2020

ANNUAL REPORT

NamPower

Powering the Nation and beyond

Acronyms

AGM	Annual General Meeting
ALCO	Asset and Liability Committee
BEC	Bid Evaluation Committee
BESS	Battery Energy Storage System
CAIDI	Customer Average Interruption Duration Index
CENORED	Central-North Regional Electricity Distributor
CFO	Chief Financial Officer
CGU	Cash-Generating Unit
COD	Commercial Operation Date
CPA	Cost Price Adjustment
CPBN	Central Procurement Board of Namibia
CPI	Consumer Price Index
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
CT	Current Transformer
DRC	Depreciated Replacement Cost
ECB	Electricity Control Board
ECL	Expected Credit Losses
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EOI	Expression of Interest
EPC	Engineering Procurement and Construction
ERM	Enterprise Risk Management
ESIA	Environmental and Social Impact Assessment
ESI	Electricity Supply Industry
ETM	Energy Trading Markets
EXCO	Executive Committee
FID	Final Investment Decision
FSAs	Fuel Supply Agreements
FSC	Forest Stewardship Council
FVTOCI	Fair Value through Other Comprehensive Income
FVTPL	Financial Assets at Fair Value through Profit or Loss
GBP	Great British Pound
GIS	Geographic Information Systems
GWh	Gigawatt-hour
HFO	Heavy-Fuel Oil
HPP	Harambee Prosperity Plan
HVDC	High-voltage direct current
IAS	International Accounting Standard
IASB	Accounting Standards Board
IFRS	International Financial Reporting Standards
IMS	Integrated Management System
IPPs	Independent Power Producers
ISAs	International Standards on Auditing
iServ	IT Services
ISO	International Organisation for Standardisation
kV	kilovolt
kWh	Kilowatt-hour
LME	London Metal Exchange
LRMC	Long Run Marginal Cost
MEA	Modern Equivalent Asset
MEFT	Ministry of Environment, Forestry and Tourism
MME	Ministry of Mines and Energy
MSB	Modified Single Buyer
MVA	Megavolt tampere
MW	Megawatts
MWh	Megawatt hour
NamWater	Namibia Water Corporation Ltd
NAV	Net Asset Value
NDCs	Nationally Determined Contributions
NDP5	Fifth National Development Plan
NETS	NamPower Energy Trading System

NIRP	National Integrated Resource Plan
NORED	Northern Regional Electricity Distributor
OCI	Other Comprehensive Income
OST	Out of Step
PPA	Public Procurement Act
PPAs	Power Purchase Agreements
PPE	Property, Plant and Equipment
PSA	Power Supply Agreement
PV	Photovoltaic
RC	Replacement Cost
REDs	Regional Electricity Distributors
REFIT	Renewable Energy Feed-In Tariffs
RFP	Request for Proposal
RPL	Recognition of Prior Learning
SADC	Southern African Development Community
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SAPP	Southern African Power Pool
SB	Single Buyer
SOCI	Statement of Comprehensive Income
SOFP	Statement of Financial Position
SS	Substation
SSML	Scheduled System Minutes Losses
SVC	Static Var Compensator
T/S	Transmission station
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar
USML	Unscheduled System Minute Losses
USO	Units Sent Out
USPPI	United States Producer Price Index
WHO	World Health Organisation
ZAR	South African Rand
ZESCO	Zambia Electricity Supply Corporation
ZPC	Zimbabwe Power Company

Contents

Theme

NamPower's roots run deeply within Namibia through the integral role that electricity plays in powering every aspect of the development and progression of individuals, industries and ultimately life. NamPower is committed to guaranteeing reliable, sustainable and unfailing electricity which propels life forward. NamPower, powering life without fail for the last 25 years, and for generations to come.

Assurance

The Board, with the support of the Audit and Risk Management Committee, is ultimately responsible for NamPower's system of internal controls, which is designed to identify, evaluate, manage and provide reasonable assurance against material misstatement and loss.

The consolidated Annual Financial Statements from pages 70 to 245 were audited by our external auditors PricewaterhouseCoopers.

Highlights Of The Year

0%

Load-shedding.

Additional **10 MW** of renewable energy added onto the grid.

Unit sales volumes increased by **4.6%.**

Overall Stakeholder Satisfaction rating of **83%** against a target of 75%.

NamPower sold surplus electricity to SAPP markets, generating a revenue of **N$ 479 million.**

NamPower Foundation invested over **N$ 4.4 million** in Corporate Social Investment initiatives.

1504 GWh generated and dispatched from Ruacana Power Station. The highest in over 10 years.

99.85% transmission system availability.

Group revenue increased by **4.8%**, translating into N$ 6.892 billion compared to N$ 6.579 billion in the previous year.

Our Business Model
And the Value We Create

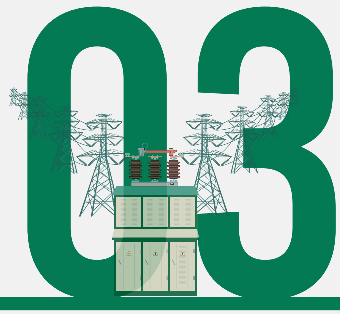
NamPower is an essential part of Namibia's electricity value chain, energising and enhancing the value of the national grid that it manages; and provides electricity to all sectors of the Namibian economy and its people.

NamPower is an integrator in terms of interconnection with other power utilities in the Southern African Development Community (SADC) region, and an optimiser in terms of extending the deployment of technologies or equipment into the distribution network. In so doing, NamPower is an enabler of human, intellectual, and social and relationship capital, run on the principles of good governance and ethical values.

Social and relationship capital is enhanced through the company's corporate social investment programmes, with substantial investments made in this regard over the years.

Generation
Renewable Generation | Non-Renewable Generation

Energy Trading



Transmission

High Voltage Transmission Lines
NamPower Substations

Being keenly aware of the national resources placed in its trust to create lasting returns and developmental impact for the nation, NamPower implements and manages all projects in a socio-economically and environmentally sustainable manner.

The economic returns include generation and transmission infrastructure of a high quality, which provides all sectors of the economy and its citizens with reliable, safe and secure sources of energy.

NamPower acknowledges the responsibility of being a catalyst in the development of a vibrant economy, an empowered society and a protected environment, as driven by Vision 2030, the Fifth National Development Plan (NDP5) and the Harambee Prosperity Plan (HPP).

Transmission
REDs/Municipalities | Mines | NamWater

Customers
Hospitals | Industries | Farms | Schools | Residential/Commercial

About Us

VISION

"To be the leading electricity service company of choice in SADC".

MISSION

"To provide the electricity needs of our customers, fulfil the aspirations of our staff and satisfy the expectations of our stakeholders in a competitive and evolving environment".

MANDATE

To generate, transmit, supply and trade electricity, including the importing and exporting of electricity.

VALUES

Customer Focus We value all our customers, and fulfil our duties timeously and diligently, with customer focus as our main aim.

Integrity We shall be transparent and honest in everything we do and are determined to adhere to ethical business principles and good corporate governance at all times.

Teamwork We value each individual's contribution to our collective effort as we commit to work together for the good of our company and country.

Accountability We accept responsibility for each of our duties and to conduct ourselves in a manner consistent with the positions entrusted to us.

Empowerment We accept our responsibility to grant opportunities to our employees to be trained and developed; and to apply that knowledge in the workplace. We welcome feedback from all stakeholders and seek to learn from all situations.

Health, Safety and Environment We shall create and uphold a safe and healthy work environment in all our activities. We shall respect our environment in all our dealings and protect both the physical and human environment in all our operations.

About Us

(continued)

NamPower, Namibia's national power utility, was born out of the then South West Africa Water and Electricity Corporation (SWAWEK). SWAWEK was formed on 19 December 1964 as a private and fully affiliated company of the Industrial Development Corporation (IDC) of the Republic of South Africa. Key to SWAWEK's success was the effective development of the hydropower station – the Ruacana Scheme – and the establishment of a transmission system for the distribution of electricity through the country's central districts to Windhoek. Throughout its 32-year history, SWAWEK made a valuable contribution to the country's economic development. By the early 1980s, the network covered most regions and eventually in 1978, the Ruacana Scheme was energized, with a capacity of 240 MW. In July 1996, SWAWEK became NamPower and has since then, consistently remained a mainstay of the nation's economy.

As a public enterprise, NamPower adheres to the legal and regulatory framework provided for in the Public Enterprises Governance Act 2019 (Act No.1 of 2019) as amended, the Companies Act (Act No.28 of 2004), the Electricity Act (Act No.4 of 2007) and all other legislation applicable to its business. NamPower reports to the Ministry of Mines and Energy (MME) and the Ministry of Public Enterprises. The overall strategic direction and governance of NamPower is the responsibility of the Board of Directors.

The strategic direction NamPower is pursuing aims to enhance its mission "To provide the electricity needs of our customers, fulfil the aspirations of our staff and satisfy the expectations of our stakeholders in a competitive and evolving environment" through the provision of quality and reliable products and services at a reasonable cost in a sustainable manner.

Our Core Business

NamPower's core business is generation, transmission and energy trading, the latter of which takes place within the Southern African Power Pool (SAPP), the largest multilateral energy platform on the African continent. NamPower supplies bulk electricity to the Regional Electricity Distributors (REDs), Mines, the Namibia Water Corporation Ltd (NamWater), Farms and Local Authorities (where REDs are not operational) throughout Namibia.

The key role players in the Electricity Supply Industry (ESI) are the MME as custodian of Namibia's energy sector; the Electricity Control Board (ECB) as the regulator of the ESI; NamPower, as Namibia's electricity utility, and the REDs and some Local Authorities as the country's distribution licensees across the country. A number of Independent Power Producers (IPPs) have recently come on board as generators of renewable energy.

Our Infrastructure

Generation

NamPower owns and operates three power stations with the combined installed capacity of 459.50 MW. These power stations are the main sources of local power generation capacity in the country:

347 MW

Ruacana hydro-electric power station in the Kunene Region

90MW

Van Eck coal-fired power station outside of Windhoek

22.5MW

Anixas diesel-powered power station at Walvis Bay

Transmission

NamPower owns a world-class transmission system and a network of 66 kV to 400 kV of overhead lines spanning a distance of more than 11,704 km.

Continuous investments are made to strengthen and keep the national grid in a superior condition to ensure an efficient, reliable and effective network with minimal disruptions.

In addition to these lines, NamPower's asset base includes one hundred and fifty-six transmission substations and ninety-two distribution substations, with a total transformer capacity of 8 978 MVA and specialised HVDC and SVC devices.

Energy Trading

NamPower's robust Energy Trading Platform system enables successful trading activities such as load forecasting, market scheduling, energy and financial settlement as well as reporting, all with a high degree of accuracy.

National Control Centre

The National Control Centre operates on a 24-hour basis to ensure system availability and is responsible for the total and real-time operation and management of the utility's generation, transmission and distribution system.

Our People

NamPower is one of the largest employers in Namibia, with a strong Affirmative Action programme. NamPower boasts dedicated employees who embody excellence and commitment and who, through their collective skills and knowledge, enable Namibia's infrastructural backbone. The work of these Namibian men and women, including an experienced senior management team, is overseen by a Board of Directors actively involved in the enforcement of best practice, corporate governance and other business principles.

NamPower invests greatly in its human capital through various programmes and actively supports its staff in pursuing training related to their particular job functions in an effort to build an ethical, engaging and high-performance culture.

Corporate Social Investment

NamPower is equally committed to good corporate citizenship and continues to, through its social investment arm the NamPower Foundation, make significant investments to various projects aimed at socio-economic development. In addition, millions are being invested annually in the provision of undergraduate, postgraduate and vocational training bursaries to young, aspiring Namibian students to pursue studies in various fields related to NamPower's core business.

In addition, NamPower joined and committed to the country's rural electrification programme in 1996, aimed at supplementing the Government's efforts to improve the standard of living for its citizens. Since then, NamPower has and continues to, proudly invest millions into the electrification of rural communities and un-electrified public institutions nation-wide.

Consolidated
Key Statistics

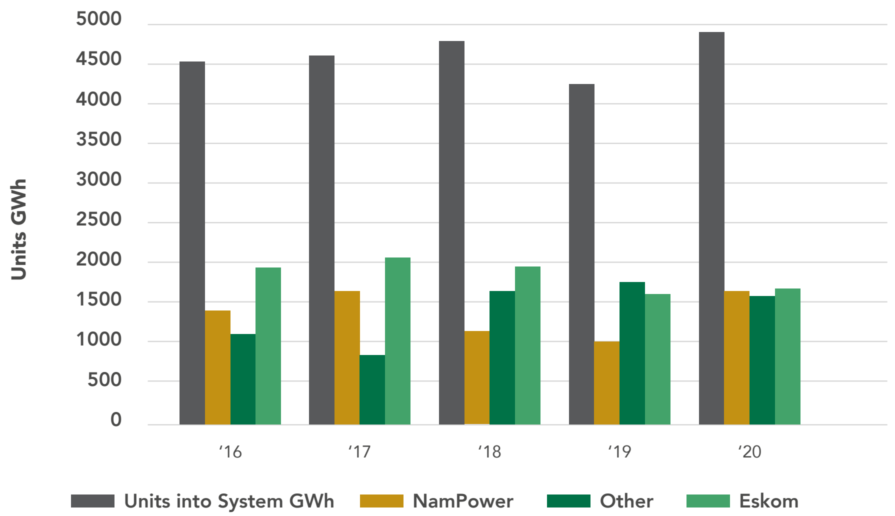
		2020	2019
1.	Total revenue (N$'000)	**6,892,330**	6,579,468
2.	Taxation (N$'000)	**(396,964)**	(570,824)
3.	Capital expenditure (N$'000)	**310,778**	276,027
	Property, plant and equipment	**305,831**	275,292
	Intangible assets	**4,947**	735
4.	Coal cost per ton (N$)	**2,121**	2,423
5.	Average price per unit sold (cents)	**171.0**	175.0
6.	Number of electricity customers	**2,948**	2,916
7.	System maximum (hourly demand) (MW)		
	- Excluding Skorpion	**629**	633
	- Including Skorpion	**688**	684
8.	Units into System (GWh)	**4,702**	4,435
	NamPower (Pty) Ltd	**1,570**	1,006
	ZESCO	**490**	324
	Eskom	**1,624**	1,640
	ZPC	**362**	281
	SAPP Market	**309**	916
	Omburu Sun Energy (Pty) Ltd (Innosun)	**13**	12
	REFITs	**160**	150
	Greenam	**60**	34
	Alten Solar Power Hardap Pty (Ltd)	**114**	72

		2020	2019
9.	Units sold (GWh)	**4,352**	4,159
	Customers in Namibia	**3,362**	3,503
	Skorpion Zinc Mine	**274**	409
	Orange River	**123**	128
	Exports	**593**	119
10.	Installed Capacity (MW)	**760**	760
	- Ruacana	**347**	347
	- Van Eck	**90**	90
	- Zambezi Link Interconnector	**300**	300
	- Anixas	**22.5**	22.5
11.	Transmission lines		
	- 400 kV (km)	**1,179**	1,179
	- 350 kV (km)	**953**	953
	- 330 kV (km)	**522**	522
	- 220 kV (km)	**3,207**	3,207
	- 132 kV (km)	**2,265**	2,265
	- 66 kV (km)	**3,578**	3,578
12.	Distribution lines		
	- 33 kV (km)	**11,967**	11,887
	- 22 kV (km)	**4,922**	4,904
	- 19 kV (SWER) (km)	**4,592**	4,580
	- 11 kV (km)	**1,135**	1,132
13.	Employees	**1,161**	1,123

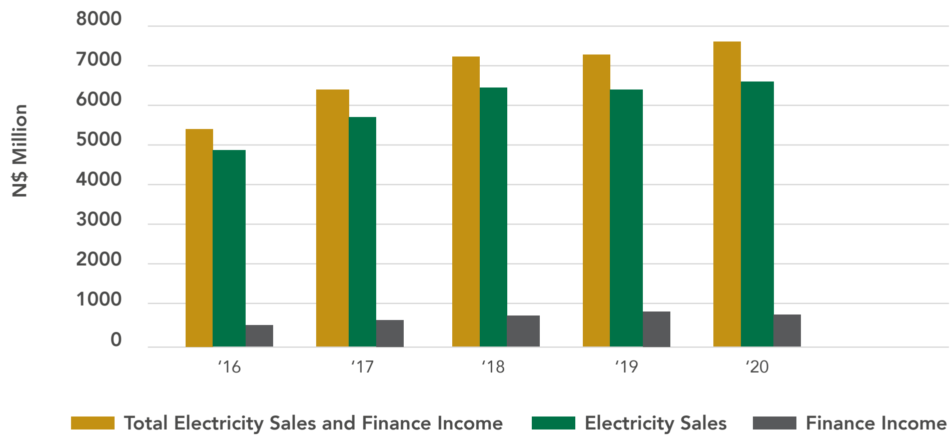
Consolidated Key Statistics

(continued)

