. Investments in Subsidiary

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

Company

Name of company	% holding	% holding	Carrying amount	Carrying amount
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$ 132 million (2022: N$ 108 million).

8. Investment in Joint Ventures

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.

Joint Venture - SmartSwitch Namibia (Pty) Ltd

SmartSwitch Namibia (Pty) Ltd was discontinued and derecognised in 2021. The process of being legally wound down is on-going.

9. Loans to group companies

Subsidiaries

	Group 2023	Group 2022	Company 2023	Company 2022
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.	-	-	6,187	12,290

Notes to the Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
9. Loans to group companies (continued)				
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.	-	-	9,749	15,402
NamPost Financial Brokers (Pty) Ltd The loan amount of N$ 325 million bears interest at 7.3% and is repayable over 10 years, with 3 years grace period. The loan was advanced in December 2019.	-	-	289,458	333,991
NamPost Financial Brokers (Pty) Ltd The loan is charged interest at 7.46% and is repayable over a period of 10 years, with the first 3 years being grace period. The loan was advanced in March 2020.	-	-	202,046	235,720
	-	**-**	**507,440**	**597,403**

Split between non-current and current portions

Non-current assets	-	-	416,206	499,171
Current assets	-	-	91,234	98,232
	-	**-**	**507,440**	**597,403**

10. Other financial assets

At fair value through other comprehensive income				
Unit trusts and Bonds*	3,410,590	3,941,726	3,410,590	3,941,726
	3,410,590	**3,941,726**	**3,410,590**	**3,941,726**
At fair value through profit and loss				
Fixed term deposits, call accounts and money market instruments	2,822,619	2,739,549	2,822,619	2,739,549
	2,822,619	**2,739,549**	**2,822,619**	**2,739,549**

Notes to the Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

10. Other financial assets (continued)

At amortised cost				
Other financial assets	607,727	598,890	-	-
	6,840,936	**7,280,165**	**6,233,209**	**6,681,275**

* Limited surety in the form of Internal Registered Stock GC027 to the nominal value of N$235 million (2022: N$235 million) issued by the Republic of Namibia has been provided on the Agence Française de Développement (AFD) loan.

Non-current assets				
At fair value through other comprehensive income	2,800,699	3,325,038	2,800,699	3,325,038
At fair value through profit or loss	91,549	140,000	91,549	140,000
Other financial assets - at amortised cost	329,923	359,243	-	-
	3,222,171	**3,824,281**	**2,892,248**	**3,465,038**
Current assets				
At fair value through other comprehensive income	609,893	616,688	609,893	616,688
At fair value through profit or loss	2,731,068	2,599,549	2,731,068	2,599,549
Other financial assets - at amortised cost	277,804	239,647	-	-
	3,618,765	**3,455,884**	**3,340,961**	**3,216,237**
	6,840,936	**7,280,165**	**6,233,209**	**6,681,275**

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

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

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

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

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, currently there is none (2022: Nil).

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.

Level 2				
Unit trusts and Bonds	3,410,590	3,941,726	3,410,590	3,941,726
Fixed term deposits, call accounts and money market instruments	2,822,619	2,739,549	2,822,619	2,739,549
	6,233,209	**6,681,275**	**6,233,209**	**6,681,275**

Notes to the Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

10. Other financial assets (continued)

Level 3				
Other instruments	607,727	598,890	-	-
	6,840,936	**7,280,165**	**6,233,209**	**6,681,275**

Financial assets				
Opening balance	7,280,165	7,068,047	6,681,275	6,579,560
Additions	18,248,429	16,686,108	18,239,592	16,575,705
Disposals	(18,779,124)	(16,419,096)	(18,779,124)	(16,419,096)
Interest and similar interest on investments	46,751	95,172	46,751	95,172
Fair value adjustments	44,715	(150,066)	44,715	(150,066)
	6,840,936	**7,280,165**	**6,233,209**	**6,681,275**

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 and fair value through profit or loss.

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

Credit rating				
Bank Windhoek Limited AA (Global credit rating)	312,254	688,630	312,254	688,630
Standard Bank Namibia Limited AA+ (Fitch credit rating)	773,242	411,694	773,242	411,694
Namibian Government bond Baa1 (Moody's credit rating)	3,629,881	3,381,960	3,629,881	3,381,960
South African Government bond BB (Moody's credit rating)	382,568	270,198	382,568	270,198
Entities with no external credit rating*	616,830	1,550,752	616,830	1,550,752
Nedbank Namibia Limited F1+	109,168	108,569	109,168	108,569
Sanlam Namibia AA (National credit rating)	19,237	29,446	19,237	29,446
First National Bank Ba3 (Moody's credit rating)	390,029	240,026	390,029	240,026
	6,233,209	**6,681,275**	**6,233,209**	**6,681,275**

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

Credit quality of other financial assets - at amortised cost

Loans and advances are issued to individuals with no external credit ratings. ITC check is done on each applicant before the loan is issued.