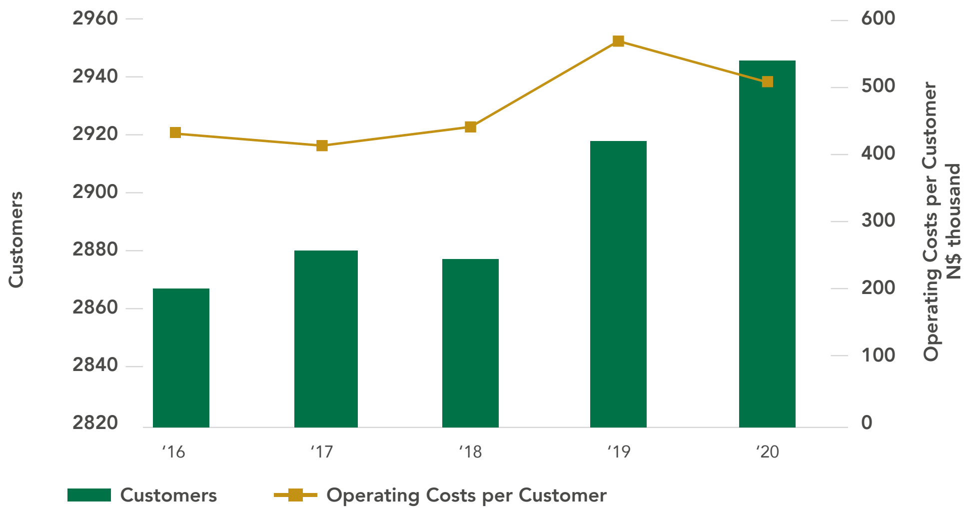
Units Into System



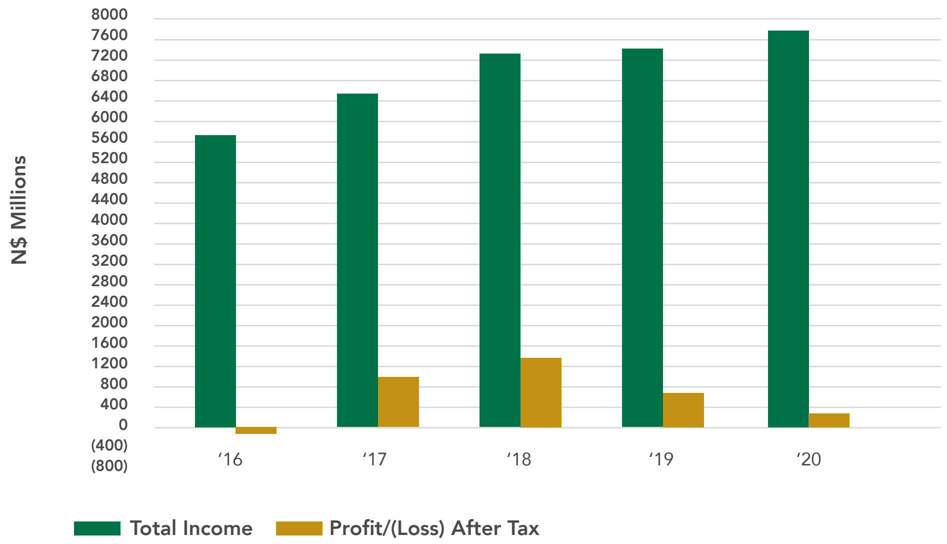
Electricity Sales and Finance Income



Customers and Operating Cost Per Customer



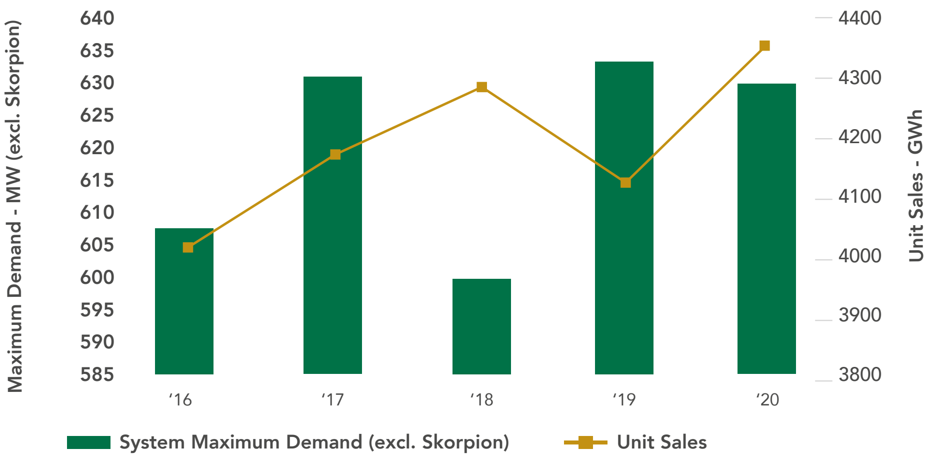
Total Income and Profit/(loss) after Tax (N$ Million)



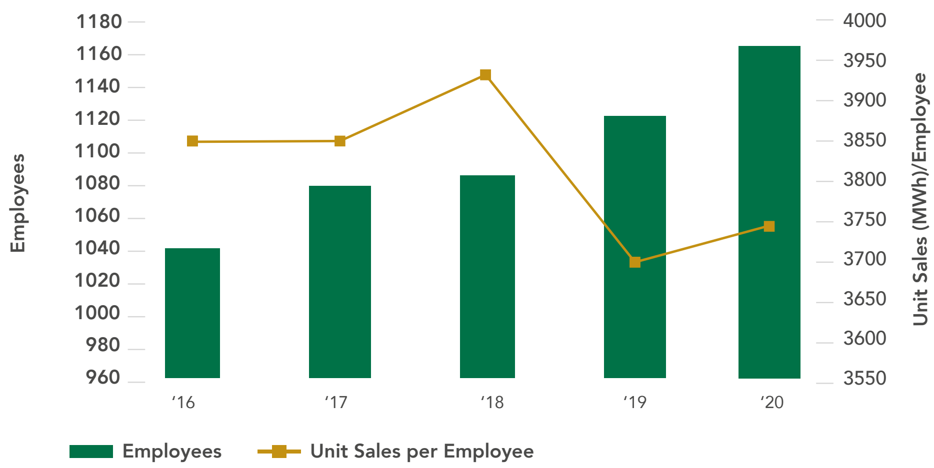
Consolidated Key Statistics

(continued)

System Maximum Demand (excl. Skorpion) and Unit Sales



Employee Performance



Strategic Overview

NamPower's (2019-2023) Corporate Strategy and Business Plan is aligned to policy direction and the National Integrated Resource Plan (NIRP), whilst also considering trends in the electricity market and changes in customer behaviour. The utility's aim is to deliver sustainable security of supply and a least-cost tariff path that will support economic growth and maintain the business' financial sustainability. NamPower always considers the implications of its decisions and actions on its stakeholders, the economy and the environment.

Vision

"To be the leading electricity service company of choice in SADC"

Mission

"To provide the electricity needs of our customers, fulfil the aspirations of our staff and satisfy the expectations of our stakeholders in a competitive and evolving environment"

Strategic pillars & goals

Ensuring security of supply

- Deliver a least cost electricity supply mix
- Strengthen Namibia's transmission network
- Prepare business units for a change in the local market model
- Leverage regional market opportunities in SAPP
- Support government in the development of strategic projects

Unlocking the value of electricity sector collaboration

- Support the development of the electricity industry and the economy
- Support the acceleration of electrification
- Develop new products and services

Optimising financial sustainability

- Implement an investment framework to align to market requirements
- Leverage new sources of funding
- Form financial and technological partnerships
- Support the development of a sustainable electricity market

Driving organisational & operational excellence

- Drive innovation and new business opportunities
- Achieve and retain top employer status
- Develop additional capabilities to meet the new market requirements
- Build an ethical, engaging and high-performance culture

Values

Customer focus; Integrity; Teamwork; Accountability; Empowerment; Health, Safety, Environment

Governance and Corporate Structure

Government of the Republic of Namibia

Ministry of Public Enterprises (Shareholder Representative)

NamPower Board of Directors

NamPower Executive Committee

Ministry of Mines and Energy (Energy Policy Maker)

Electricity Control Board (The Regulator)

According to the provisions of the Public Enterprises Governance Act of 2019 (Act No.1 of 2019), NamPower is designated as a commercial public enterprise and as such reports to the Minister of Public Enterprises as the responsible Minister and the shareholder representative, who ultimately oversees the operations and performance of the utility.

Owing to the fact that NamPower's mandate is derived from powers and obligations as set out in the Electricity Act 4 of 2007, through the conferment of licenses, as well as the National Energy Policy, it has a reporting obligation to the Ministry of Mines and Energy, as the Government entity responsible for establishing policy in the country's energy sector.

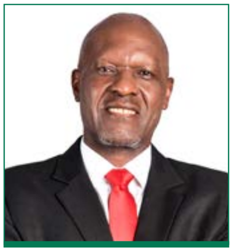
Ministry of Public Enterprises

Hon. Leon Jooste
Minister of Public Enterprises

Ms. Annascy Mwanyangapo
Executive Director of Public Enterprises

Ms. Louise Shixwameni
Deputy Executive Director of Public Enterprises

Ministry of Mines and Energy



Hon. Tom K Alweendo
Minister of Mines and Energy

Hon. Kornelia Shilunga
Deputy Minister of Mines and Energy

Mr. Simeon Negumbo
Executive Director of Mines and Energy

Board of Directors

Mr. Daniel Motinga
(Chairperson)

M.A. Economics
University of East Anglia, Norwich, United Kingdom

Renowned economist and researcher, Mr. Motinga forms an integral part of the NamPower Board. Publishing research in various fields as well as, steering the direction of many organisations as a respected manager and trustee for over 20 years, his vast experience in economics, social policy and sector reform, gives him unique insight into the important role NamPower has on the nation and its industries. He has served as a Consulting Economist for the banking industry and is currently a Senior Relationship Manager for RMB Namibia.

Ms. Martha Mbombo
(Deputy Chairperson)

Master of Business Leadership (MBL)
UNISA, South Africa

Ms. Mbombo, is a Human Resources Practitioner with a wealth of knowledge. She holds several degrees such as a Master in Business Leadership, a Bachelor of Business Administration and a Master of Health Personnel Education. Ms. Mbombo started out in Human Resources and Administration in various government ministries. Currently, she serves as a Deputy Executive Director in the Ministry of Gender Equality, Poverty Eradication and Social Welfare in the Office of the President.

Dr. Detlof von Oertzen
(Director)

PhD – Physics (High Energy Nuclear Physics)
University of Cape Town, South Africa. **Advanced MBA** Finance University of Adelaide, Australia

An independent technical and management consultant in the energy and radiation sectors. Dr. von Oertzen has extensive experience in the electricity and finance sectors. His career, which spans over more than 25 years, has laid the foundation for his in-depth understanding and expertise in the fields of energy, the environment and radiation protection, thereby enabling collaboration with international, regional and local entities such as the World Bank, United Nations Development Programme, International Atomic Energy Agency, the Ministry of Mines and Energy, the Electricity Control Board and many other regional authorities and regulators.

Mr. Laurence C. Kavendjii
(Director)

LLB and B.Juris
UNAM, Namibia

Mr. Kavendjii, a lawyer and admitted legal practitioner to the High Court of Namibia, holds two degrees from the University of Namibia. He started his career as a legal practitioner at Nate Ndauendapo Law Firm. Mr. Kavendjii was a full-time lecturer at UNAM from 2001 until 2012. He co-founded Kangueehi & Kavendjii Incorporated in 2004 while he was still lecturing at UNAM. Mr. Kavendjii is a member of the Namibia Law Association as well as the Law Society of Namibia.

Ms. Silke Hornung
(Director)

CA (Nam) and CA (SA), CIMA/CGMA
University of Pretoria, South Africa

Ms. Hornung is a registered Chartered Accountant by profession with vast experience in the accounting and financial fields. She started her career as a lecturer at the then Polytechnic of Namibia and then later moved to Damelin College in Walvis Bay, before joining Deloitte & Touche Frankfurt in Germany as a Senior Accountant, and then Manager. After returning to Namibia, Ms. Hornung joined Bidvest Namibia where she held several roles in the finance business unit. She joined Pointbreak Wealth Management in 2018 as Senior Wealth Manager.

Mr. Evat Kandongo
(Director)

B.Sc Civil Engineering (Pr. Eng)
Tampere University of Technology, Finland

Mr. Kandongo is a registered Professional Civil Engineer who started his career in the private sector before joining the City of Windhoek and later moving on to other entities. He became an Associate Director of Stewart Scott Namibia in 2001. Mr. Kandongo is currently the CEO and majority shareholder of Consulting Services Africa. He is involved in a number of energy-related projects with a special focus on renewable energy. He is a trustee on the University of Namibia's Engineering Fund.

Executive Committee

Mr. Kahenge S. Haulofu
Managing Director

Mr. Fritz Jacobs
Chief Operating Officer

Mr. Reiner Jagau
Executive: Generation

Mr. Braam Vermeulen
Acting Executive: Transmission

Ms. Kandali Iyambo
Executive: Modified Single Buyer

Mr. Michael Gotore
Chief Financial Officer

Ms. Selma Ambunda
Executive: Human Capital

Chairperson's Statement

On behalf of the Board of Directors of NamPower, I am pleased to present the company's Annual Report for the 2019/20 financial year.

The systemic impact of COVID-19 and the subsequent lockdown has put severe pressure on the operations of the company and the national economy. As a result, the last three months of the reporting period were especially difficult as they saw the challenges brought about by the COVID-19 pandemic. The economic impact of this pandemic is, indeed, still unravelling and may be felt through future reporting periods.

The company put in place a five-year strategic plan - 2019 to 2023 during the reporting period. The strategic plan is aimed at changing the way we do business including the manner in which we conduct ourselves as a corporate and critically how we relate to our stakeholders through a defined performance culture. Our vision is 'to be the leading electricity service company of choice' in the sub-region. This bold, yet pragmatic plan rests on four key pillars, namely;

a. Ensuring the security of supply
b. Unlocking the value of electricity collaboration
c. Optimising financial sustainability, and
d. Driving organisational and operational excellence

I believe we are well on course to deliver on this strategy. However, due to the ever-evolving macro-economic and regulatory landscape, as well as 'black swan events' such as COVID-19, we need to adapt to remain fit for purpose.

The marketplace has remained challenging for our clients. This is reflected in our inability to collect our debt from key clients within the contracted payment period. For this reporting period, average debtor days for the total book stood close to three months. This is a major ongoing concern for the Board. Management has been encouraged to engage stakeholders to accelerate collections. In support of that, short-term initiatives have been put in place to improve collections. One such initiative is the Debt Collection Plan, which will be introduced to customers in the new year.

As part of the new strategic plan, we have committed to overseeing the development of generations projects. We have committed to invest our own resources to add 150 MW to increase generation capacity. This is in line with the National Integrated Resource Plan (NIRP) that runs until 2035. A resourcing strategy to fund these projects has been put in place and funding options are being explored. However, progress to implement has been slow and management is preoccupied with improving procurement processes to execute projects in the timeframes committed to with stakeholders.

The local electricity generation industry has been in a state of continuous deregulation. In this reporting cycle there is significant progress in relation to introduction of the Modified Single Buyer Market model which holds a significant risk to NamPower's current and future operations. As at the end of June 2020, applications to a total of 105 GWh have been licensed by the regulator to operate under the Modified Single Buyer Market Model. The value that NamPower is currently capturing will be contested with the resulting consequences that the company cannot do 'business as usual.' There is, therefore, a need for sharpened focus on cost and internal efficiencies.

NamPower is a significant player in the Namibian economy and therefore creates significant value for its stakeholders, not just by keeping the lights on, but through employment creation and payment of national taxes. The Group paid 5% of its income in taxes, 14% in payroll and 1% in dividends during the reporting period. The value that we create needs to be safeguarded for future generations. The building blocks that the Board put in place with the support of management and key stakeholders should thus ensure NamPower's long term sustainability.

I remain indebted to my predecessor, Ms Kauna Ndilula, who steered the ship until the end of March 2020. She is an able leader and left big shoes to be filled. I would also like to thank our shareholders for their continued support. To our stakeholders – NamPower values your support.

A special thank you to my fellow board members, the managing director, the management team and all the employees of NamPower, for supporting and showing up with discretionary energy in the furtherance of our vision. We have lost valued employees this year due to COVID-19. We shall remain forever indebted to them.

Daniel Motinga
Chairperson

Managing Directors' Report

I am delighted to report on the financial and operational activities of the nation's premier power company. Good rains received during the second half of the year under review stood NamPower in good stead as the utility was able to generate at maximum capacity. This positively impacted on group revenue.

A record river flow of 2 065 m3/sec was recorded during the year under review. This is well above the average river flow recorded in the past five (5) years. The improved river flow of the Kunene River and the reliable operation of the Ruacana Power Station resulted in a total of 1 504 GWh of units generated and dispatched, allowing NamPower to sell the surplus of electricity generated in the SAPP markets, and off-setting the sum of units imported by more than 12%. This is a 58% increase from the 954 GWh generated in the previous financial year (2018/2019) and well above the average of 1400 GWh recorded for the past ten (10) years. The good rainfalls resulted in an increase in local generation of 41% in 2020 compared to 29% in 2019. There was also a decrease in imports from 71% in 2019 to 59% in 2020. The surplus generation enabled NamPower to export electricity through the Electricity Trading Market of the Southern African Power Pool (SAPP).

NamPower's group revenue increased by 4.8% from N$ 6.579 billion in the previous year to N$ 6.892 billion in the year under review, primarily driven by the increase in export electricity sales as a result of the good rainfall. Electricity sales volumes increased by 4.6% (2018/2019: 3% decrease) from 4,159 GWh achieved in the previous year to 4,352 GWh in the year under review. See more details on the company's financial performance on page 66.

We were also able to maintain excellent system availability of 99.85% during the year under review. An assessment of the CAIDI (a measure of the average time, in minutes, it takes to restore supply to the customer after an unscheduled outage) results show that the average restoration time per interrupted customer has exceptional performance. Interruptions on average only lasted 2.71 minutes loss of power.

Furthermore, despite the challenges caused by the COVID-19 pandemic, NamPower was able to progress and complete some of its planned capital and operational projects, albeit with some delays owing to long procurement processes. These projects are crucial to enhance and expand transmission and generation assets' capacity to reliably deliver power to the nation.

The advent of the novel coronavirus during the beginning of the year 2020 negatively affected businesses and individuals alike. It changed lives and forced businesses to adapt the way they operate. Sadly, we lost two lives due to the virus. They were dedicated employees who had served the company for many years and contributed towards making NamPower the great company that it is today. I would like to salute and thank these two green and gold soldiers. We will remain forever thankful for their contribution. May their souls rest in eternal peace.

The economic impact caused by the COVID-19 pandemic was also felt in the overall growth of the electricity demand during the reporting period. This culminated in the annual reduction of the energy consumption by 2%. The highest monthly energy consumption reduction of 9% was recorded between that achieved in May 2019 and May 2020. NamPower expects a further minimal reduction of 0.2% due to the continuous impact of the pandemic on business. The COVID-19 pandemic also caused delays in the execution of various projects, as the delivery of goods and services to NamPower was affected.

Through this experience, it became clear that NamPower's strength lies in its employees. The greatest lesson learned was that an organised team with a common goal can overcome any challenge. With the adherence to our corporate protocols and those of the World Health Organisation (WHO), as well as guidance from the Ministry of Health and Social Services, we were able to fight the pandemic and continue fulfilling our mandate of ensuring the security of supply.

As reported last year, the company continues to be burdened by deteriorating debtors' collection days. It now takes the company an

Managing Directors' Report

(continued)

average of 91 days (as at 30 June 2020) to collect our revenue from customers compared to 85 days as at 30 June 2019 and against the target of 75 days for the 2020 financial year. Considering that we offer customers 30 days from date of invoice to settle their accounts, the impact the settlement delays have on our cash flow cannot be over-emphasised. It is important to note that the existing revenue collection challenges are being aggravated by the COVID-19 pandemic. The company has entered into settlement arrangements with some municipalities as part of the efforts to remedy the situation. Active engagements are ongoing with those yet to enter into any settlement arrangements.

The contribution margin from electricity sales was affected negatively compared to the previous year, decreasing to 39% (41% in 2019) due to an increase in electricity costs. The depreciation of the local currency against major currencies, in which some of the import contracts are denominated, increased pressure on the cost of electricity supply.