The credit quality of loans and advances can be assessed by reference to historical information about counterparty default rates.

Loans and advances				
Gross	628,594	617,869	-	-
Less expected credit loss	(20,867)	(18,979)	-	-
	607,727	**598,890**	**-**	**-**

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

10. Other financial assets (continued)

Expected credit loss allowance on loans and advances				
Opening balance	18,979	15,600	-	-
Additional provision raised during the current year	4,486	4,878	-	-
Interest in suspense	(2,598)	(1,499)	-	-
	20,867	**18,979**	**-**	**-**

Refer to note 3 detailed information on credit risk management, credit quality, assusmptions 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.

11. Financial assets by category

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

At amortised cost				
Loans to Group companies	-	-	507,440	597,403
Other instruments	607,727	598,890	-	-
Trade and other receivables (excluding VAT and prepayments)	39,846	42,607	39,769	42,533
	647,573	**641,497**	**547,209**	**639,936**
At fair value through other comprehensive income				
Unit trusts and Bonds	3,410,590	3,941,726	3,410,590	3,941,726
At fair value through profit and loss				
Fixed term deposits, call accounts and money market instruments	2,822,619	2,739,549	2,822,619	2,739,549
	6,233,209	**6,681,275**	**6,233,209**	**6,681,275**
At amortised cost				
Loans and advances	607,727	598,890	-	-
Cash and cash equivalents	73,702	215,766	72,505	210,029
	681,429	**814,656**	**72,505**	**210,029**

12. Inventories

Goods for resale	1,512	1,365	1,512	1,365
Stamps	4,056	3,954	4,056	3,954
Stationery	6,467	6,277	6,467	6,277
Other inventories (Smartcards, philately new range)	1,488	1,961	1,488	1,961
	13,523	**13,557**	**13,523**	**13,557**

Notes to the Annual Financial Statements

	Group		Company	
	2023 N$ '000	**2022 N$ '000**	**2023 N$ '000**	**2022 N$ '000**

13. Trade and other receivables

Financial instruments:				
Trade receivables	26,871	30,722	26,871	30,722
Other receivables (Agency fees etc)	10,954	9,202	10,877	9,128
Non-financial instruments:				
Employee loans	2,021	2,683	2,021	2,683
Prepayments (mobile products, licences and insurance fees)	30,592	28,618	30,229	28,197
Total trade and other receivables	**70,438**	**71,225**	**69,998**	**70,730**

Split between non-current and current portions

Non-current assets	-	-	-	-
Current assets	70,438	71,225	69,998	70,730
	70,438	**71,225**	**69,998**	**70,730**

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

At amortised cost	37,825	39,924	37,748	39,850
Non-financial instruments	32,613	31,301	32,250	30,880
	70,438	**71,225**	**69,998**	**70,730**

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

Trade receivables

Counterparties in their respective categories				
State owned entities	3,102	2,924	3,102	2,924
Government of the Republic of Namibia	4,443	9,739	4,443	9,739
Corporate clients	10,306	12,154	10,306	12,154
Private individuals	7,093	7,242	7,093	7,242
	24,944	**32,059**	**24,944**	**32,059**

Trade and other receivables				
Gross	102,518	104,676	102,078	104,181
Less expected credit loss	(32,080)	(33,451)	(32,080)	(33,451)
	70,438	**71,225**	**69,998**	**70,730**

Expected credit loss allowance on trade and other receivables				
Opening balance	33,451	47,514	33,451	47,514
Impairment adjustment for the year	(1,371)	(14,063)	(1,371)	(14,063)
	32,080	**33,451**	**32,080**	**33,451**

Notes to the Annual Financial Statements

	Group		Company	
	2023 N$ '000	**2022 N$ '000**	**2023 N$ '000**	**2022 N$ '000**

13. Trade and other receivables (continued)

Exposure to currency risk

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

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

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	15,391	16,245	15,385	16,230
Bank balances	58,311	199,521	57,120	193,799
	73,702	**215,766**	**72,505**	**210,029**

The company has undrawn bank overdraft facilities of N$15m (2022: N$14m) 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 with.

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	1,191	5,722	-	-
Standard Bank Namibia Limited (AA+)	56,844	192,616	56,844	192,616
First National Bank Namibia (AA+)	276	1,183	276	1,183
	58,311	**199,521**	**57,120**	**193,799**

15. Share capital

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

Notes to the Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
16. Other financial liabilities				
Held at amortised cost				
Kreditanstalt Fur Wiederaufbau loan (KfW) This is made of three loans, KfW 1,KfW 2 & KfW 3. In 2006, KfW 1 amounting to EUR883,767 Euros, was issued to Government of the Republic of Namibia (GRN) and on lent to Namibia Post Limited in local currency, payable over 30 year period commencing 30 June 2015. In 2014, KfW 2, amounting to EUR3 million was received from KfW, with a 30 year term, at an interest rate of 2% p.a, with capital repayments starting from June 2023 to December 2042. KfW 3 amounting to N$ 325 million was received in December 2020, bearing interest of 7.3% and is repayable bi-annually over 10 years ending in 2027, with a 3 year grace period for the capital portion. KfW 2 and KfW 3 are both guaranteed by the GRN.	351,937	391,065	351,937	391,065
Agence Française de Développement (AFD) The loan bears interest at 7.46% and is repayable bi-annually over a period of 10 years , with a 3 year grace period for the capital portion. The loan is secured with GC27 bonds. Commencement period was March 2020.	202,046	235,720	202,046	235,720
	553,983	**626,785**	**553,983**	**626,785**
Non-current liabilities				
At amortised cost	465,126	538,331	465,126	538,331
Current liabilities				
At amortised cost	88,857	88,454	88,857	88,454
	553,983	**626,785**	**553,983**	**626,785**

Kreditanstalt Fur Wiederaufbau loan (KfW)	**KFW 2023 N$ '000**	**KFW 2022 N$ '000**	**KFW 2023 N$ '000**	**KFW 2022 N$ '000**
Opening balance	391,065	390,062	391,065	390,062
Interest expense	23,165	25,596	23,165	25,596
Foreign exchange (gain) / loss	7,001	500	7,001	500
Payments	(69,294)	(25,093)	(69,294)	(25,093)
	351,937	**391,065**	**351,937**	**391,065**

Agence Française de Développement (AFD)	**AFD 2023 N$ '000**	**AFD 2022 N$ '000**	**AFD 2023 N$ '000**	**AFD 2022 N$ '000**
Opening balance	235,720	235,720	235,720	235,720
Interest expense	16,795	17,529	16,795	17,529
Payments	(50,469)	(17,529)	(50,469)	(17,529)
	202,046	**235,720**	**202,046**	**235,720**

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

17. Post employment benefits

Medical benefit - (defined benefit plan)

The company continues to pay two thirds of total contributions towards the medical scheme when qualifying employee 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	(12,360)	(13,361)	(12,360)	(13,361)

Movements for the year

Opening balance	(13,361)	(12,485)	(13,361)	(12,485)
Benefits paid	1,544	1,433	1,544	1,433
Actuarial gain/ (loss)	1,167	(785)	1,167	(785)
Net expense recognised in profit or loss	(1,710)	(1,524)	(1,710)	(1,524)
	(12,360)	**(13,361)**	**(12,360)**	**(13,361)**

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

Current service cost	(81)	(102)	(81)	(102)
Interest cost	(1,629)	(1,422)	(1,629)	(1,422)
Actuarial gains (losses)	1,167	(785)	1,167	(785)
	(543)	**(2,309)**	**(543)**	**(2,309)**

The actuarial gain is comprised of:

- change in financial assumption of N$ 368 thouand, and
- experience variance of N$ 799 thousand.

Key assumptions used

Assumptions used on last valuation on 30 September 2023.

Average retirement age	60	60	60	60
Discount rates used	13.60 %	12.70 %	13.60 %	12.70 %
Health care cost inflation	9.00 %	8.50 %	9.00 %	8.50 %

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 benefit plan, 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 2023, which indicate that the fund was in a sound financial position.

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.

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

17. Post employment benefits (continued)

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

Demographics of heavier/ no withdrawals in the assumed level of mortality;

1 % increase/ decrease in the Medical Aid inflation

Mortality

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

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

Balance of liability with change in assumption:				
Pre-retirement withdrawals are ignored	12,396	13,410	12,396	13,410
Valuation assumption	12,360	13,361	12,360	13,361
Heavier mortality	11,728	12,677	11,728	12,677

For mortality for continuation members, PA(90) life table less a one year age adjustment was used, making an allowance for improvements in mortality of 0.5% per annum from 2007 onwards, which is consistent with pensioner mortality assumption used in retirement funds valuation in Namibia.