As highlighted in our Corporate Strategy and Business Plan (2019-2023), we are gearing towards a more customer-centric approach. We conducted a Stakeholder Perception Survey during the second half of the year under review to gauge our stakeholders' opinions on whether we are meeting our intended mandate and strategic objectives; to check the level of customer satisfaction; and our reputation among several factors. The company used the survey results to realign its activities and to respond to customer needs where necessary, including re-adjusting its Stakeholder Engagement Plan to address our stakeholders' needs as expressed in the survey.

The company recorded an overall Stakeholder Satisfaction rating of 83% against a target of 75%, while for Customer Satisfaction we recorded 81% against a target of 75% for Transmission and Distribution Customers.

Changes in the Electricity Supply Industry (ESI) have prompted the company to re-adapt itself to the changing landscape. This re-adaptation included organisational structure re-alignment which was necessitated by many internal and external factors, to ensure that we remain competitive. The company recently filled the executive positions of Chief Operating Officer, Executive: Human Capital and Executive: Modified Single Buyer; while the positions

of Executive: Transmission and Chief Innovation Officer are yet to be filled. We hope to fill these positions soon as it is important to have a complete management team to ensure the effective implementation of our strategy.

We are pleased to welcome a new Board of Directors, who joined us on the 1st October 2020 for a three-year term. They bring with them diverse skills and valuable experience. We look forward to working with them towards the realisation of our strategic objectives, and to ensuring a reliable, secure electricity supply whilst improving sustainable local generation capacity.

On behalf of the NamPower management and staff, I would like to thank our two line ministers, the Minister of Mines and Energy, Honourable Tom Alweendo and the Minister of Public Enterprises, Honourable Leon Jooste, for their support and firm leadership during the year.

Also, I would like to thank our former Board of Directors, for their dedicated leadership and direction during their tenure. You were key to the crafting of our current corporate strategy and setting us on a more sustainable path. You have successfully laid the foundation that we believe will propel NamPower on its path to improving local capacity and ensuring security of supply. I want to particularly extend my appreciation to the former Chairperson of the Board, Ms Kaunapaua Ndilula, for her commitment, tenacity and courage as the leader of the Board. We wish you the best as you continue to serve the Namibian nation through your various undertakings.

I would further like to thank our regulator, the Electricity Control Board (ECB), for their collaborative engagements and direction. Most importantly, I would like to thank the NamPower family for their unwavering commitment to duty, especially amidst the challenges brought about by the COVID-19 pandemic, which made it very difficult to operate as normal. Your contributions do not go unnoticed, and we remain indebted to you.

Kahenge S. Haulofu
Managing Director

Corporate Governance

The governance foundation of NamPower is based on a combination of voluntary and compulsory guidelines founded on the principles and practices of the King Code of Corporate Governance for South Africa 2009 (King IV), the Namibian Code on Corporate Governance, the Public Enterprises Governance Act (Act.No.1 of 2019), the NamPower Memorandum of Association and the Companies Act, (Act 28 of 2004).

The Group is committed to achieving high standards of corporate governance. The Board has developed self–governance principles over the years, which are applied transparently and consistently. The Board also recognises that compliance with legislation is an essential component of good governance. In this regard, the directors are satisfied with actions that management has taken to ensure compliance with all relevant legislation. During the year under review, instances were noted where full compliance has not been practically possible concerning certain provisions of the following legislation:

Public Enterprises Governance Act 1 of 2019	Timely submission of business and financial plans.
	Timely signature to Directors' performance agreements.
Public Procurement Act ("PPA") 15 of 2015	Publication of all bids and tenders awarded.
	Respond to bidders' clarifications within stipulated timeframes.
	Evaluation of bids within the periods stipulated by the Act.
	Adequate recording of small value procurement activities.
	Adequate recording of meetings of procurement committees.

Environment Management Act of 2007	Wastewater treatment at Ruacana Power Station.
	Environmental management plans for Van Eck and Ruacana power stations.
Government Electricity Act no 2 of 2007 and the Electricity Control Board (ECB) regulations	Submission of separate statements of financial position for generation business.
	Submission of transmission equipment data and updated network map to the ECB.
	Environmental management plan for transformer oils and chemicals.
	Updating ECB on import and export points of transmission.

Management has put in place measures to remedy the situation. Where this is not immediately practically possible, it continues to engage the relevant Ministries and Government Agencies to achieve full compliance.

The Group continues to apply and comply with the provisions of the Companies Act of Namibia and its internal governance procedures in directing and managing the business. The matters dealt with through the Company's internal governance procedures and subject to the Board's approval include development and implementation of the Company's strategic and financial plan, determination and approval of the remuneration of the Board and senior management and management of the Company's investment portfolio. The Minister of Public Enterprises has not as yet declared any of the NamPower subsidiaries and associates as public enterprises in terms of the Public Enterprises Governance Act 1 of 2019. Thus, the Public Enterprises Governance Act 1 of 2019 does not apply to the subsidiaries and associates, but only to the Company.

Operations of the Board

The Board exercises overriding control over the Group and its subsidiaries. The Board guides management on formulating the corporate strategy, setting targets and developing plans, while being mindful of the impact of the business on its stakeholders, its financial performance and the environment.

The Board is committed to ensuring, collectively and individually, that sound governance principles are fully integrated into all aspects of the business. The Board discharges its responsibilities and control of NamPower as per the NamPower Board Charter and the Memorandum of Association. The Board Charter serves as a guide to the Board and outlines the process for policies and practices regarding Board matters, such as the declaration of conflict of interest and those matters delegated to management.
The Board deals with several matters exclusively. This entail, among other things, the approval of the NamPower's Annual Financial Statements, the overall business strategy and related budget and cash flow forecasts; the annual capital expenditure budget; significant changes to management and control structures; material investments or disposals; and the Group's overall risk management strategy.

Directorate

Mr. Daniel Motinga	Chairperson	Appointed 1 October 2020*
Mr. Kahenge S Haulofu	Managing Director	Appointed 1 July 2016
Ms. Martha Mbombo	Deputy Chairperson	Appointed 1 October 2020
Dr. Detlof von Oertzen		Re-appointed 1 October 2020
Mr. Laurence Kavendjii		Appointed 1 October 2020
Ms. Silke Hornung		Appointed 1 October 2020
Mr. Evat Kandongo		Appointed 1 October 2020
Ms. Kaunapaua Ndilula	Chairperson	Term ended 31 March 2020
Mr. Daniel Motinga	Deputy Chairperson	Term ended 31 March 2020*
Ms. Sara Katiti		Term ended 30 September 2020
Mr. Andreas Kanime		Term ended 30 September 2020
Ms. Anna Matebele		Term ended 30 September 2020
Dr. Detlof von Oertzen		Term ended 30 September 2020

***Mr D. Motinga assumed the position of Chairperson of the Board after the term of the then Chairperson, Ms K Ndilula had ended on 31 March 2020. He was re-appointed to the position on 1 October 2020.**

Corporate Governance

(continued)

Board Committees

In conformity with Corporate Governance principles, NamPower has the following Board Committees:

Audit and Risk Management Committee

The members of the Audit and Risk Management Committee for the year under review were:

Ms. Silke Hornung	Chairperson	Appointed 1 October 2020
Mr. Laurence Kavendjii		Appointed 1 October 2020
Mr. Evat Kandongo		Appointed 1 October 2020
Ms. Anna Matebele	Chairperson	Term ended 30 September 2020
Ms. Sara Katiti		Term ended 30 September 2020
Mr. Daniel Motinga		Term ended 30 September 2020

Remuneration and Nomination Committee

The members of the Remuneration and Nomination Committee for the year under review were:

Ms. Martha Mbombo	Chairperson	Appointed 1 October 2020
Mr. Daniel Motinga		Appointed 1 October 2020
Dr. Detlof von Oertzen		Appointed 1 October 2020
Mr. Andreas Kanime	Chairperson	Term ended 30 September 2020
Mr. Daniel Motinga		Term ended 30 September 2020
Ms. Anna Matebele		Term ended 30 September 2020

Board Procurement Committee

The members of the Board Tender Committee for the year under review were:

Mr. Laurence Kavendjii	Chairperson	Appointed 1 October 2020
Ms. Martha Mbombo		Appointed 1 October 2020
Mr. Daniel Motinga		Appointed 1 October 2020
Ms. Sara Katiti	Chairperson	Term ended 30 September 2020
Ms. Kaunapaua Ndilula		Term ended 31 March 2020
Dr. Detlof von Oertzen		Term ended 30 September 2020

Investment Committee

The members of the Investment Committee for the year under review were:

Dr. Detlof von Oertzen	Chairperson	Re-appointed 1 October 2020
Mr. Evat Kandongo		Appointed 1 October 2020
Ms. Silke Hornung		Appointed 1 October 2020
Ms. Kaunapaua Ndilula		Term ended 31 March 2020
Mr. Andreas Kanime		Term ended 30 September 2020

Board and Board Committee Meetings

Board of Directors	Board	Audit and Risk Management Committee	Remuneration and Nomination Committee	Board Tender Committee	Investment Committee
Meetings held:	10	6	6	4	4
Attendance:					
Ms. Kaunapaua Ndilula	7	N/A	N/A	2	2
Mr. Daniel Motinga	8	6	4	N/A	N/A
Ms. Sara Katiti	10	6	N/A	4	N/A
Dr. Detlof von Oertzen	9	N/A	N/A	4	4
Mr. Andreas Kanime	10	N/A	6	N/A	4
Ms. Anna Matebele	10	6	6	N/A	N/A

*** N/A: Not a member of applicable committee**

ISO Standardisation

INTRODUCTION

NamPower embarked on a focused intervention to improve service delivery and operational excellence, through the adoption of an integrated management system to ensure business improvement. One of the key enablers for driving this intervention was the initiation of the International Organisation for Standardisation (ISO) Integrated Management System (IMS) project. This will ultimately lead to the certification of the organisation on three international standards i.e., ISO 9001, ISO 14001 and ISO 45001.

ISO standards provide credibility to organisations and are internationally recognised. The process of certification assures that a management system, process, service or documented procedure has all the requirements for standardisation and quality assurance.

The scope of the project was limited to the following three standards:

- ISO9001:2015 (Quality Management Systems)
- ISO14001:2015 (Environmental Management Systems)
- ISO 45001: (Occupational Health and Safety Management System).

In addition to the scope indicated above, a risk-based approach will be followed, which is aligned with ISO 31 000 (Risk Management System).

Documentation and records management serves as a critical part of the implementation and without the required documentation in place, no certification will be obtained.

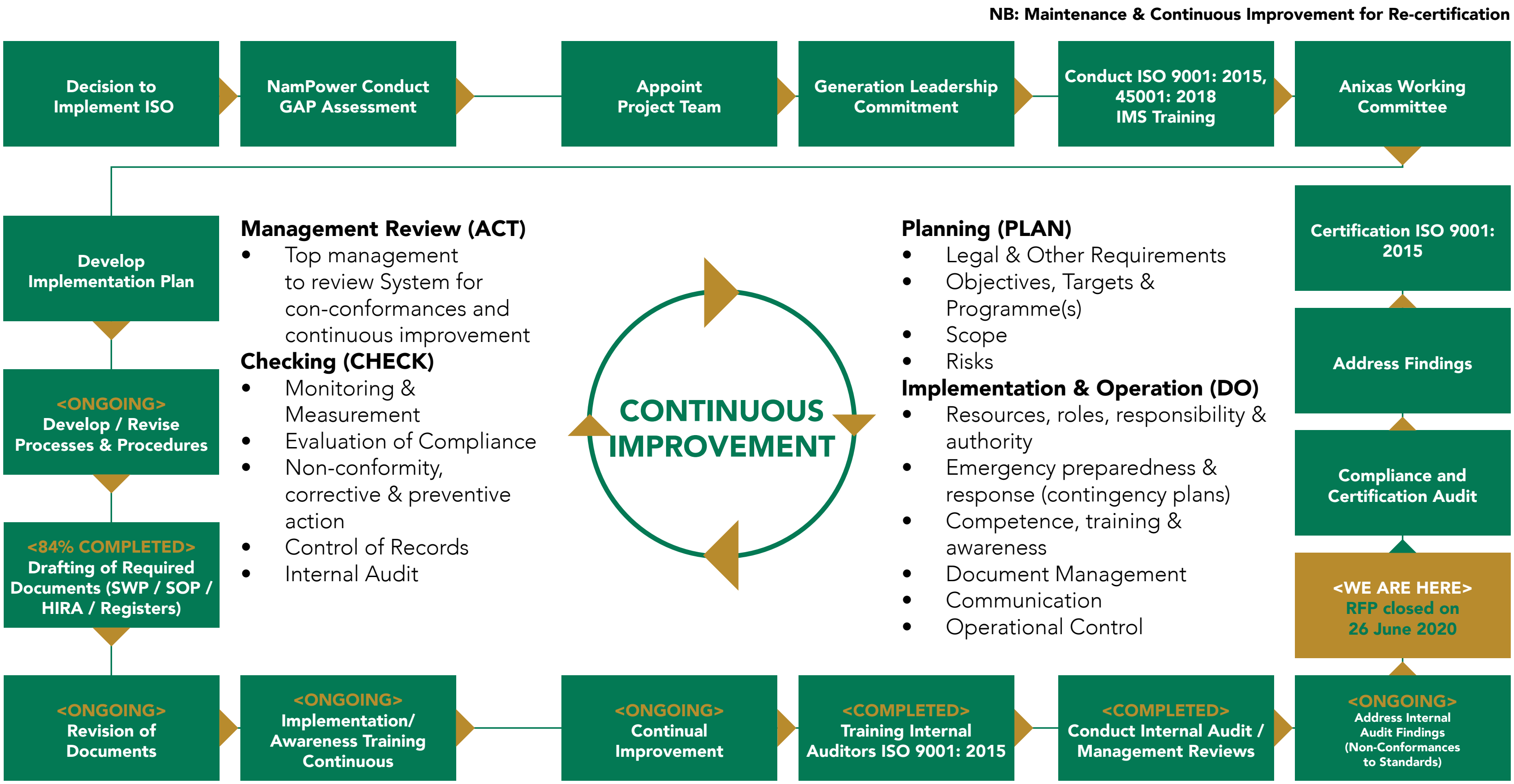
Approach
NamPower resolved to adopt a phased approach in respect of certification in line with the Corporate Strategy and Business Plan (2019-2023), which specifies the conducting of certification and compliance audits in identified sections. During the period under review, the business resolved to prepare Anixas Power Station for certification. Anixas will be audited as part of NamPower, taking into consideration its line of reporting and dependence on other business units.

PROJECT PROGRESS

The certification of Anixas Power Station
NamPower resolved to only focus on Anixas Power Station for certification in ISO 9001: 2015 for now and a Request for Proposal (RFP) was issued for the certification audit of Anixas in the ISO 9001: 2015: Quality Management System.

Below is an illustration of the process followed for the certification of Anixas Power Station and the milestones reached.

ANIXAS ISO 9001 : 2015 ROAD TO CERTIFICATION



Anixas ISO 9001: 2015 Road to Certification

Due to the emergency regulations introduced as a result of the COVID-19 pandemic, particularly within Walvis Bay, the appointment of a service provider and subsequent certification audits were delayed. In the next financial year, progress will be made for the certification of the Anixas Power Station and thereafter Ruacana Power Station in the 2020/21 and 2021/22 financial years, respectively.

Risk Management

NamPower's risk process continues to function in support of the company's 2019-2023 Corporate Strategy and Business Plan. The risk management function provides risk assessment and analysis against strategic and operational risks and is driven by the embedded Enterprise Risk Management (ERM) process.

The outbreak and global spread of the COVID-19 pandemic created significant immediate challenges and risks to the global economy. Based on the economic outlook by the Bank of Namibia, the Namibian economy is expected to record the largest significant contraction in recent history. NamPower is cognisant of the impact and future potential risks associated with the pandemic. In response to the pandemic, NamPower developed and implemented an emergency preparedness guideline as part of its business continuity management.

Enterprise Risk Management

NamPower is exposed to a variety of risks seen as either threats or opportunities that can affect the organisation's performance and reputation. Therefore, enterprise risk management continues to play an integral part in value-creation through decision-making, setting and achieving organisational objectives, as well as improving performance.

Fulfilling NamPower's mandate as a state-owned enterprise involves taking and accepting risks. Effective risk management is therefore critical to increasing the utility's probability of achieving its strategic objectives.

The key strategic risks highlighted below are those that may have a possible impact on the attainment of NamPower's 2019-2023 strategic objectives. These risks are tracked throughout the year and mitigation actions are implemented as per NamPower's governance principles. The catastrophic and very high risks are highlighted below:

Strategic risks in terms of the risk exposure rating.

#	Risk Name	Risk Rating
1	Change in regulation (Impact of Modified Single Buyer model)	I
2	Delayed implementation of Transmission Master Plan	I
3	Inadequate revenue collection	I
4	Declining profitability	I
5	No defined high-performance culture	I
6	Negative impact on the security of supply	I
7	Slow implementation of Generation projects	II
8	Failure to implement projects in the defined budget and timelines	II
9	Disengaged employees (low staff morale)	II
10	Unethical and poor leadership practice	II
11	Delay in executing procurement activities	II
12	Lack of engagement/agreements with research institutions and other organisations for research/ benchmark purposes	II
13	Rural Electrification implementation backlog	II
14	Slow implementation of Business Continuity Management	II
15	High cost of electricity supply	II

Catastrophic | Very High | Medium | Insignificant

Emerging risks

Just as many organisations are faced with significant challenges as a result of COVID-19, NamPower's operations have also been impacted. A risk analysis was conducted to determine which areas of operation could be impacted the most by the pandemic. Risk treatment measures were also identified and implemented to ensure a reduction in either the impact and/or the likelihood if the risk materialises. The most targeted operational areas for the analysis are illustrated as follows:

Operations Risk

Operations	Limited factory acceptance testing on critical equipment such as transformers due to lack of face-to-face testing
	Project implementation delays caused by the limitations associated with the COVID-19 pandemic
	Planned maintenance programmes negatively impacted causing potential maintenance delays
	Potential loss of optimum productivity due to a complete lockdown
Finance	Increase in material costs due to supplier constraints and adverse foreign currency movements
	Overall reduced power consumption due to a reduction in electricity demand for mines and big consumers
	Increasing Debtors Days due to the negative economic impact caused by COVID-19 pandemic pose a potential risk to the company's medium-term liquidity
Projects	Increased project costs (foreign currency risk)
	Project implementation delays caused by the extension of limitations associated with the pandemic worldwide
Human Resources	Reduction in staff headcount due to infection
	Emotional and psychological impact on employees due to the increase in positive cases and death in the workplace
	Potential reduced production/ output due to low staff morale because of the pandemic

Achievements

The utility continues to make positive strides in maintaining a risk management culture through decision making at all levels. The utility has also drafted its Risk and Resilience five (5) year Rolling Plan to run hand-in-hand with its Corporate Strategy and Business Plan.

The Risk and Resilience Plan will assist NamPower in determining risk maturity. The Group also drafted its Risk Appetite and Risk Tolerance Framework intending to provide a clearly defined and documented mandatory approach for decision making against a framework of calculated risk appetite and tolerances. i.e., to ensure that NamPower is not exposed to more risks than it is willing and able to assume. With the framework in place, NamPower expects to embed it in all business activities, systems and processes, so that risks are identified and managed on a consistent and holistic basis before events occur that might affect the utility from achieving its objectives.

Stakeholder Management And Engagement

NamPower recognises that stakeholder management is critical. The utility continues to prioritise its engagements with stakeholders in the electricity sector, to support the development of the industry; accelerate electrification towards universal access; develop new products and services; and deliver on its project portfolio. NamPower annually re-designs its approach to stakeholder engagement to ensure an effective and mutually beneficial two-way relationship. The utility emphasises on a customer-centric approach in doing business and this value will become even more prominent going forward.

NamPower remains committed to collaborating with all its key stakeholders to fulfil its objectives as stated in our corporate strategy, and ultimately, to ensure the security of supply; sustainably.

The Group's high-level Stakeholder Engagement Plan is as follows:

STAKEHOLDER	WHY THEY ARE IMPORTANT TO NAMPOWER	METHODS OF ENGAGEMENT	STAKEHOLDERS' PRIORITY INTERESTS
Employees	NamPower's primary internal stakeholders. Employees' time, knowledge, labour investments directly determine company success.	• Intranet / website • Staff meetings • Newsletters / information brochures • Managing Director's Communiques • Internal employee engagement and employee wellness initiatives • Social events	• Secured conditions of employment • Remuneration • HR matters • Management and Board decisions • Key activities and projects • Company performance • IR issues / Union agreements • Career development • Safety, Health and Wellness • Company performance and business processes
Board of Directors	The overall strategic direction and governance of NamPower is the responsibility of the Board of Directors.	• Board meetings • Board Committee Meetings • Management briefings • Annual Report	• Compliance with corporate governance principles • Company performance • Financial results • Major projects and strategic decisions

STAKEHOLDER	WHY THEY ARE IMPORTANT TO NAMPOWER	METHODS OF ENGAGEMENT	STAKEHOLDERS' PRIORITY INTERESTS
Government Ministry of Public Enterprises	As a commercial public enterprise, NamPower is accountable to MPE as the shareholder representative in terms of commercial and financial operation, and performance.	• Annual report • Reports • Regular briefings • Engagements • Meetings	• Compliance with corporate governance principles • Strategic intent • Financial performance • Operational excellence
Government Ministry of Mines and Energy	MME sets policies and directives in the ESI to meet socio-economic needs of the country, to which NamPower is committed to partner and contribute.	• AGM • Annual report • Quarterly reports • Regular Briefings and Meetings • Engagements • Reports	• Compliance with corporate governance principles • Mandate • Security of supply • Strategic intent • Financial performance • Operational excellence • Dividends
Other Government Ministries and Agencies Ministry of Finance, Ministry of Environment and Tourism, Ministry of Trade and Industry, Ministry of Labour, Industrial Relation and Employment Creation	Sets and enforces regulatory measures to which NamPower must abide.	• Reports • Engagements • Meetings as required	• Compliance with corporate governance principles and laws • PPA
Regulator Electricity Control Board (ECB)	Sets and enforces regulatory measures to which NamPower must abide. Issues and renews generation and transmission liscences.	• Monthly reports • Quarterly meetings • Meetings as required • Annual Report	• Security of supply • Strategic intent • Quality of supply • Tariffs / electricity pricing • Major projects and strategic decisions
Media	Critical role players in keeping stakeholders/public informed of the ESI industry, NamPower operations and projects.	• Media conferences • Media releases / advertorials • Interviews with MD, Executives, project leaders • Annual Report • Publications	• Major projects and strategic decisions • Security of supply • ESI • Governance • CSR and CSI
Key Customers Industrial, mining, commercial, REDs, municipalities, town councils, farmers (where no REDs operate), NamWater	Customer relationship and retainment management. NamPower's customers promote its business and services. Business Relations;	• Courtesy visits • Stakeholder meetings • Surveys • Notices • Website information brochures, pamphlets information campaigns via media	• Security of supply • Affordability • Outage notifications timely information on developments • Transmission infrastructure plans • Customer education (electricity safety, savings campaigns)
Suppliers Capacity expansion suppliers, fuel suppliers, original equipment manufacturers, other supplier of goods and services, Independent Power Producers	Provide goods and services needed to deliver NamPower's services.	• Website • Email • Telephonic engagements	• Procurement processes • Tender opportunities • Payment processes

Stakeholder Management And Engagement

(continued)

STAKEHOLDER	WHY THEY ARE IMPORTANT TO NAMPOWER	METHODS OF ENGAGEMENT	STAKEHOLDERS' PRIORITY INTERESTS
Organised Labour Representative Union Body	• Build and maintain constructive company- union relationships • To foster union support for key company union initiatives	• Management and Union negotiations • Consultation meetings	• Fair working conditions • Remuneration • Dispute resolutions • Employee wellness
Industry Associations and industry experts	Role players and partners in the development of the ESI industry in Namibia.	• Exhibitions • Consultative engagements	• Trends in the ESI • Major projects and strategic decisions • Strategic intent • Collaboration
International/Regional Relations Cooperation agreements, Southern African Power Pool (SAPP)	Largest multilateral energy platform in Africa in which NamPower trades.	• Annual SAPP meetings • Quarterly Sub- Committee meetings • Annual Report	• Trade agreements • Security of supply • Adherence to good corporate governance principles • New projects and services • Collaboration
Business Namibia Chamber of Commerce and Industry	To build, maintain and enhance confidence in NamPower as a reputable institution.	• Investors roadshows • Meetings as required	• New projects and services • Collaboration • Business opportunities
Financiers and Development Partners Financial institutions, Investors (local and international), Donor funding agencies	To build, maintain and enhance confidence in NamPower as a reputable institution.	• Investors roadshows • Presentations • Meetings as required	• Adherence to good corporate governance principles • Project and quality management • New projects and services • Financial performance • Collaboration • Business opportunities
Civil Society NGOs, Nature Reserve Foundations, Universities, Technicons, Research Institutions, General Public	To understand and support the role that NamPower is playing in the socio- economic development of Namibia.	• Corporate campaigns • Annual report • Publications, newsletters • Website, social media • Press releases, articles, advertorials • Exhibitions and Trade shows	• Major projects and strategic decisions • Environmental prudence • CSR and CSI • Partnership • Research • Affordability • Career opportunities • Educational bursaries • Sponsorship and donations • Financial performance

Our Operations

Introduction

During the year under review, NamPower continued to prioritise the planning, development and maintenance of its generation and transmission infrastructure which are central to its operations, as well as the provision of distribution and rural electrification infrastructure, as a part of delivering on its mandate.

As reported earlier, the COVID-19 pandemic created various challenges and delays during the year, which were felt across all areas of business and affected several operations. We were, however, able to keep the lights on and to implement most of the projects that we had planned.

PERFORMANCE OF GENERATION INFRASTRUCTURE

Table 1: NamPower's Power Stations

Name	Type	Installed Capacity	Operating Regime
Ruacana Power Station	Run-of-the-river Hydro	347 MW	Variable
Van Eck Power Station	Coal	90 MW	Emergency Stand-by
Anixas Power Station	Diesel/Heavy Fuel Oil	22.5 MW	Emergency Stand-by

Ruacana Power Station

Situated on the lower Kunene River, Ruacana Power Station is a run-of-the-river hydropower station with an installed capacity of 347 MW. Power generation from Ruacana is optimised by operating it as a base-load power plant during times of high river flow and as a mid-merit/peaking power plant for the remainder of the year when the river flow is lower.

The poor rainfall recorded during the summer months of the financial year 2018/2019 resulted in significantly lower river flows at Ruacana for the first half of the 2019/2020 financial year. However, the good rainfalls experienced during the summer months of 2019 resulted in a significant increase in the river flow measured at Ruacana, which has shown to be well above the average river flows recorded in the previous five years. Figure 1 below highlights the Kunene River flow trends for the past five (5) financial years.

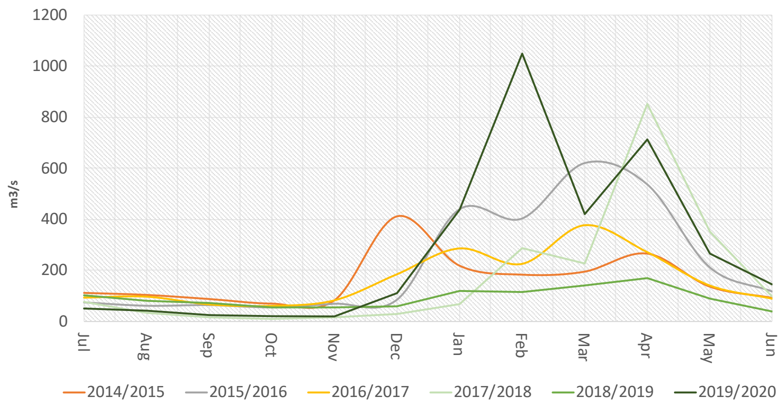


Figure 1: Average Kunene River flows since 2015

The improved river flow during the second half of the 2019/2020 financial year and the reliable operation of the power station resulted in a total of 1 504 GWh of units generated and sent out, offsetting the sum of units imported by more than 12% when compared to the previous year. This is a 58% increase from the 954 GWh generated in the previous financial year (2018/2019) and well above the average of 1400 GWh recorded for the past 10 years. Figure 2 below shows the Units Sent Out (USO) from Ruacana Power Station during the past four (4) financial years.

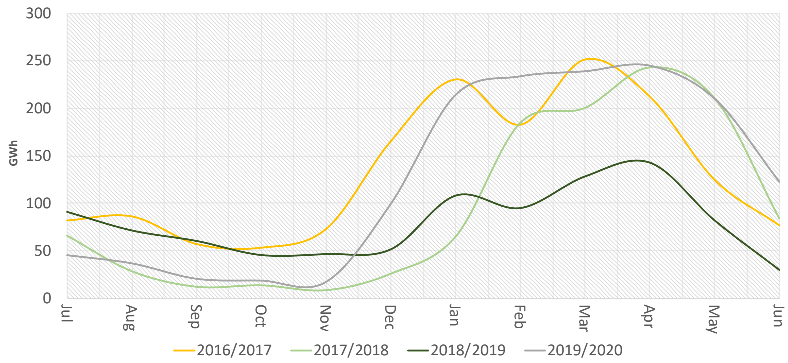


Figure 2: Ruacana Units Sent Out (USO) for the past four financial years

Van Eck Power Station

Van Eck Power Station Refurbishment Project

Despite the increase in the original scope of the Van Eck Power Station Refurbishment Project, as well as numerous challenges experienced during implementation (which ultimately resulted in an extended timeline for the project), progress has been made to date. Units 2, 3 & 4 have already been proven to run at 80% (24 MW) of their design-capacity. However, some optimisation is still required to increase the availability and reliability of these units.

Cold commissioning of Unit 1 was completed in February 2020. Unit 1 boiler hot- commissioning, which included pressure testing, boil-out, and safety valve setting, was subsequently completed in March 2020. However, due to COVID-19 travel restrictions, hot commissioning of Turbine 1 as well as the remaining components of Unit 1 had to be postponed, mainly due to contractual obligations that require foreign contractors to be on-site.

Figure 3 below shows the Units Sent Out (USO) for the 2015/2016, 2016/2017, 2017/2018, 2018/2019, and 2019/2020 financial years, respectively. The total USO per year has increased from 20 760 MWh in 2017/2018 to 55 718 MWh in the 2019/2020 financial year as a result of running three (3) Units i.e., Unit 2, 3 and 4 during the first two quarters of the 2019/2020 financial year.

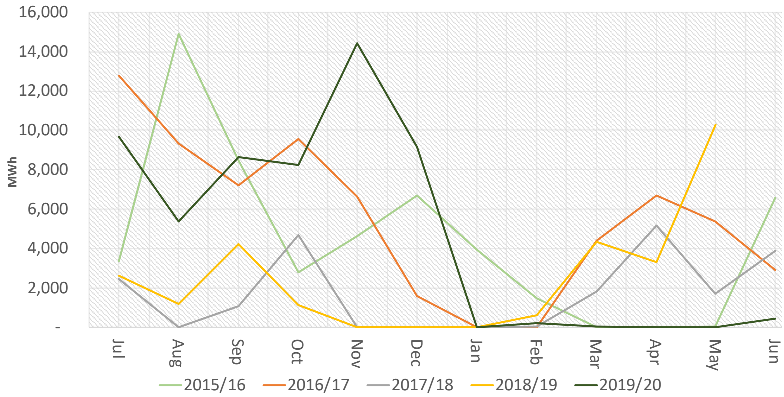


Figure 3: Van Eck Power Station Units Sent Out for the past financial years

Anixas Power Station

Anixas is a Heavy-Fuel Oil (HFO) fired Power Station, with an installed capacity of 22.5 MW. It is operated mainly as a standby power plant but can also be utilised as a baseload power plant if and when the need arises.

For the 2019/2020 financial year, Anixas produced a total of 8 761 278 kWh. Figure 4 below shows the Units Sent Out (USO) for the 2015/2016, 2016/2017, 2017/2018, 2018/2019, and 2019/2020 financial years, respectively.

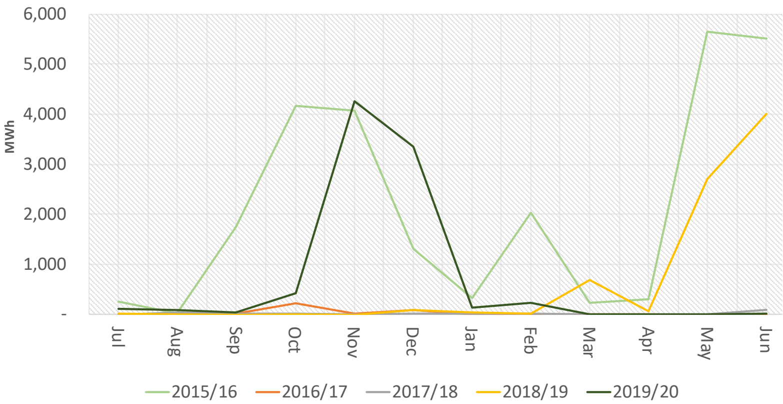


Figure 4: Anixas Power Station Units Sent Out for the past financial years

Our Operations

(continued)

Transmission System Performance

It is imperative in the current competitive economic environment for utilities to accurately measure their network performance. Table 2 below shows the transmission system's key performance indicators based on the duration and frequency of supply interruptions experienced by an average consumer on the NamPower network.

The transmission system's performance can be best assessed by the following Key Performance Indicators:

- Unscheduled System Minute Losses (USML): This an indication of the unserved energy due to system faults.
- Scheduled System Minutes Losses (SSML): This an indication of the unserved energy due to scheduled or planned system outages.
- Customer Average Interruption Duration Index (CAIDI): This is a measure of the average time (in minutes) it takes to restore supply to the customer after an unscheduled stoppage.
- System Average Interruption Duration Index (SAIDI): This is the measure of the average outage duration for each customer served.
- System Average Interruption Frequency Index (SAIFI): This is the average number of interruptions that a customer would experience.
- System Availability: This is the measure of the system's uptime divided by the system's total time (uptime plus downtime).

Table 2: Transmission System Performance Data 2019/2020

Measure	USML (minutes)	SSML (minutes)	SAIDI (minutes)	SAIFI (interruption/ customer)	CAIDI (minutes)	Availability (%)
Outcome	38.68	27.71	0.58	0.21	2.71	99.85
Rating	Above Target	Exceptional	Above Target	Exceptional	Exceptional	Exceptional

NamPower continued its excellent performance in ensuring the reliability of electricity supply to the country by maintaining a 99.85% system availability during the period under review. Based on the result above, it can be concluded that the Unscheduled System Minute Losses (USML) and the System Average Interruption Duration Index (SAIDI) were above the set target.

A detailed analysis of the results for the period under review shows exceptional system reliability (SAIFI) as the average NamPower customer can expect less than one interruption per customer (0.21) for the period under review. An assessment of the results also shows that the average restoration time per interrupted customer (CAIDI) was exceptional as transmission customers that were affected by interruptions on average endured 2.71 minutes loss of power.

System security and planning

NamPower conducted several power systems studies to allow the transmission network to integrate load and generation customers, to cater for future growth, and for the wheeling of energy through its network to the SAPP region. The utility also conducted network protection analysis studies for special network equipment.

Network studies for the below projects were completed:

- 20 MW Independent Power Producer (IPP) solar photovoltaic (PV) plant: Naruchas Substation, Omaere Substation and Khan Substation were assessed for the integration of the solar PV plant. Khan Substation was identified as the most preferred site since it is most economical to integrate the solar PV plant to Khan Substation at 66 kV.
- 1 MVA 66/11 kV supply for Osona Village Development in Okahandja.
- 50 MW firm power plant (Anixas II) integration at Walvis Bay Substation: Network studies ascertained the feasibility of integrating Anixas II Power Station to Walvis Bay Substation at 11 kV.
- 20 MVA supply to the City of Windhoek for Nubuamis 66/11 kV substation, to supply Elisenheim lifestyle development and areas of Nubuamis, Dobra and Brakwater.

Power outages

The operational lowlights of the review period are the three (3) partial system disturbances that occurred during the period under review:

- On 19 November 2019, a partial power outage on the national power system was experienced due to a failure of the Red Phase Current Transformer (CT) on the Kokerboom – Aries 400 kV line. This resulted in a voltage collapse that subsequently led to splitting the system at Van Eck Substation.
- Two further system disturbances occurred on 23 and 28 January 2020, respectively. These disturbances are attributed to the mal-operation of the out of step (OST) protection panel at Van Eck Substation. This led to a South-North split of the entire network at Van Eck substation, however, the Zambezi Link Interconnector remained intact during both disturbances and continued to supply the north-eastern and part of the northern loads, while the southern load was being supplied from Eskom via the southern lines.
- An additional challenge for the period under review was ensuring that system reliability did not suffer due to the COVID-19 pandemic. This was achieved by implementing a lockdown roster which allowed the section to ensure that electricity continued to be delivered uninterrupted, despite the lockdown periods while minimising the risks of COVID-19 exposure for the essential workers who continued to work.

DEMAND AND SUPPLY

System Demand:

The highest demand of 629.054 MW (without Skorpion Mine) was recorded during the year under review compared to the previous record of 632.918 MW. This illustrates a 0.61% decrease in the system's year-on-year maximum demand. Maximum demand (including Skorpion) increased to 688 MW during the year under review compared to 684 MW achieved in 2019, representing an increase of 0.6%.