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	13,372	14,531	13,372	14,531
Valuation assumption	12,360	13,361	12,360	13,361
1% increase in valuation assumption	11,479	12,352	11,479	12,352

Projected Company liability as at 30 September 2024

The expected past service liability as at 30 September 2024 amounts to N$ 12.8 million, with estmated interest cost of N$ 1.6 million, service cost of N$ 54 thousand and benefits which will be paid within one year of approximately N$1.2 million.

Notes to the Annual Financial Statements

18. Savings bank Investors

	Group 2023 N$ '000	Group 2022 N$ '000	Company 2023 N$ '000	Company 2022 N$ '000
Composition of savings bank investors				
Savings accounts	674,477	658,611	674,477	658,614
Save as you earn	57,103	49,032	57,103	49,032
Fixed term deposits	4,865,606	5,541,848	4,908,556	5,648,789
Call and notice accounts	367,271	318,399	367,271	318,399
Mychoice accounts	8,413	10,213	8,413	10,213
	5,972,870	**6,578,103**	**6,015,820**	**6,685,047**
The current and long term portions of the portfolio is split as follows:				
Non current portion	412,976	262,700	412,976	262,700
Current portion	5,559,894	6,315,403	5,602,844	6,422,347
	5,972,870	**6,578,103**	**6,015,820**	**6,685,047**

19. Lease Liabilities

Group - 2023

	Opening Balance	Current year Additions	Interest expense	Cash payments	Closing balance
Property	8,997	3,375	846	(5,027)	8,191
Motor vehicles	9,925	33,826	2,754	(17,718)	28,787
	18,922	**37,201**	**3,600**	**(22,745)**	**36,978**

Group - 2022

	Opening Balance	Current year Additions	Interest expense	Cash payments	Closing balance
Property	9,952	3,407	977	(5,339)	8,997
Motor vehicles	17,242	4,062	1,109	(12,488)	9,925
	27,194	**7,469**	**2,086**	**(17,827)**	**18,922**

Company 2023

	Opening Balance	Current year Additions	Interest expense	Cash payments	Closing balance
Property	8,997	3,375	846	(5,027)	8,191
Motor vehicles	9,925	33,826	2,754	(17,718)	28,787
	18,922	**37,201**	**3,600**	**(22,745)**	**36,978**

Company 2022

	Opening Balance	Current year Additions	Interest expense	Cash payments	Closing balance
Property	9,952	3,407	977	(5,339)	8,997
Motor vehicles	17,242	4,062	1,109	(12,488)	9,925
	27,194	**7,469**	**2,086**	**(17,827)**	**18,922**

	Group 2023 N$ '000	Group 2022 N$ '000	Company 2023 N$ '000	Company 2022 N$ '000
Maturity analysis of lease liabilities				
Within 1 year	17,813	9,533	17,813	9,533
From 1 to 5 years	19,165	9,389	19,165	9,389
	36,978	**18,922**	**36,978**	**18,922**

Notes to the Annual Financial Statements

	Group		Company	
	2023 N$ '000	**2022 N$ '000**	**2023 N$ '000**	**2022 N$ '000**

19. Lease Liabilities (continued)

Amounts recognised in the income statement relating to leases

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

Property	4,146	4,501	4,146	4,501
Motor vehicles	16,054	10,038	16,054	10,038
Total depreciation charge for the right-of-use assets	20,200	14,539	20,200	14,539
Interest expense on lease liabilities (included in finance cost)	3,600	2,086	3,600	2,086
Expense relating to short-term leases (included in cost of sales)	4,831	8,616	4,831	8,616
Expense relating to short-term leases (included in operating expenses)	34,779	38,371	34,779	37,089
	63,410	**63,612**	**63,410**	**62,330**

20. Trade and other payables

Financial instruments:				
Trade payables	37,592	34,520	25,763	28,598
Amounts received in advance	6,651	5,198	6,155	4,440
Telecom- telephone payments	259	265	259	265
Provisions and Accruals	40,336	42,504	34,598	42,504
Third party funds payable	93,191	98,174	93,191	98,174
Other payables	11,816	14,769	11,629	9,881
Non-financial instruments:				
VAT	4,041	4,403	3,815	4,100
	193,886	**199,833**	**175,410**	**187,962**

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

At amortised cost	189,844	195,433	171,594	183,862
Non-financial instruments	4,041	4,403	3,815	4,100
	193,885	**199,836**	**175,409**	**187,962**