Table 3: System Minimum and Maximum Demands [MW] (excluding Skorpion Mine)

01:00 Monday - 00:00 Friday	
Weekday Maximum	629.054
Weekday Minimum	226.665
01:00 Saturday - 00:00 Sunday	
Weekend Maximum	593.083
Weekend Minimum	307.581

Our Operations

(continued)

The impact of COVID-19 on the system maximum demand is apparent and illustrated in Table 4 below.

Table 4: COVID-19 Effect on System Maximum Demand

Month and year	Maximum demand (MW)	% Decrease
March 2019	613.925	2.43
March 2020	599.031	
April 2019	598.791	8.64
April 2020	547.047	
May 2019	611.588	4.3
May 2020	585.350	
June 2019	619.608	0.3
June 2020	618.032	

As expected, the pandemic resulted in a decrease in power demand as industrial output reduced during the lockdown period.

Demand Growth

Overall growth in electricity demand was not realised during the year under review, and this is attributable to the economic downturns coupled with the impact of the COVID-19 pandemic. This culminated in the annual reduction of the energy consumption by 2%. The highest monthly energy consumption reduction of 9% was recorded between that achieved in May 2019 and May 2020.

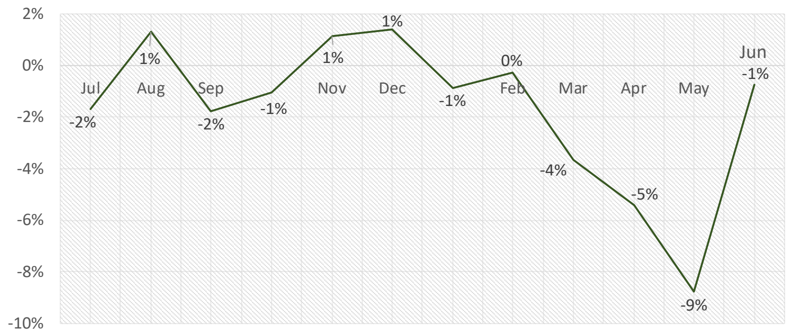


Figure 5: Load Growth of 2019/2020 financial year

NamPower expects a further minimal reduction of 0.2% in 2021 due to the pandemic's continuing impact. However, beyond the 2021 financial year, an average positive growth of 0.8% is expected, increasing to 2% in year five (5) as economic activities are forecasted to improve.

Energy Imports by SAPP Regional Source

NamPower is a member of the Southern Africa Power Pool (SAPP) which coordinates electricity supply operations and trades in the SADC region. To meet the demand at all times, NamPower supplements its energy requirements with power from the region through SAPP long term bilateral agreements (PPAs) and short-term trade markets. NamPower currently has three bilateral agreements (PPAs).

- 200 MW with ESKOM (South Africa)
- 100 MW with ZESCO (Zambia)
- 80 MW with ZPC (Zimbabwe)

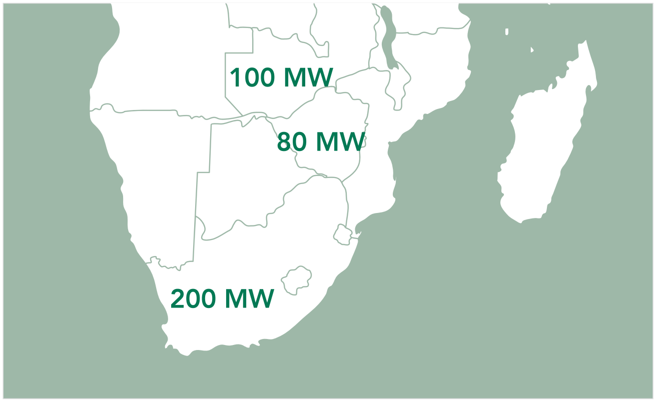


Figure 6: NamPower's current three bilateral agreements (PPA's)

Suppliers' Contribution

The region (SAPP) received good rainfall in 2020 compared to the previous year. This resulted in improved output from the hydro plants. Ruacana Power Station, which is NamPower's biggest generator, improved from 954 GWh in 2019 to 1 504 GWh in 2020. Also, an additional 10 MW was commissioned from the Renewable Energy Feed- in Tariff (REFIT) remaining IPPs resulting in an increase of 11% of additional local supply from 2019 to 2020.

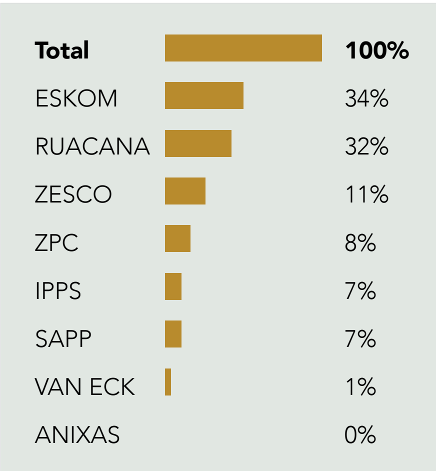


Figure 7: Energy Supply Composition (July 2019 to June 2020)

To improve the efficiency of our operations, and in the same line support the development of a sustainable electricity market, NamPower embarked on three (3) key projects.

- Upgrading of the NamPower Energy Trading System (NETS)
- Installation of meteorological (met) monitoring systems on renewable power plants
- An assessment study of the new market framework impact on NamPower

Table 5: Operational Efficiency

The status on the execution of these projects is as follows:

Project	Status
Upgrade of the NamPower Energy Trading System (NETS)	Completed July 2020
Assessment study of the new market Framework impact to NamPower.	Completed November 2020
Installation of meteorological (met) monitoring system on renewable power plants	60% complete
Implementation of Market Operator functionalities and systems	80% complete

Our Operations

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MODIFIED SINGLE BUYER (MSB)

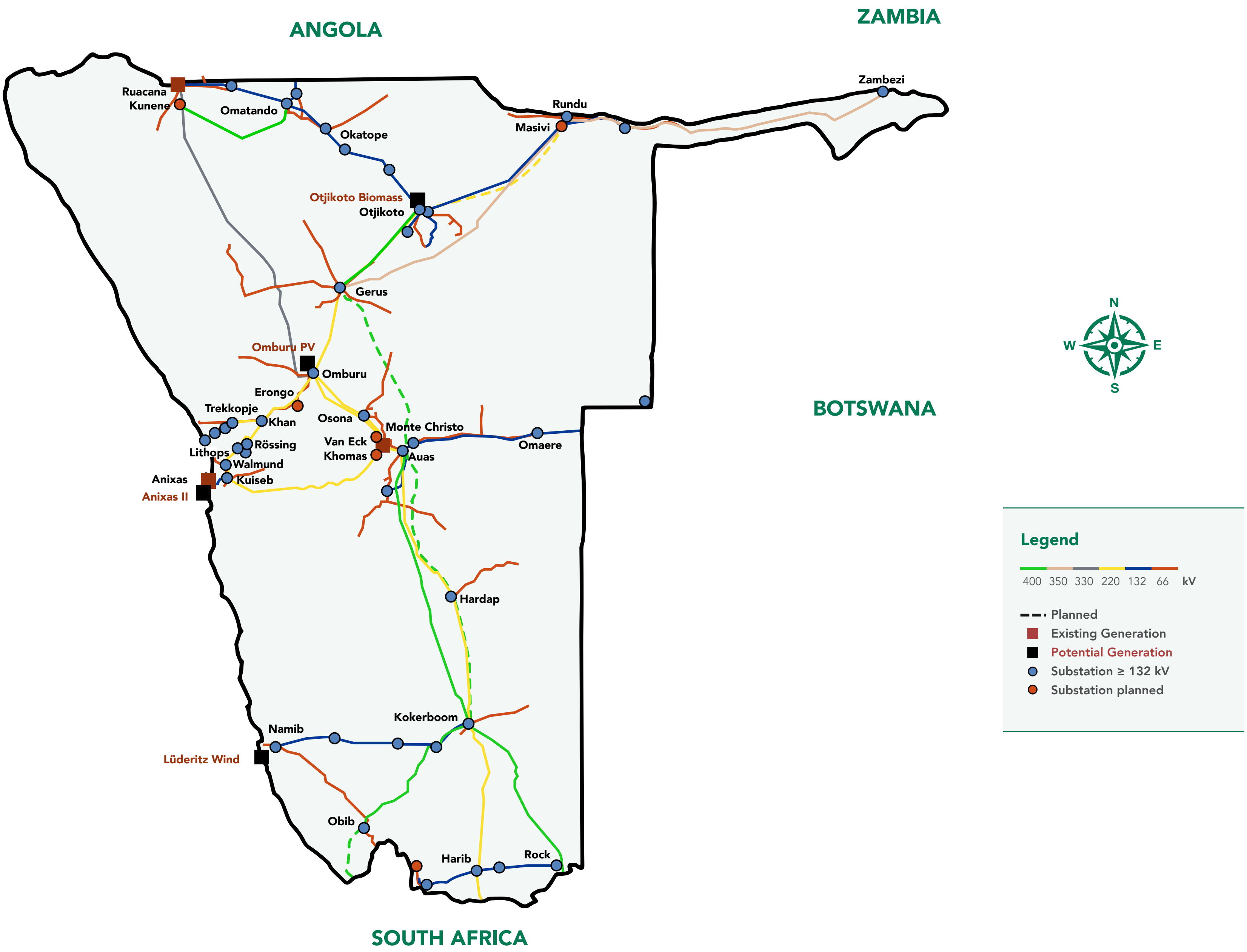
The Ministry of Mines and Energy (MME), which is responsible for the Electricity Supply Industry (ESI) in Namibia, recently introduced the Modified Single Buyer (MSB) model to the electricity industry as approved by the Namibian Cabinet during the second quarter of 2019. The Modified Single Buyer (MSB) model is a new market framework which is an incremental modification of the older Single Buyer (SB) model which allowed only NamPower to procure electricity supply from Southern Africa Power Pool (SAPP) utilities or Independent Power Producers (IPP).

The new Modified Single Buyer (MSB) model allows identified Contestable Customers (CC) and Eligible Sellers (ES) to transact with each other directly for the supply of electricity of up to 30% of the customer's energy requirement as identified and licensed by the Electricity Control Board (ECB). The MSB model also aims to allow for private generators to build new generation capacity in Namibia for export purposes. MSB is a step further towards greater competition and choice in the electricity industry.

The MSB office was established within NamPower as per the approved market framework and is permitted to cover all facets such as system operations; planning; trading; import and, export of electricity within the region. The ultimate aim of the MSB office is to ensure that the country's electricity demand is met at all times with NamPower as the supplier of last resort. The operation for the MSB office is illustrated as per the table below;

Table 6: MSB Office Operations

Medium & Long Term Planning	Suppliers Engagement	Short Term (Operational Planning)	Customers
• Energy Demand Forecasting • Integrated Resource Plan (IRP) • Annual Energy Budget planning • Maintenance Planning	• NamPower Generation • Import PPAs • Export PPAs • Local IPPs • Eligible Sellers • SAPP Market	• Month/Week/Day Ahead Demand Forecasting • Real Time Trading • Control of the power system • Dispatch Management • System Control	• Transmission Customers • Contestable Customers • SAPP Market • Regional Utilities


ANGOLA
ZAMBIA
BOTSWANA
SOUTH AFRICA
Ruacana
Kunene
Omatando
Okatope
Rundu
Masivi
Zambezi
Otjikoto Biomass
Otjikoto
Gerus
Omburu PV
Omburu
Erongo
Trekkopje
Khan
Osona
Monte Christo
Van Eck
Khomas
Auas
Omaere
Rössing
Lithops
Walmund
Anixas
Kuiseb
Anixas II
Hardap
Kokerboom
Namib
Lüderitz Wind
Obib
Harib
Rock
N
W
E
S
Legend
400 350 330 220 132 66 kV
Planned
Existing Generation
Potential Generation
Substation ≥ 132 kV
Substation planned

Our Operations

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PROJECTS

Transmission Projects

Projects Commissioned

The following Capital and Operating projects funded by NamPower, Independent Power Producers (IPPs) and Customers were commissioned during the year under review.

Table 7: Capital Projects commissioned in the year under review

Projects	Commissioning Date
Ruacana 330 kV Cables & GIS & Hippo Sub Station	(Partial commissioning date 22/08/2018)
	Final Commissioning date 29/01/2020
Okatope Tandii PV	19/10/2019
Okatope NCF PV	28/09/2019

Table 8: Operating Projects commissioned/closed during the year under review

Projects	Commissioning Date
Replace 220 kV Messwandler Bau CT's	05/03/2020
Backbone Lines Database Establishment	05/03/2020
Gerus Transmission: Welwitschia & Ombika 1 Replace 66 kV Brk's	22/08/2019
Replacement of Power Quality (QoS) Recorders	05/03/2020
Ruacana Transmission: Upper switchgear hall overhead crane	17/06/2020
Zambezi Transmission: Repair Transformer 12	23/03/2020
Kokerboom Transmission: Reactor 11Refurbishment	05/03/2020
Replace air conditioners Kokerboom	29/02/20
Replace air conditioners Harib	03/03/20
Gerus S/S - Valve Hall Fire Damage repair	05/03/2020
Harib T/S Battery Banks Upgrades: 2 x 24 cells Battery bank	17/06/2020
Osona 66 kV line additional Pylon	03/03/2020

ON-GOING PROJECTS: CAPITAL PROJECTS

The following is a description of the major ongoing transmission projects.

400 kV Auas – Gerus Transmission Line

NamPower is continuing to develop the new 400 kV line to connect Auas and Gerus substations. The Auas-Gerus 400 kV line project is to support the Auas-Van Eck-Omburu 220 kV network and strengthen the network to Gerus substation. This will enable NamPower to accommodate increased electricity transfer and wheeling via the Gerus-Zambezi HVDC link. The Auas-Gerus 400 kV line is expected to be commissioned by 2022.

Omatando Substation 400 kV extension, and Kunene 330 kV Transmission Station projects

A central infeed into the high growth area in northern Namibia has been initiated as part of the Transmission Master Plan. The 400 kV line from Kunene to Omatando has been completed. However, this power line will not be supplying any load, pending the construction of the Kunene and Omatando Substations at each end of the power line. The latter projects are currently still at the procurement stage.

Second Auas-Kokerboom 400 kV

This project entails the construction of a second 400 kV line between Auas and Kokerboom substations, including 400 kV line feeder bays and line- and busbar-connected reactors at the end stations. The Auas-Kokerboom second 400 kV line project is to support the system reliability between Auas and Kokerboom. Additional benefits are improved network stability and redundancy, improved dynamic stability. It also enables NamPower to accommodate increased electricity transfer and wheeling from south to north and north to south. The Environmental Impact Assessment (EIA) for the transmission line is currently ongoing. This project is to be commissioned by 2024.

Obib-Oranjemond 400 kV

This project will improve the reliability of the existing transmission interconnection between Namibia and South Africa, allowing for increased power trading with South Africa's Eskom, and improve utilisation of the NamPower network for trading or wheeling power between Southern African Power Pool (SAPP) member utilities. NamPower is awaiting the agreement from Eskom for works on the South African side.

Kavango 132 kV Masivi-Shiyambi – Strengthening

Due to low voltages experienced in the north-eastern parts of the transmission network in the Rundu area, the development of new infrastructure, including 132 kV lines, substations and a voltage compensating system are required. All equipment specifications have been completed and the tender will be re-advertised.

Khurub-Aussenkehr 132 kV Line Construction

The project to build a new 132 kV line from Khurub (near Noordoewer) to Aussenkehr, to provide for the increased demand requirements from the grape producing schemes and a possible new town settlement at Aussenkehr on the Orange River, has been initiated. The procurement of an EPC contractor for the implementation, currently managed by the Central Procurement Board of Namibia (CPBN), is at an advanced stage.

Erongo 22/66 kV Substation

The 22/66 kV 80 MVA substation will be connected as in-out along the current Khan-Omburu no. 1 220 kV line. It will be situated within the vicinity of Marble Switching Station near Karibib. The 66 kV will supply Navachab, Karibib, and any other new developments. The planning study done indicated that this substation will be adequate enough to cater for all the envisaged developments in the area. The project has commenced and the site for the Environmental Impact Assessment (EIA) has been confirmed.

Otjikoto – Masivi 220 kV Line

NamPower is developing a new 220 kV line from Otjikoto towards Rundu that will end at Masivi substation. This will improve the reliability of power supply to the Kavango East and Kavango West

Our Operations

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regions, as well as cater for future load growth in these regions. The scope of this project further includes a 220/132 kV: 80 MVA transformer development. Project is underway and the line routing and EIA processes has commenced.

Leutwein Substation Upgrade
The 2018 Master Plan recommended to build a new 66/22 kV, 5 MVA substation due to Omeya Estate demand projections. The project is expected to be completed by 2021.

Operating Projects
Several operating projects, aimed at ensuring that the transmission assets are kept in the best possible operating condition to ensure continuity of power supply, are on-going. These projects include line refurbishment projects such as the 220 kV backbone refurbishment projects (Kuiseb–Walmund, Van Eck–Omburu) and Kokerboom/Auas 400 kV Line-Repair Line. This is done using live-line maintenance techniques. The substation refurbishment projects were planned to repair the Gerus and Zambezi 315 MVA transformers. Additionally, there are various other ongoing small-value operating projects that are at various stages of implementation countrywide.

Renewable Energy Feed-in Tariff (REFIT) projects
The commissioning of REFIT PV plants is still ongoing. So far 13 of the 14 REFITs have been successfully commissioned, of which two (2) were completed during the 2019/20 financial year (ending 30 June 2020). The remaining one (1) is to be completed in the following financial year (2020/21).

Planned Projects for the 2020/2021 Financial Year
In addition to the existing active capital and operating projects, NamPower will be embarking on a total number of 33 new capital projects worth an estimated N$ 280 million and 19 new operating projects worth N$ 130 million planned for implementation in the upcoming financial year, 2020/2021. These projects include, amongst others, substation upgrade developments, the acquisition of new strategic spare transformers, transformer and reactor repairs, Sergi installation and the HVDC earth electrode station.

GENERATION PROJECTS: PLANNED SHORT AND LONG-TERM PROJECTS

Progress has been made on the new generation projects that NamPower is implementing to expand Namibia's generation capacity. The projects will be developed as Engineering Procurement and Construction (EPC) projects and will be owned and operated by NamPower.

Most of the project costs will be funded from NamPower's balance sheet. The projects are as follows:

20 MW Omburu PV Project
The Omburu PV Power Project will be constructed on the project site which is located approximately 10 km southeast of Omaruru and to the east of the C36 gravel road close to the existing Omburu substation. The PV plant is expected to have an average annual capacity factor of 36%, generating approximately 63 GWh of energy annually.