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

21. Financial liabilities

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

Financial liabilities at amortised cost				
Other financial liabilities	553,983	626,785	553,983	626,785
Trade and other payables (excluding VAT payable)	190,071	195,430	171,595	183,862
Savings bank investors	5,972,870	6,578,103	6,015,820	6,685,047
Lease liabilities	36,978	18,922	36,978	18,922
	6,753,902	**7,419,240**	**6,778,376**	**7,514,616**

Notes to the Annual Financial Statements

	Group		Company	
	2023 N$ '000	**2022 N$ '000**	**2023 N$ '000**	**2022 N$ '000**

22. Deferred tax

Deferred tax asset (liability)				
Property plant and equipment	(25,455)	(22,728)	(25,023)	(21,876)
Fair value adjustments	43,744	49,610	43,744	49,610
Terminal dues	(2,529)	(1,937)	(2,529)	(1,937)
Stock - Consumables	(1,786)	(1,645)	(1,786)	(1,645)
Prepayments and other deferred tax liabilities	2,909	1,042	3,025	1,178
	16,883	**24,342**	**17,431**	**25,330**
Deferred tax asset				
Retirement benefit obligation	3,955	4,276	3,955	4,276
Provisions	24,281	24,584	18,590	19,277
Deferred tax balance from temporary differences other than unused tax losses	28,236	28,860	22,545	23,553
Income received in advance	1,509	1,420	1,509	1,420
	29,745	30,280	24,054	24,973
Other deferred tax	12,990	11,933	12,721	11,432
Total deferred tax asset, net of valuation allowance recognised	**42,735**	**42,213**	**36,775**	**36,405**

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:

Deferred tax asset (liability)	16,883	24,342	17,431	25,330
Deferred taxation liability to be recovered after more than 12 months	16,883	24,342	17,431	25,330
Deferred tax asset	42,735	42,213	36,775	36,405
Deferred taxation asset to be recovered after more than 12 months	42,735	42,213	36,775	36,405
Total net deferred tax asset	**59,618**	**66,555**	**54,206**	**61,735**

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	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

22. Deferred tax (continued)

Reconciliation of deferred tax asset / (liability)

At beginning of year	66,555	30,523	61,735	26,487
Temporary differences on terminal dues and parcel credits	(2,529)	(1,937)	(2,529)	(1,937)
Temporary differences on income received in advance	1,509	1,420	1,509	1,420
Originating temporary differences on tangible fixed assets	(25,455)	(22,729)	(25,023)	(21,877)
Originating / (Reversing) temporary differences on Post retirement obligation	3,955	4,276	3,955	4,276
Temporary differences on fair value adjustments	43,744	49,610	43,744	49,610
Originating temporary differences on provisions	24,281	28,534	18,590	23,227
Originating temporary differences on stock - consumables	(1,786)	(1,645)	(1,786)	(1,645)
Temporary differences on prepayments	(2,635)	(2,180)	(2,519)	(2,045)
Other deferred tax (unrealised forex, workmen compensation, etc.)	(48,021)	(19,317)	(43,470)	(15,781)
	59,618	**66,555**	**54,206**	**61,735**

23. Current tax receivable

Current tax receivable	6,934	12,822	7,969	14,315

Net current tax receivable (payable)

Current assets	7,969	14,315	7,969	14,315
Current liabilities	(1,035)	(1,493)	-	-
	6,934	**12,822**	**7,969**	**14,315**

Reconciliation for current tax receivable / (payable):				
Opening balance	12,822	15,826	14,315	16,854
Other prior year minor adjustments	-	234	-	455
Current tax for the year	(25,896)	(22,686)	(14,315)	(15,442)
Provisional tax payment - 2023	20,008	19,448	7,969	12,448
	6,934	**12,822**	**7,969**	**14,315**

Balance of provision for taxation consists of:				
2021	(13,045)	(6,626)	-	1,867
2022	19,979	19,448	7,969	12,448
	6,934	**12,822**	**7,969**	**14,315**

Notes to the Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

24. Revenue

Revenue from contracts with customers				
Philately stamps revenue	994	935	994	935
Mail revenue	86,853	99,355	86,853	99,355
Agency commission	26,382	26,606	26,382	26,606
Logistics services	134,593	128,287	134,593	128,287
Savings bank fees	149,319	104,755	149,319	104,755
Other	3,496	3,473	3,496	3,473
	401,637	**363,411**	**401,637**	**363,411**
Interest and similar income				
Interest and similar income on investments	545,097	512,141	545,097	512,141
Interest on loan advances	126,083	104,967	-	-
	671,180	**617,108**	**545,097**	**512,141**
	1,072,817	**980,519**	**946,734**	**875,552**

25. Cost of sales

Cost of sales	484,670	374,059	489,404	382,397

26. Other operating income

Gain on asset disposal	29	28	18	27
Recoveries	4,318	2,512	-	-
Other income	31,633	5,329	31,617	5,318
Sundry income/(loss)	(6,108)	276	(6,108)	276
	29,872	**8,145**	**25,527**	**5,621**

27. Investment income

Dividend income				
Dividends received	16,881	11,080	19,881	11,080
Interest income				
Interest received (group loans and corporate current account)	2,553	1,070	42,171	43,501
Total investment income	**19,434**	**12,150**	**62,052**	**54,581**

28. Operating profit

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

Auditor's remuneration - external				
Audit fees	3,398	2,344	2,703	1,909
Remuneration, other than to employees				
Consulting and professional services	15,385	13,684	9,722	8,939

Notes to the Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
28. Operating profit (continued)				
Employee costs				
Salaries, wages, bonuses and other benefits	299,926	282,173	276,278	261,949
Leases				
Short-term leases	36,170	46,538	34,727	45,704
Total lease expenses	**36,170**	**46,538**	**34,727**	**45,704**
Depreciation and amortisation				
Depreciation of property, plant and equipment	5,705	7,858	5,256	7,478
Depreciation of right-of-use assets	20,200	14,539	20,200	14,539
Amortisation of intangible assets	9,048	9,058	8,876	8,886
Total depreciation and amortisation	**34,953**	**31,455**	**34,332**	**30,903**
Expenses by nature				
Employee costs	299,926	282,173	276,278	261,949
Short-term lease charges	36,170	37,740	34,727	37,089
Depreciation, amortisation and impairment	34,953	31,455	34,332	30,903
Advertising	9,182	5,612	8,152	4,861
Subscriptions	17,709	19,140	17,709	19,140
IT expenses	17,099	15,266	17,099	15,266
Security	9,582	9,343	9,582	9,343
Municipal expenses	3,379	2,450	2,400	2,450
Consulting and professional fees	15,385	13,684	9,722	8,939
Bad debts	16,661	(5,097)	1,719	(5,097)
Telephone and fax	12,629	12,242	12,468	12,094
Commission paid	9,175	11,003	7,096	7,370
Other expenses	49,009	57,739	43,768	39,863
	530,859	**492,750**	**475,052**	**444,170**
29. Depreciation, amortisation and impairment losses				
Depreciation				
Property, plant and equipment	5,704	7,858	5,256	7,478
Right-of-use assets	20,200	14,539	20,200	14,539
	25,904	**22,397**	**25,456**	**22,017**
Amortisation				
Intangible assets	9,049	9,058	8,876	8,886
Total depreciation, amortisation and impairment				
Depreciation	25,904	22,397	25,456	22,017
Amortisation	9,049	9,058	8,876	8,886
	34,953	**31,455**	**34,332**	**30,903**

Notes to the Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
30. Finance costs				
Other financial liabilities	39,939	43,287	39,939	43,287
Interest on lease liabilities	3,584	2,086	3,584	2,086
Total finance costs	**43,523**	**45,373**	**43,523**	**45,373**
31. Income tax expense				
Major components of the tax expense (income)				
Current				
Local income tax - current period	13,307	8,726	-	-
Deferred				
Current year	1,251	12,923	1,842	13,707
Arising from prior period adjustments	(8,996)	(683)	(8,996)	(683)
	(7,745)	**12,240**	**(7,154)**	**13,024**
	5,562	**20,966**	**(7,154)**	**13,024**
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit	63,071	88,632	26,334	63,814
Tax at the applicable tax rate of 32% (2022: 32%)	20,183	28,362	8,427	20,420
Tax effect of adjustments on taxable income				
Net Permanent differences	(5,625)	(6,713)	(6,585)	(6,713)
Prior year adjustments	(8,996)	(683)	(8,996)	(683)
	5,562	**20,966**	**(7,154)**	**13,024**
32. Income tax expense (other comprehensive income)				
Major components of the income tax expense				
Current tax relating to other comprehensive income				
Local income tax - current year	-	-	-	-
Deferred tax relating to other comprehensive income / (loss)				
Current year	14,682	(48,272)	14,682	(48,272)
Reconciliation of the income tax expense				
Reconciliation between other comprehensive income and tax expense Other comprehensive income / (loss)	45,882	(150,851)	45,882	(150,851)
Tax at the applicable tax rate of 32% (2022: 32%)	14,682	(48,272)	14,682	(48,272)
	14,682	**(48,272)**	**14,682**	**(48,272)**