The following key milestones have been completed on the project since the last financial report:

- Procurement of the project site was completed, and the title deed was transferred into NamPower's name on 19 March 2020.
- The bid to procure the EPC Contractor was launched into the market on 22 October 2019 where the bid closing date was set for 28 February 2020. At bid closing date, a total of eleven (11) bid submissions were received and subsequently

opened. Evaluation of the bid submissions for the EPC Contract was completed on 3 July 2020 and the evaluation report was subsequently submitted by the bid evaluation committee (BEC) to the CPBN Board for approval.

- On 22 June 2020, the generation licence for the PV plant was obtained from the Electricity Control Board (ECB).
- The 66/33 kV interconnection transformer is in the process of manufacture. The expected delivery date is 10 September 2020.
- The project completion date is envisaged for the third quarter of 2021.

40 MW Lüderitz Wind Power Project

The Wind Power Project will be developed on a site to the south-east of Lüderitz in the Sperrgebiet diamond protection area and Tsau//Khaeb (Sperrgebiet) National Park. The Lüderitz area is considered to be one of the best wind resource areas in the world, with an estimated capacity factor of 50%.

The following key milestones have been completed on the project since the last financial report:

- Wind measurement for 12 months is required for NamPower and the EPC contractor to specify the wind turbines. The wind mast for the Wind Power project has been ordered. However, due to the COVID-19 lockdown, the installation of the wind mast has been delayed. As soon as the borders to RSA open, the contractor will commence with the installation.
- The public participation meetings for the Lüderitz site have been completed and the EIA scoping report is ready to be submitted to the Ministry of Environment Forestry and Tourism (MEFT) with specialist studies ongoing.
- NamPower is in the process of securing the land with MEFT.
- The specification for the geotechnical studies has been completed and will be issued to the market in July 2020.
- The planned completion date is the second quarter of 2023.

40 MW Otjikoto Biomass Power Project

The Otjikoto Biomass Power Station, in the planning phase, is approximately 12 km north-west of the town of Tsumeb close to NamPower's Otjikoto substation. The primary objective of the first 40 MWe Otjikoto Biomass Power Station is to address energy security, affordability, and environmental sustainability, as well as to stimulate the biomass fuel supply in Namibia.

The project and its economic drivers of using encroacher bush as a fuel source to assist and alleviate bush encroachment will promote a sustainable harvesting industry that will not only generate the required harvesting volumes to run a biomass power station but will also potentially stimulate other spin-off markets and act as a catalyst for other de-bushing applications.

The following key milestones have been completed on the project since the last financial report:

- All specialist EIA studies have been completed and the ESIA official application has been registered with the Ministry of Environment, Forestry and Tourism (MEFT).
- Extensive engagement has taken place with potential lenders. NamPower is attempting to finalise the funding strategy.
- The project is currently being aligned with the Forest Stewardship Council (FSC) programme and an audit is currently underway.
- The Expression of Interest (EOI) bidding document for Procurement of Owner's Engineer is currently in the market.
- NamPower has appointed a legal advisor to assist with the finalisation of the fuel supply strategy and the development of the Fuel Supply Agreements (FSAs).
- The project completion date is envisaged for 2024, dependent on a final investment decision (FID).

50 MW Firm Power (Anixas II) Project

The Anixas II Project must be dispatch-ready, reliable, and capable of supplying to the grid a wide range of ancillary services when called upon. Thus, the power station is required to have fast start-up and shut-down capabilities (within minutes), while being able to deliver the rated power without time constraints if and when required. The new plant will be located at NamPower's Walvis Bay site, which is situated on the border of an industrial area, adjacent to the recently constructed Bulk Fuel Storage facility.

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The following key milestones have been completed on the project since the last financial report:

- The EPC Prequalification bidding documents have been approved by CPBN, and NamPower is awaiting CPBN to advertise the EPC pre-qualification on the market.
- The full EPC specification is in the process of being finalised by NamPower together with the technical advisor.
- EIA specialist studies have been completed, but NamPower is awaiting the opportunity to conduct the public meetings in Walvis Bay before submitting the full EIA to MEFT.
- The planned completion date is the third quarter of 2022.

The planned implementation of these projects aligns and supports the key objectives as set out in the National Energy Policy, National Integrated Resource Plan (NIRP) and the Harambee Prosperity Plan. With the exception of the last project, the implementation of the projects would contribute to Namibia's commitment to increase the share of renewable energy as declared in the Nationally Determined Contributions (NDCs) to the United Nations Framework Convention on Climate Change (UNFCCC). Additionally, all the projects would support the Fifth National Development Plan's (NDP 5) objectives of achieving 755 MW of local generation by 2022. All four (4) projects would be fully owned and operated by NamPower since the funds to develop and build the power stations will be drawn from NamPower's balance sheet.

Battery Storage Project

In addition to the projects highlighted above, NamPower is in the process of implementing the first utility-scale battery storage project in Namibia. Considering that renewable energy power plants will play an important role in Namibia's energy generation mix, the integration of a Battery Energy Storage System (BESS) into the transmission network would support the development and uptake of renewable energy plants in Namibia.

In February 2020, the Board approved the execution of the BESS Project as per the proposed implementation plan. NamPower has commenced with Phase I of the feasibility study of the integration of a Battery Energy Storage System (BESS) into the transmission network. Subject to the successful outcome of the feasibility study, KfW Development Bank affirmed the availability of EUR 20 million in grant funding for the implementation of the BESS Project.

The BESS Project will therefore form part of the Strategic Initiative of Energy Storage in line with the NamPower Corporate Strategy and Business Plan with a planned Commercial Operation Date (COD) within the first quarter of 2023.

In February 2020, NamPower finalized the appointment of Fichtner as its technical advisor to carry out the BESS feasibility study. The first phase of the study was concluded in March 2020, which resulted in the following technical definition of the BESS Project:

- Power capacity: 58 MW
- Storage capacity: 75 MWh
- Technology: Lithium-Ion
- Location: Omburu Substation

The second phase of the feasibility study involves the completion of the BESS Project Business Case (supported by the design basis and financial modelling), which will be concluded by mid-August 2020. Upon completion of this phase, the final appraisal of the BESS Project will be submitted to the Federal Ministry for Economic Cooperation and Development (BMZ) for final approval of the grant funding.

Our Human Capital

NamPower's philosophy is deeply rooted in the fulfilment of its employees' aspirations as highlighted in its Corporate Mission. Therefore, NamPower recruits, develops, rewards and retains its employees according to a strategy that aims to enable it to achieve its strategic objectives. NamPower is aware that employees are critical to the successful delivery of its Corporate Plan and strategic goals to ensure its future sustainability. During the year under review, the company attracted the required talent, evaluated the leadership potential of its key employees to grow and strengthen their leadership capabilities, and enhanced the performance management system to improve productivity. Some of the key achievements are highlighted below.

Demographics and Diversity

The employee profile is currently at 1,161 including 107 employees on short-term employment contracts (Figure 8). Employees on short-term employment contracts constitute 9% of the total workforce. Gender representation stands at 23% females, an increase of 3% from the last year's reporting (2019). NamPower is still committed to increasing the representation of women in the organisation by creating equal employment opportunities and targeting females for promotions, bursaries and scholarships.

The average age of employees stands at 40 years of age (Figure 9), which is one (1) year younger than the last reporting year. This change has been influenced by a significant number of new recruitments when replacing the vacancies due to retirement or fixed-term employment contracts. There is also an indication that more than 12% of the workforce will reach retirement age within the next five (5) years. This anticipated departure possesses a challenge regarding the transfer of advanced knowledge, skills and expertise from employees who are due to retire to younger employees. We remain, however, agile to ensure that the accelerated development programmes for our employees are taking place, to enhance a smooth transfer of knowledge and skills to the younger employees.

Considering how long employees have stayed within the company, about 63% (Figure 10) have stayed in the company for ten (10) years or less. This is 8% more compared to the same time last year. This is an indication that our employees are preferring to stay and work for NamPower and this is also a good indication of an engaged workforce.

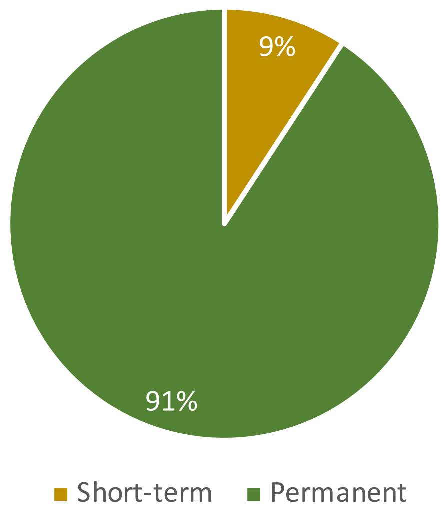


Figure 8: Total Workforce

There are 107 short-term employees (99 fixed- term and eight (8) on attachment), while the permanent employees are 1054 in total.

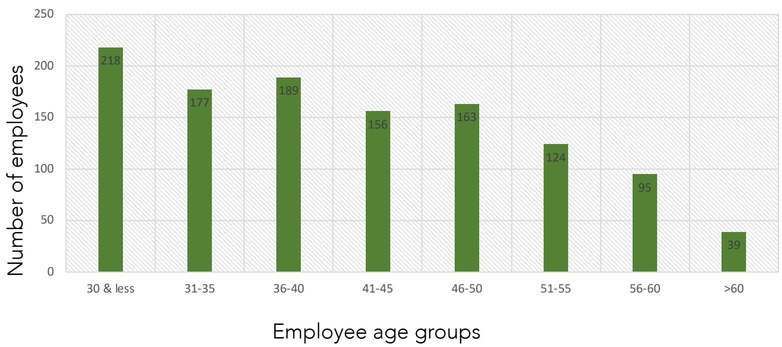


Figure 9: Breakdown by age

The majority of the employees are 30 years of age or less followed by the 36-40 year olds.

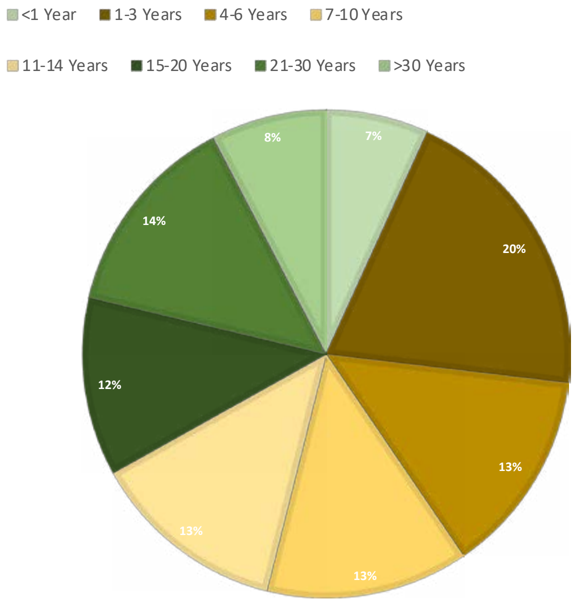


Figure 10: Breakdown by tenure

The biggest percentage of employees have been employed between 1-3 years while the lowest percentage are those that have been employed for less than 1 year.

Strategy and Structure

The saying, 'Structure follows Strategy' happens to be the case for NamPower during this reporting period. The Corporate Strategy and Business Plan that was approved by the Board during 2018/19 brought about the need to revisit the organisational structure, to realign it to the strategy and to come up with a structure that is more responsive to the company's strategic objectives.

Human Capital Strategy

NamPower has coordinated its Human Capital Strategy by dealing with and working on the following initiatives:

- Various education, training and development programmes are being implemented in the company. These include induction sessions for managers, assessment related to the recognition of prior learning (RPL), leadership development programmes for supervisors, and health, safety and environment-related training events.
- The performance management process was improved by having successfully implemented the SAP Success Factors Module for contracting and reviewing of performance in the company. User training has taken place and the module was used for the year-end performance review during the reporting period.
- Regular reviews were conducted on policies, standards and operating procedures to strengthen internal controls and improve service delivery. Among the policies and procedures that were reviewed are General Conditions of Employment, Remuneration Policy, Procedures for Prevention and Mitigation of COVID-19 at Work, Procedure for Substance Abuse and Dependence Management, NamPower Substance Abuse and Dependence Management Policy, and Procedure for Human Capital: Remuneration and Human Capital Administration.

The company maintained sound company/union relations through successful consultative meetings and the coordination of grievances, arbitrations, conducting of disciplinary and appeal hearings, among others.

Information Services (IT)

During the year under review, NamPower IT Services (iServ) recorded high levels of availability for services and local area network.

Local Area Network	**99.58%**
Services	99.77%

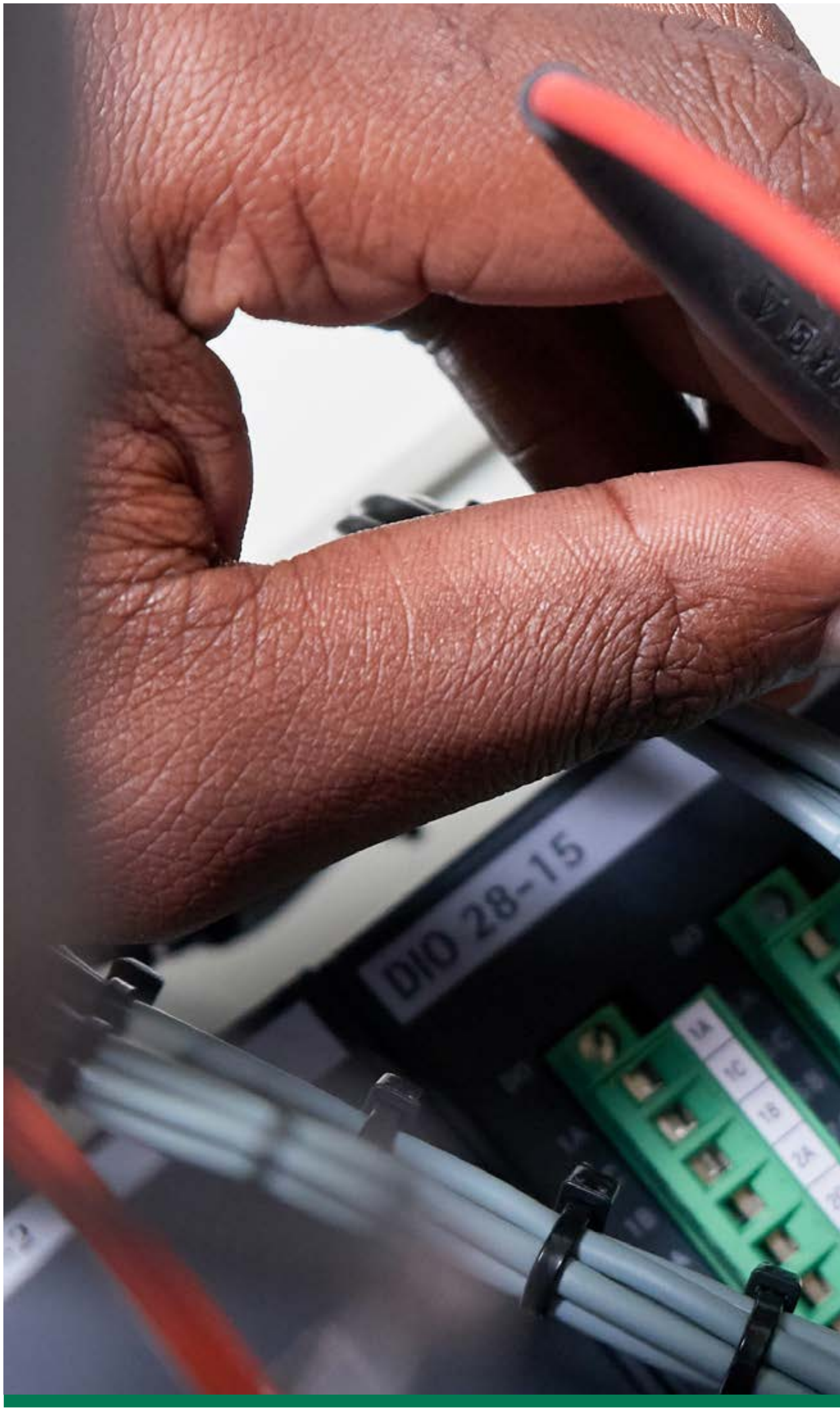
Most of the IT services' downtime was due to scheduled downtime for the upgrading of enterprise systems and edge network.

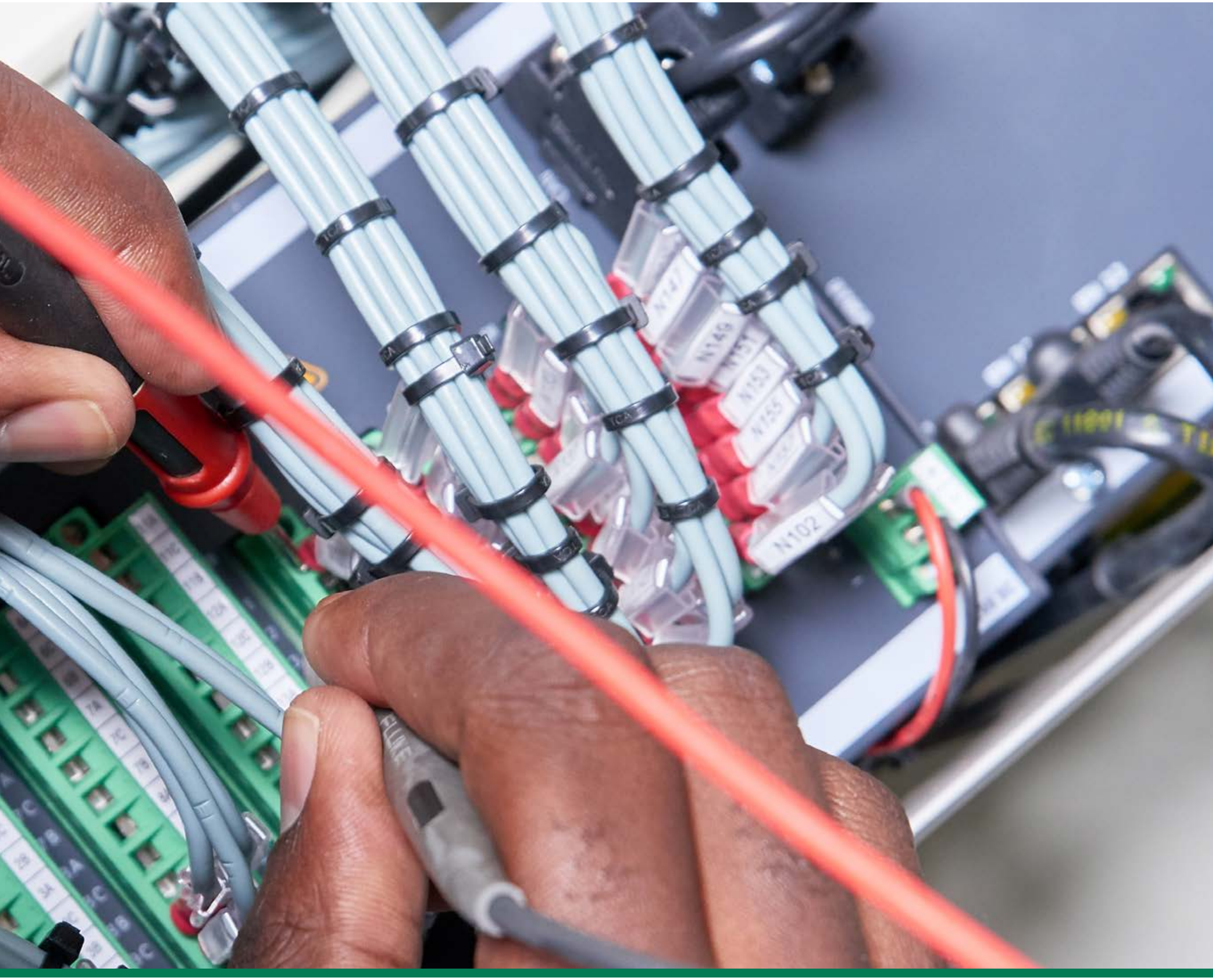
The virtual environment hosting servers were all replaced with a more redundant design that enables an active-active distribution of resources between head office and the disaster recovery site.