Notes to the Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

33. Tax (paid) refunded

Balance at beginning of the year	12,822	15,826	14,315	16,854
Current tax recognised in profit or loss	(13,307)	(8,726)	-	-
Prior year adjustment	-	235	-	232
Balance at end of the year	(6,934)	(12,822)	(7,969)	(14,315)
	(7,419)	**(5,487)**	**6,346**	**2,771**

34. Cash generated from operations

Profit before taxation	64,238	87,847	27,501	63,029
Adjustments for non-cash items:				
Depreciation, amortisation, impairments and reversals of impairments	34,953	31,455	34,332	30,903
Losses (gains) on exchange differences	6,196	(255)	6,196	(255)
Movement in retirement benefit assets and liabilities	(1,001)	876	(1,001)	876
Adjust for items which are presented separately:				
Interest income	(2,553)	(1,070)	(42,171)	(43,501)
Dividends received	(16,881)	(11,080)	(19,881)	(11,080)
Finance costs	43,523	45,373	43,523	45,373
Changes in working capital:				
(Increase) decrease in inventories	34	639	34	639
(Increase) decrease in trade and other receivables	1,672	(1,860)	1,617	(1,616)
Increase (decrease) in trade and other payables	7,036	345	433	(160)
	137,217	**152,270**	**50,583**	**84,208**

35. Equity Reserves

The fair value adjustments on FVOCI, has been separately presented from the retained earnings on the Statement of Financial Position. The adjustment is a mere reclassification within equity,hence has an overall zero effect on equity at both company and group level.

36. Commitments

Authorised capital expenditure

Already contracted for but not provided for				
• Commitments in respect of contracts placed	1,570	2,692	1,570	2,692
Not yet contracted for and authorised by directors	19,633	16,623	19,633	16,623
Guarantees				
Ministry of Finance	20	20	20	20
Avon and Justine	800	1,500	800	1,500
Puma Energy	2,000	2,000	2,000	2,000

Notes to the Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

37. Related parties

Relationships

Ultimate holding company	Government of the Republic of Namibia
Holding company	Namibia Post and Telecom Holdings Ltd
Subsidiaries	NamPost Financial Brokers (Pty) Ltd, Refer to note 7
Joint ventures	SmartSwitch Namibia (Pty)Ltd, Refer to note 7
NamPost directors	Refer to directors' report on page 7
Directors (NamPost Financial Brokers (Pty) Ltd)	Festus F Hangula James A Cumming Erastus Hoveka Sonia Bergh
Fellow Subsidiaries	Telecom Namibia Limited Mobile Telecommunications Limited
Key members of management	Festus Hangula (Chief Executive Officer: Namibia Post Limited) Patrick Gardiner (Chief Executive Officer: NamPost Financial Brokers (Pty) Ltd) - retired 31 July 2023 Willem Mouton (Chief Operating Officer) Batsirai Pfigirai (Executive: Finance) Jorn Schnoor (Executive: Information Technology) Ekonia Mudjanima (Executive: Human Resources) Mbo Luvindao (Executive: Financial Services) Berlindi van Eck (Executive: Marketing) Eldorette Harmse (Executive: Legal, Compliance and Governance) Bennie Jakobs (Executive: Retail Channels) Deon Claasen (Executive: Enterprise Risk Management) Michael Feldmann (Executive: Mail and Logistics) Komao Mbuende (Head: Internal Audit)

Notes to the Annual Financial Statements

	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
37. Related parties (continued)				
Related party balances				
Receivable from related parties				
Mobile Telecommunications Limited	6,650	1,126	6,650	1,126
Telecom Namibia Limited	533	1,118	533	1,118
NamPost Financial Brokers (Pty) Ltd	-	-	31	74
Payable to related parties				
Mobile Telecommunications Limited	8,971	8,177	8,971	8,177
Telecom Namibia Limited	-	-	-	-
Hollard Life Namibia Limited	1,764	1,498	1,764	1,498
Loans to related parties				
NamPost Financial Brokers (Pty) Ltd	-	-	507,470	597,403
Related party transactions				
Sales of goods / services				
Telecom Namibia Limited	6,680	6,829	6,680	6,829
Namibia Post and Telecom Holdings Limited	4	7	4	7
Mobile Telecommunications Limited	3,749	4,498	3,749	4,498
NamPost Financial Brokers (Pty) Ltd	-	-	42,920	43,373
Hollard Life Namibia Ltd	24,185	16,124	24,185	16,124
Purchases from (sales to) related parties				
Namibia Post and Telecom Holdings Limited	32,969	33,090	32,969	33,090
Mobile Telecommunications Limited	283,057	328,947	283,057	328,947
Telecom Namibia Limited	7,069	6,498	7,069	6,498
Directors' emoluments				
James A Cumming	304	319	175	201
Simeon Amunkete	192	221	192	221
Leezhel Sartorius von Bach	175	194	175	194
Martha Shingenge	168	193	168	193
Ndangi Katoma	139	169	139	169
Festus F Hangula	97	88	-	-
Erastus Hoveka	97	88	-	-
Sonia Bergh	97	88	-	-
Compensation: Key management				
Short -term employee benefits	31,211	25,981	24,047	19,548

Detailed Income Statement

		Group		Company	
	Note(s)	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Revenue					
Philately stamps revenue		994	935	994	935
Mail revenue		86,853	99,355	86,853	99,355
Agency commission		26,382	26,606	26,382	26,606
Courier services		134,593	128,287	134,593	128,287
Interest on loan advances		126,083	104,967	-	-
Savings bank investments		545,097	512,141	545,097	512,141
Savings bank fees		149,319	104,755	149,319	104,755
Other revenue		3,496	3,473	3,496	3,473
	24	**1,072,817**	**980,519**	**946,734**	**875,552**
Cost of sales					
Opening stock		(13,557)	(14,196)	(13,557)	(14,196)
Purchases		(484,636)	(373,420)	(489,370)	(381,758)
Closing stock		13,523	13,557	13,523	13,557
	25	**(484,670)**	**(374,059)**	**(489,404)**	**(382,397)**
Gross profit		**588,147**	**606,460**	**457,330**	**493,155**
Other operating income					
Bad debts recovered		4,318	2,512	-	-
Other income		31,633	5,329	31,617	5,318
Sundry (loss) / income		(6,108)	276	(6,108)	276
Gain on asset disposal		29	28	18	27
	26	**29,872**	**8,145**	**25,527**	**5,621**
Expenses (Refer to page 70)		**(530,859)**	**(492,750)**	**(475,052)**	**(444,170)**
Operating profit	28	**87,160**	**121,855**	**7,805**	**54,606**
Investment income	27	19,434	12,150	62,052	54,581
Finance costs	30	(43,523)	(45,373)	(43,523)	(45,373)
Profit before taxation		**63,071**	**88,632**	**26,334**	**63,814**
Taxation	31	(5,562)	(20,966)	7,154	(13,024)
Profit for the year		**57,509**	**67,666**	**33,488**	**50,790**

Detailed Income Statement

		Group		Company	
	Note(s)	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Other operating expenses					
Advertising		(9,182)	(5,612)	(8,152)	(4,861)
Amortisation		(9,049)	(9,058)	(8,876)	(8,886)
Auditor's remuneration - external audit	28	(3,398)	(2,344)	(2,703)	(1,909)
Bad debts		(16,661)	(6,706)	(1,719)	5,097
Bank charges		(3,822)	(3,884)	(3,788)	(3,853)
Cleaning		(108)	(44)	(49)	-
Commission paid		(9,175)	(11,003)	(7,096)	(7,370)
Computer expenses		(3,145)	(2,292)	-	-
Consulting and professional fees		(15,385)	(13,684)	(9,722)	(8,939)
Depreciation		(25,904)	(22,397)	(25,456)	(22,017)
Employee costs		(299,926)	(282,173)	(276,278)	(261,949)
Municipal expenses		(3,379)	(3,219)	(2,400)	(2,449)
Insurance		(5,875)	(4,392)	(5,812)	(4,327)
IT expenses		(17,099)	(15,266)	(17,099)	(15,266)
Short-term leases		(36,170)	(37,740)	(34,727)	(37,089)
Motor vehicle expenses		(77)	(55)	-	-
Other expenses		(25,768)	(25,669)	(25,495)	(24,238)
Postage		(662)	(714)	(188)	(156)
Printing and stationery		(3,278)	(2,856)	(3,054)	(2,669)
Repairs and maintenance		(2,679)	(2,712)	(2,679)	(2,712)
Security		(9,582)	(9,343)	(9,582)	(9,343)
Subscriptions		(17,709)	(19,140)	(17,709)	(19,140)
Telephone and fax		(12,629)	(12,242)	(12,468)	(12,094)
Training		(116)	(136)	-	-
Travel - local		(81)	(69)	-	-
		(530,859)	**(492,750)**	**(475,052)**	**(444,170)**

nampost®

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