The entire disaster recovery site was redesigned to reduce downtime to almost zero with most network, storage and server resources running live at both sites.

Cybersecurity became one of the biggest focus points for many companies. The old way of protecting against threats has been largely done away with. NamPower has implemented an advanced artificial intelligence solution to mitigate and protect its resources.

All the edge network switches were replaced, late last year, with equipment that closely integrates with the core network solution, automating several configurations.





Abridged Sustainability Report

Corporate Social Investment

The NamPower Foundation continues steadfastly in its commitment to making a meaningful contribution towards the socio-economic development of the communities in which the company operates and of the Namibian nation at large. In the year under review, the NamPower Foundation invested over N$ 4.4 million in various corporate social investment initiatives, with a specific focus on education, community development, health and social welfare and skills development.

The fourth quarter of the 2019 financial year saw an extraordinary and unexpected global health threat that affected countries and communities the world over, and Namibia was no exception. In the genesis of the COVID-19 pandemic in the country, NamPower supported the government's efforts to prevent the spread of the virus by donating N$ 2.6 million worth of dry sanitation toilets, sanitisers, water containers, water tanks and bars of soap to vulnerable communities in the Groot Aub, Erongo, Okahandja and Windhoek informal settlements. Although every Namibian is affected in one way or another by the coronavirus pandemic, the people at greatest risk are the vulnerable and less fortunate among our communities who do not have the necessary means or access to essential basics to prevent and fight the pandemic. This prompted NamPower to invest in these vulnerable communities during this plight. NamPower continues to assess the national situation and is geared to assist government efforts, should the need arise.

Table 9: NamPower's COVID-19 donation distribution.

Community	Items donated
Groot Aub Community	Water containers (20L jerry cans) and 18000 hygiene soaps
Municipality of Okahandja (informal settlement areas: Vyf Rand, Oshetu Number 2 & 3, Saamstaan and Vergenoeg)	44 dry sanitation toilets
	20 water tanks (2500 litres)
City of Windhoek (informal settlements)	80 dry sanitation toilets
	40 sanitisers (25 litres)
Erongo Regional Council (informal settlement areas: Harambee and Uis Informal Settlements in Karibib, as well as Okombahe, Omatjete, Uis and Tubusis in the Daures constituency)	30 dry sanitation toilets
	8 water tanks (10000 litres)

Hochland Roundtable Medic Rush

NamPower once again supported the Hochland Roundtable Medic Rush initiative, a project that the utility has been supporting for the past eight (8) years, making the initiative one of the Foundation's flagship projects. Medic Rush endeavours to take medical care to Namibians in remote areas of the country. In the year under review, the team delivered medical supplies to clinics and health care centres in the //Kharas Region. It is NamPower's moral imperative to meet the Namibian government halfway in ensuring communities have access to essential services, such as health care. NamPower sponsored N$ 170 000 to the 2020 Medic Rush, which was used to buy medical supplies. Tses, Berseba and Klein Vaal Grass Clinics were the recipients of the medicine.

Education

NamPower places great emphasis on education and thus a large percentage of its CSI funds are channelled to supporting schools and educational institutions. During the year under review, NamPower made a significant investment in the education sector through the following:

Table 10: Projects supported by NamPower Foundation

Project Name	Value Invested (N$'000)
Fencing of Niita Yiitula Junior Secondary School in Omusati region.	330
E-learning support to Okakarara, Waterberg Secondary School, facilitated by Edugate Academy based in Otjiwarongo.	101
Renovations to Kamanjab Combined School	21
Supply of school furniture to the following schools: • Havana Primary School in Khomas region • Okamatapati Combined School in Otjozondjupa region • Kulisuka Junior Primary School in Kavango West • Oshikunde Combined School in Ohangwena region	337

In addition to the educational projects stated above, the NamPower Foundation sponsored the construction of water tanks stands and supplied water tanks to Mungongi Agricultural Project in Kavango West, valued at N$ 147 000.

NamPower prioritises its CSR as it does every other facet of its operations, and moving forward, the Foundation will continue in its pursuit of creating a developed and prosperous nation in all sectors. The following are some of the NamPower Foundation's future plans for the upcoming 2020/2021 financial year:

- The construction of an Outreach/Health Centre at Onehanga village in Ohangwena region
- The continued support of Disability Sport Namibia, the Foundation's second flagship project, in various sport and capacity building activities
- Construction of a Borehole at Olavi Combined School in Kavango West
- Donation of 520 double-bunk beds and 655 mattresses to the Ministry of Education, Arts and Culture
- The construction of a Science Laboratory at Onankali South Combined School in Oshikoto region
- Distribution of solar lamps to learners at Eenhana Secondary school in Ohangwena, Mureti High School in Kunene and Ondaka Combined School in the Omusati Region. Solar lights are distributed to learners who do not have electricity at their homes or in the hostel.

Educational Assistance

NamPower awarded bursaries to 20 talented individuals. The bursary programme allows NamPower to develop its pipeline stream of young skilled employees for the future. Skills are not only required to meet NamPower own business needs but also to contribute to the country's skills development strategy in support of the National Development Plan which aims to eliminate poverty and reduce inequality by 2030.

Table 11: Bursary Awards for 2020

Financial Year	Fields of Study	Number of Bursaries
FY 2019 – 2020	Electrical Engineering Masters Degree	6
	Electrical Engineering (M.Sc)	2
	Mechanical Engineering (B.Sc degree)	4
	Civil Engineering (B.Sc degree)	1
	Education (Maths & Science – B.Ed degree)	3
	Data Science (B.Sc) degree	1
	Accounting degree	1
	Law Degree	1
	Business Administration degree	1
Total		**20**

In furtherance of skills development, NamPower continued to recruit finishing graduates and manage a graduate development programme to address the requirements of the business. Five (5) bursars who graduated in the fields of power engineering, engineering electrical power, electrical engineering from tertiary institutions locally and in the region were placed in various sections within the company. Two (2) bursars who graduated in mechatronics and power engineering are yet to be placed.

Financial Performance Overview

NamPower successfully delivered on yet another challenging year, keeping the nation's lights on, while Namibia and the world are confronted with COVID-19, one of the most significant health threats of our generation. The coronavirus negatively impacted Namibia's economy and the livelihood of all citizens.

The Group achieved a 4.8% increase in revenue from N$ 6.6 billion in the previous year to N$ 6.9 billion for the year under review. This was mainly attributable to an increase in unit sales volume as a result of growth in export sales.

Electricity sales volumes increased by 4.6% (2018/2019: 3% decrease) from 4,159 GWh achieved in the prior year to 4,352 GWh in the year under review. Namibia received good rainfall during the reporting period, and Ruacana Hydro Power Station was operational at full capacity for half of the financial year, enabling NamPower to have surplus power to export through the Southern African Power Pool (SAPP) Electricity Trading Market(s). Maximum demand (including Skorpion) increased to 688 MW during the year under review compared to 684 MW achieved in 2019, representing an increase of 0.6%.

The bulk electricity tariff for the year was reduced by 2.5% from 169.16 cents/kWh to 164.88 cents/kWh for the 2020 financial year, the first of such decrease in 37 years (the previous decrease was in 1983). Of this tariff, 2.85 cents/kWh was allocated to the Long Run Marginal Cost (LRMC) reserve while 2.03/kWh cents related to an increase in NamPower's own revenue requirement, increasing the NamPower tariff from 160 cents/kWh in the previous year to 162.03 cents/kWh.

In 2013, the Ministry of Mines and Energy introduced the LRMC Levy to create a reserve for use in avoiding significant future price shocks to the Namibian consumer. This levy was first included in the 2014 financial year tariff at 2.54 cents/kWh and amounted to N$ 127 million. The year under review included the LRMC Levy of 2.85 cents/kWh (2018/2019: 9.3 cents/kWh). In line with the directives of the Regulator, the Electricity Control Board (ECB), the LRMC Levy is ring-fenced in the books of the company and invested in a separate interest-bearing account effective 1 July 2018. These funds can only be utilised with the specific approval of the Regulator. It is thus accounted for as deferred revenue and to date amounts to N$ 641.5 million.

The cost of electricity increased by 7.9% from N$ 3.9 billion achieved in the previous financial year to N$ 4.2 billion for the year under review.

NamPower continues to rely on regional trading partners to meet the country's energy demand. The cost of imported electricity was the main contributor to the increased cost of electricity due to the depreciation of the Namibia Dollar against the United States Dollar in which some of the import contracts are denominated. Of the total 4,702 GWh units of electricity into the Namibian system during the year under review, 59.2% (2018/2019: 71.0%) was imported from the region. The reduction in imports during the reporting period was attributed to good rainfall received in the country that enabled the dispatch of NamPower's Ruacana Hydro Power Station at almost full capacity for half of the year under review, thus increasing NamPower's generation to 33.4% compared to 22.7% achieved in the previous year. IPPs contributed 7.4% of the total electricity generated during the financial year under review.

During the 2016 financial year, NamPower concluded 14 new Power Purchase Agreements (PPA) of 5 MW each with the Independent Power Producers (IPPs) in the renewable energy sector under the Renewable Energy Feed-In Tariffs (REFIT). 13 out of these 14 REFITs are operational and supplying NamPower with electricity. The remaining one (1) is expected to be operational during the next financial year. Of the 4,702 GWh units of electricity into the

Namibian system, 160 GWh was generated by the REFIT IPPs. Under the REFIT PPA contracts, NamPower purchased power at an inception tariff of N$ 1.37/kWh (solar) and N$ 1.08 kWh (wind), which is adjusted annually on 1 July with the Namibian Consumer Price Index (CPI).

Other income for the Group amounted to N$ 74.2 million (2018/2019: N$ 78.3 million). Included in other income is income from the fibre optics rentals and property rentals. In 2010, the shareholder, the Government of the Republic of Namibia committed to subsidising N$ 250 million towards the construction of the Anixas emergency diesel power station in Walvis Bay. Of this grant, N$ 63.7 million has been recognised as income, and the remainder N$ 186.2 million will be recognised on a systematic basis over the useful life of the power plant. The Government grant accrued income of N$ 8.8 million (2018/2019: N$ 8.8 million) is also included in other income. Employee costs for the year amounted to N$ 957.6 million (2018/2019: N$ 810.5 million) representing an increase of 18.1% (2018/2019: 5%) The head count at the end of the financial year increased by 3.4% from 1,123 to 1,161.

Depreciation and amortisation charge for the year amounted to N$ 821 million (2018/2019: N$ 783 million). Other operating expenses decreased by 5.8% from N$ 468.2 million achieved in the previous year to N$ 441.3 million for the year under review. Repairs and maintenance costs of transmission networks and the power stations remain the core activities of the Group to ensure that assets continue to be reliable in delivering power to the nation. Costs associated with these activities amounting to N$ 121.4 million (2018/2019: N$ 80 million) are included in other operating expenses.

Net impairment loss on financial assets for the year amounted to N$ 85.6 million (2018/2019: N$ 325.7 million). The loss includes an impairment loss on other financial assets amounting to N$ 70.5 million (2018/2019: Nil) and an increase in provision for expected credit losses (impairment) of N$ 15 million (2018/2019: N$ 325.7 million) in respect of accounts receivables. The expected credit loss takes into account the potential effects of the challenging economic situation prevailing in the country and the impact of COVID-19 on businesses that may result in delayed settlement of accounts by some customers.

Investment income for the year decreased by 10.4% (2018/2019: 15% increase) from N$ 879.7 million to N$ 787.8 million for the period under review. Namibia prime interest rate reduced with 275 basis points during the year under review, thus negatively impacting on the returns on investments.

It is NamPower's policy to hedge committed foreign exposure. Changes in the market conditions, particularly in the exchange rate of the Namibia Dollar against the major trading currencies, (USD, Euro and British Pound) impacted profitability as follows:

- Net losses on foreign exchange of N$ 726.1 million (2018/2019: N$ 21.2 million gain).
- Net fair value gain on derivatives and foreign loans of N$ 4.1 million (2018/2019: N$ 9.0 million loss).
- Net fair value loss on embedded derivatives on Power Sale Agreements and Power Purchase Agreements of N$ 756.3 million (2018/2019: N$ 72.0 million gain).
- Fair value loss on firm commitments N$ 2.7 million (2018/2019: N$ 6.0 million).
- Net foreign exchange gain N$ 28.6 million (2018/2019: N$ 35.4 million loss).

Current tax for the year under review amounted to N$ 397.9 million (2018/2019: N$ 468.3 million). Tax charge to the profit or loss after taking into account the effects of the deferred tax was N$ 34.8 million (2018:2019: N$ 268.6 million). Group profit after tax amounted to N$ 320.0 million compared to N$ 752.8. million achieved during the prior year.

Cash generated from operations decreased from N$ 1.7 billion during the previous year to N$ 1.2 billion. This is mainly attributed to the increased cost of electricity and slow collection of revenue. Debtor's days increased from 85 days to 90 days, indicative of the existing challenging economic situation and the impact of COVID-19 pandemic. NamPower acknowledged the

Financial Performance Overview

(continued)

financial challenges posed by the global COVID-19 pandemic on businesses and offered relief to all customers in the form of an interest waiver on overdue accounts and extended payment terms until the COVID-19 state of emergency was lifted. This relief, the already existing challenging economic situation in the country and the impact of the COVID-19 pandemic on the economy negatively impacted the debtors' collection days.

Capital expenditure for the Group amounted to N$ 310.8 million (2018/2019: N$ 275.9 million) for the year under review. Total assets for the Group increased to N$ 34.8 billion from N$ 33.6 billion mainly as a result of the desktop revaluation of the aircrafts, transmission, generation and distribution networks which resulted in an increase in the value of the assets of N$ 1.0 billion.

In preparation for the first-time application of IFRS 16, the Group carried out an implementation project. All current material contracts were reviewed, and the Group concluded that there were no changes required as a result of the application of the lessor and lessee accounting under the new standard, except for certain property leases which the Group deems to be immaterial.

NamPower remains mindful of the impact of COVID-19 on communities and is grateful to the selfless efforts of health workers and first-line responders. As we navigate through the journey of fighting this invisible enemy, COVID-19 and its detrimental effects, NamPower stands firm behind its workforce which is part of the essential service workers as defined, with a strong emphasis on availability, reliability, affordable and broader access to electricity to promote economic growth and improve the living standards of the citizens.

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2020

Contents

Directors’ Responsibility Statement

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements (“Financial Statements”) of Namibia Power Corporation (Proprietary) Limited, comprising the statements of financial position at 30 June 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors’ report, in accordance with International Financial Reporting Standards (IFRS), and the requirements of the Companies Act of Namibia.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have considered the impact of the COVID-19 pandemic on the going concern of the entity. In performing this assessment management performed cash flow projections for the next five (5) years and are comfortable that the use of the going concern basis of accounting is appropriate for these periods. The Company maintained its credit rating and met all its loan commitments for the period under review. The directors have satisfied themselves that the Company has adequate financial resources to continue in operational existence for the foreseeable future. The directors, therefore believe there is no reason for the business not to continue as a going concern in the financial year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated and separate annual financial statements

The consolidated and separate financial statements of Namibia Power Corporation (Proprietary) Limited, as identified in the first paragraph, were approved by the board of directors on 15 December 2020 and signed by:

D MOTINGA
Chairperson

KS HAULOFU
Managing Director

S HORNUNG
Audit & Risk Management Committee (Board Committee)

Value Added Statement

	CONSOLIDATED				COMPANY			
	2020		2019		2020		2019	
	N$'000	%	N$'000	%	N$'000	%	N$'000	%
			* Restated				* Restated	
VALUE ADDED								
Turnover	**6,892,329**		6,579,470		**6,892,329**		6,579,470	
Less: Cost of primary energy, materials and services	**4,564,878**		4,681,980		**4,564,878**		4,681,980	
Value added by operations	**2,327,451**	**72.97**	1,897,490	66.45	**2,327,451**	**72.90**	1,897,490	66.45
Interest and sundry income	**861,976**	**27.03**	957,912	33.55	**865,164**	**27.10**	957,913	33.55
	3,189,427	**100.00**	2,855,402	100.00	**3,192,615**	**100.00**	2,855,403	100.00
VALUE DISTRIBUTED								
To remunerate employees	**957,643**	**30.03**	810,461	28.38	**957,643**	**30.00**	810,461	28.38
To providers of debt	**141,438**	**4.43**	171,774	6.02	**141,438**	**4.43**	171,774	6.02
Taxation	**397,923**	**12.48**	468,298	16.40	**397,923**	**12.46**	468,298	16.40
	1,497,004	**46.94**	1,450,533	50.80	**1,497,004**	**46.89**	1,450,533	50.80
VALUE RETAINED								
To maintain and develop operations	**1,692,423**	**53.06**	1,404,869	49.20	**1,695,611**	**53.11**	1,404,870	49.20
	3,189,427	100.00	2,855,402	100.00	**3,192,615**	100.00	2,855,403	100.00

* Certain amounts shown here do not correspond to the 2019 financial statements due to prior period errors and reflect adjustments made, refer to note 31 and note 32.

Independent Auditor's Report

To the Members of Namibia Power Corporation (Proprietary) 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 Power Corporation (Proprietary) Limited (the Company) and its subsidiary (together the Group) as at 30 June 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of Namibia.

What we have audited

Namibia Power Corporation (Proprietary) Limited's consolidated and separate financial statements set out on pages 80 to 245 comprise:

- the directors' report for the period ended 30 June 2020;
- the consolidated and separate statements of financial position as at 30 June 2020;
- the consolidated and separate statements of profit or loss and comprehensive income for the period then ended;
- the consolidated and separate statements of changes in equity for the period then ended;
- the consolidated and separate statements of cash flows for the period 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.

Our audit approach

Overview

Overall group materiality

- *Overall group materiality: N$ 51.8 million, which represents 5% of average consolidated profit before taxation from continuing operations of the past three (3) years.*

Overall audit scope

- *The group audit scope included the audit of Namibia Power Corporation (Proprietary) Limited and its subsidiary, being Capricorn Power Supply (Proprietary) Limited.*

Key audit matter

- *Revaluation of power stations, transmission and distribution assets and strategic spare parts.*

Independent Auditor's Report (continued)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.
Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the group overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*N$ 51.8 million.*
How we determined it	*5% of average consolidated profit before taxation from continuing operations of the past 3 years.*
Rationale for the materiality benchmark applied	*We chose average consolidated profit before taxation from continuing operations as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We used the three (3) year average due to the significant decline in the 2020 consolidated profit before taxation from continuing operations as a result of a fair value adjustment related to a new derivative entered into during 2020, and the related volatility introduced as a result. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The consolidated financial statements are a consolidation of the financial information of the Company and its subsidiary (each a "component") for purposes of our group audit scope. A full scope-audit was performed on both the Company and the subsidiary, Capricorn Power Supply (Proprietary) Limited.

Independent Auditor's Report (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matters
Revaluation of power stations, transmission and distribution assets and strategic spare parts The key audit matter relates to both the consolidated and separate financial statements. International Accounting Standard (IAS) 16 - Property, Plant and Equipment requires that after recognition as an asset, an item of property, plant and equipment (PPE) whose fair value can be measured reliably, may, as an accounting policy choice, be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Group's policy is to revalue PPE every three (3) years. The last full valuation was performed on 1 July 2018. For the year ended 30 June 2020 a desktop valuation was performed. Management engages an independent valuer to determine the fair value of these assets. Note 6 to the consolidated and separate financial statements describe the methodology for valuation. In terms of IFRS, revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The Group has performed a full valuation on 1 July 2018 and a desktop valuation at 30 June 2020. As disclosed in note 3 of the consolidated and separate financial statements, the Group's property, plant and equipment is revalued at the estimated replacement cost thereof, as adjusted in relation to the remaining useful lives of these assets.	Our audit procedures addressed the key areas of significant judgement as follows: We evaluated the competence and objectivity of management's valuation expert through inquiry and inspection of their professional certifications. We engaged and discussed with management to gain an understanding of the valuation expert's scope and nature of work performed during the external valuation performed on 1 July 2018, and during the desktop valuations performed on 30 June 2020. Using our valuation expertise, we performed the following procedures: • We assessed the valuation approach applied against applicable industry valuation methods for these types of assets, and against the requirements of IFRS. On the basis of this comparison, we accepted management's use of the depreciated replacement cost method. • We assessed the replacement costs through comparison to relevant industry benchmarks for similar assets, and noted that such costs fell within an acceptable range. • We evaluated the useful lives of assets through comparison to those of similar assets in the industry, and adjusting for the specific conditions and usage of assets. Where differences were noted, these did not materially impact the valuation of the assets.

Independent Auditor's Report (continued)

Key audit matter	How our audit addressed the key audit matters
The directors have utilised a management's expert to make significant judgements and assumptions regarding the determination of the replacement cost of the PPE. Key amongst these judgments include: • selection of the appropriate valuation methodology based on the nature of the asset; • modern asset cost (or replacement cost); • assessment of remaining useful life; • depreciation method applied; and • assessment of the condition of the existing assets. We considered this to be a matter of most significance in our audit of the current period due to the degree of judgement applied by management in determining the valuation and the magnitude of the power stations, transmissions and distribution assets and strategic spare parts. The disclosures associated with PPE are set out in the consolidated and separate financial statements in the following notes: • **Note 3(b)(i)** - Accounting policy for Property, Plant and Equipment; • **Note 4** - Significant judgements; and • **Note 6** - Property, Plant and Equipment.	• We evaluated the depreciation method applied against those of similar assets in the industry, and accepted the straight-line method used. • We considered whether there were risks of obsolescence with reference to the lives of the assets. Based on the results of our assessment, we accepted management's conclusion that such risks are remote. • We performed a reasonability assessment, taking into account all the assumptions and inputs noted above, and the combined impact of any judgemental differences on the valuation of the assets. We did not note any material impact on the valuation of assets. • With respect to the desktop valuation performed as at 30 June 2020, we compared increases in the costs of the assets, at a component level, to relevant indices relating to such assets in the industry. We recalculated the weighted average of these indices and their impact on the valuation, and compared this to the results of the desktop valuation. We noted no material differences.

Independent Auditor's Report (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled *"NamPower Financial Statements for the year ended 30 June 2020"*, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "NamPower 2020 Annual Report", which is expected to be made available to us after that date. 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 and will not express an audit opinion or any form of assurance conclusion thereon

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

Independent Auditor's Report

- 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Louis van der Riet
Partner
Windhoek
21 December 2020

Country Senior Partner: Chantell N Husselmann
Partners: R Nangula Uaandja, Louis van der Riet, Anna EJ Rossouw (Partner in charge: Coast), Gerrit Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Hannes van den Berg, Willem A Burger

Directors' Report

The directors have pleasure in presenting their report for the year ended 30 June 2020.

1. Principal Activities

The Company is responsible for generation, transmission, energy trading and to a lesser extent, the distribution of electricity in Namibia.

The activities of the subsidiaries and associates comprise of:
- The provision of technical, management and other related services;
- The sale and distribution of electricity; and
- Property investment.

2. Operating Results

The operating results of the Group and Company for the year under review are set out in the Statement of Profit or Loss and Other Comprehensive Income.

Units into the system and sold:	CONSOLIDATED	COMPANY
	2020	2019
	GWh	GWh
Ruacana Hydro Power Station	1,505	954
Van Eck Power Station	56	44
Anixas Power Station	9	8
Eskom	1,624	1,641
ZESCO	490	324
ZPC	362	281
SAPP Market	309	916
Omburu Sun Energy (Pty) Ltd (Innosun)	13	12
REFITs	160	150
Alten Solar Power Hardap Pty (Ltd)	114	72
Greenam	60	34
Total units into system	**4,702**	**4,436**
To customers in Namibia	3,362	3,503
Exports	593	119
Orange River^	123	128
To Skorpion Zinc Mine^	274	409
Total units sold	**4,352**	**4,159**

Directors' Report (continued)

^ Orange River and Skorpion Zinc Mine are customers situated in the Republic of Namibia but are supplied directly by Eskom via a back to back agreement whereby Eskom bills NamPower for the units consumed by Orange River and Skorpion Zinc Mine, then NamPower bills the customers for those units sold by Eskom. Refer to note 25 for the judgements around the recognition of this revenue.

Transmission losses	**10.1%**	**9.1%**

Growth

During the year under review there was a decrease of 4.1% in GWh units sold to customers in Namibia (2019: decrease of 2.3%). The power imported by the Company during the year under review decreased by 297 GWh units (2019: decrease of 231 GWh units).

3. Subsidiaries and Associates

Relevant information is disclosed in note 7 to the financial statements.

4. Auditors

Deloitte & Touche (Namibia) and Grand Namibia were the auditors with effect from 08 December 2016 until 30 June 2019 for a contract term of three (3) years. PricewaterhouseCoopers (PWC) was appointed as auditors with effect from 29 June 2020 for a contract term of three (3) years.

5. Capital Expenditure

The expenditure on property, plant and equipment during the financial year amounted to: Consolidated N$ 305.8 million (2019: N$ 275.2 million). The expenditure on intangible assets during the financial year amounted to: Consolidated N$ 4.9 million (2019: N$ 735 thousand).

This expenditure is mainly attributable to:

5.1 Electrification:

- Ariamsvlei 22kV retic upgrade to 33 kV
- EIB MV Line Hanghome and Shaama PS
- Vleiveld rural electrification MV line
- EIB MV Line Omukukulutu Otaukondjele PS
- Ramble rural electrification MV line
- NP: Electrification Hukus & Otjinoko, Omaheke
- NP: Dooran Daberas localities electrification
- NP: Farm Koherab Locality in Hardap Region

5.2 Substation Development:

- TXMP: Warmbad 132/33 kV Substation
- TXMP: Brakwater 2 MVA Substation
- TXMP: Khurub-Aussenkehr Strength Phase 3

Directors' Report

- TXMP: Omatando Substation
- Ext: Sekelduin Substation 20 MVA
- TXMP: Masivi-Siyambi Project
- External: Lithops Substation
- Tamarisk Substation Wide Area Network

5.3 Refurbishment and Upgrading:
- Ruacana Power Station 330 kV Protection Refurbishment
- Van Eck Power Station: Rehabilitation
- Ruacana: Unit 1- 3 Online Generator Transformer DGA
- Ruacana: Protection Panels 1-3 Upgrade
- V/ECK: Control Gate for Security building
- Anixas Power Station: Walvis Bay

5.4 Transmission System:
- TXMP: Auas - Gerus Feeder Bay and Reactor
- External: Energy Feed-In Tariff Programm
- Transmission Connection Hardap Solar PV
- TXMP: Kunene - Omatando 400 kV Transmission line
- Western Fibre Ring upgrade
- TXMP: Kunene 330 kV Transmission station
- Ext: Nored 5MVA 33 kV supply Okapya

5.5 Power Station Development:
- Lüderitz Wind Power Plant
- Omburu PV Power Plant
- FIRM Power Project
- Otjikoto Biomass Power Station

5.6 Intangible Assets:
- Upgrade Van Eck Pcs 7 Software
- SAP Success Factors Performance & Goals
- Upgrade Ruacana Pcs 7 Software
- Inside View Asset Monitoring Software

6. Shareholder

The Government of the Republic of Namibia is the sole shareholder of the Company.

7. Share Capital

7.1 Authorised
365 000 000 ordinary shares at N$ 1

7.2 Issued share capital
165 000 000 (2019: 165 000 000) ordinary shares at N$ 1

8.1 COVID-19 impact assessment
The COVID-19 pandemic has spread rapidly in 2020, with a significant number of cases recorded in Namibia. The pandemic, together with the measures taken by the Namibian government to contain the virus have negatively affected economic activity. In response thereto, NamPower took a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff members (such as social distancing, protective equipment, sanitisers and working from home on a rotational basis). The company also reviewed its short, medium and long-term business continuity plans to take into consideration the effects of COVID-19.

Overall growth in electricity demand was not realised during the year under review, and this is attributable to the economic downturns coupled with the impact of the COVID-19 pandemic. This culminated in the reduction of energy consumption by 2%, of which the highest reduction of 9% was recorded in May 2020. Whilst collections from certain customer categories have become more erratic, total, collections are in line with pre-COVID-19 levels. Thus, at this stage, the impact on NamPower's business and financial results has not been significant and based on our experience to date we expect this to remain the case.

The company will continue to follow the various government policies and regulations published from time to time and, in parallel, will do its utmost to continue its operations in the best and safest way possible without jeopardising the health of staff members.

Directors' Report

8.2 Subsequent events
On 3 December 2020, the directors declared a dividend amounting to Nil (2019: N$ 82.6 million) in respect of the year under review.

9. Secretary

Ms E. Tuneeko held office as Company Secretary for the year under review. The business and postal addresses are shown on page 249.

10. Going Concern

The directors have made an assessment of the ability of the Group and Company to continue as a going concern in the foreseeable future.

The directors have considered the impact of the COVID-19 pandemic on the going concern of the entity. In performing this assessment management performed cash flow projections for the next five (5) years and are comfortable that the use of the going concern basis of accounting is appropriate for these periods. The Group and Company maintained its credit rating and met all its loan commitments for the period under review. The directors have satisfied themselves that the Group and Company has adequate financial resources to continue in operational existence for the foreseeable future. The directors, therefore believe there is no reason for the business not to continue as a going concern in the financial year ahead.

11. Registered Address

Namibia Power Corporation (Proprietary) Limited
(Reg no 2051) NamPower Centre
15 Luther Street PO Box 2864
WINDHOEK
Namibia

12. Approval of annual financial statements

The annual financial statements were approved and authorised for issue by the directors on 15 December 2020.

Statements of Financial Position

	NOTE	CONSOLIDATED 2020 N$'000	2019 N$'000 * Restated	01 July 2018 N$'000 * Restated	COMPANY 2020 N$'000	2019 N$'000 Restated	01 July 2018 N$'000 * Restated
Assets							
Total non-current assets		**24,231,350**	23,009,481	22,397,706	**23,872,066**	22,639,963	22,014,630
Property, plant and equipment	6	**21,823,073**	21,267,459	20,894,066	**21,823,072**	21,267,457	20,894,066
Investment properties	8	**19,105**	20,175	17,269	**19,105**	20,175	17,269
Intangible assets	9	**19,558**	22,322	29,384	**19,559**	22,322	29,384
Interest in subsidiaries	7.1	**-**	-	-	**-**	5,002	5,002
Investment in associates	7.2	**580,563**	595,797	609,357	**221,279**	221,279	221,279
Investments	11	**1,773,153**	1,088,720	788,136	**1,773,153**	1,088,720	788,136
Derivative assets	21.1	**-**	-	43,059	**-**	-	43,059
Loans receivable	10	**15,898**	15,008	16,435	**15,898**	15,008	16,435
Total current assets		**10,569,517**	10,600,076	9,538,625	**10,569,518**	10,600,076	9,538,625
Inventories	12	**83,463**	40,046	38,754	**83,464**	40,046	38,754
Trade and other receivables	13	**1,565,506**	1,480,904	1,570,525	**1,565,506**	1,480,904	1,570,525
Current tax receivable		**-**	40,007	-	**-**	40,007	-
Investments	11	**5,948,250**	6,478,718	5,614,719	**5,948,250**	6,478,718	5,614,719
Derivative assets	21.1	**60,953**	13,333	-	**60,953**	13,333	-
Cash and cash equivalents	14	**2,910,025**	2,542,561	2,310,120	**2,910,025**	2,542,561	2,310,120
Loans receivable	10	**1,320**	4,507	4,507	**1,320**	4,507	4,507
Total assets		**34,800,867**	33,609,557	31,936,331	**34,441,584**	33,240,039	31,553,255
Equity							
Total equity attributable to equity holders		**22,876,518**	21,925,267	20,865,985	**22,520,893**	21,553,126	20,476,516
Issued share capital	16.2	**165,000**	165,000	165,000	**165,000**	165,000	165,000
Share premium	16.3	**900,000**	900,000	900,000	**900,000**	900,000	900,000
Reserve fund	16.4	**1,818,221**	1,755,589	1,693,649	**1,818,221**	1,755,589	1,693,649
Development fund	16.5	**6,827,742**	6,582,235	6,288,889	**6,696,503**	6,434,480	6,123,806
Capital revaluation reserve	16.6	**13,018,902**	12,335,955	11,717,163	**12,794,516**	12,111,569	11,492,777
Strategic inventory revaluation reserve	16.7	**126,045**	110,238	99,880	**126,045**	110,238	99,880
Investment valuation reserve	16.8	**20,608**	76,250	1,404	**20,608**	76,250	1,404
Total equity		**22,876,518**	21,925,267	20,865,985	**22,520,893**	21,553,126	20,476,516
Liabilities							
Total non-current liabilities		**8,498,504**	9,129,068	9,528,800	**8,494,838**	9,125,298	9,528,796
Interest bearing loans and borrowings	17	**737,781**	1,368,699	1,824,439	**737,781**	1,368,699	1,824,439
Deferred revenue liabilities	18	**1,128,150**	1,052,388	969,321	**1,128,150**	1,052,388	969,321
Employee benefits	22	**253,783**	328,212	317,391	**253,783**	328,212	317,391
Retention creditors	20.4	**12,397**	12,419	26,744	**12,397**	12,419	26,744
Derivative liabilities	21.2	**-**	-	107,486	**-**	-	107,486
Deferred tax liabilities	19	**6,366,393**	6,367,350	6,283,419	**6,362,727**	6,363,580	6,283,415
Total current liabilities		**3,425,845**	2,555,222	1,541,546	**3,425,853**	2,561,615	1,547,943
Trade and other payables	20	**1,209,999**	1,403,739	1,091,590	**1,210,007**	1,403,744	1,091,599
Loans due to subsidiaries	7.1	**-**	-	-	**-**	6,388	6,388
Derivative liabilities	21.2	**794,312**	35,592	-	**794,312**	35,592	-
Current tax payable		**24,078**	502	43,034	**24,078**	502	43,034
Interest bearing loans and borrowings	17	**690,813**	512,735	269,173	**690,813**	512,735	269,173
Deferred revenue liabilities	18	**706,643**	602,654	137,749	**706,643**	602,654	137,749
Total liabilities		**11,924,349**	11,684,290	11,070,346	**11,920,691**	11,686,913	11,076,739
Total equity and liabilities		**34,800,867**	33,609,557	31,936,331	**34,441,584**	33,240,039	31,553,255

* Certain amounts shown here do not correspond to the 2018 and 2019 financial statements due to errors and reclassifications and reflect adjustments made, refer to note 31.

Statements of Profit or Loss and Other Comprehensive Income [1]

	NOTE	CONSOLIDATED 2020 N$'000	CONSOLIDATED 2019 N$'000 * Restated	COMPANY 2020 N$'000	COMPANY 2019 N$'000 * Restated
Revenue	25	**6,892,329**	6,579,470	**6,892,329**	6,579,470
Other income	25	**74,161**	78,261	**77,349**	78,262
Cost of Electricity	26 (a)	**(4,213,577)**	(3,905,689)	**(4,213,577)**	(3,905,689)
Employee costs	26 (e)	**(957,643)**	(810,461)	**(957,643)**	(810,461)
Depreciation and amortisation	26 (c)	**(820,698)**	(783,330)	**(820,698)**	(783,330)
Impairment: Losses on property revaluation	26 (b)	**-**	(46,577)	**-**	(46,577)
Other expenses	26 (f)	**(441,317)**	(468,268)	**(441,317)**	(468,268)
Net impairment losses on financial assets	26 (d)	**(85,594)**	(325,727)	**(85,594)**	(325,727)
Net fair value and foreign exchange (loss)/gain on financial instruments	26 (g)	**(726,147)**	21,184	**(726,147)**	21,184
(Loss)/profit before net finance income		**(278,486)**	338,863	**(275,298)**	338,863
Finance income – net		**646,377**	707,877	**646,377**	707,877
Finance income	24	**787,815**	879,651	**787,815**	879,651
Finance costs	24	**(141,438)**	(171,774)	**(141,438)**	(171,774)
Share of loss of associates, net of taxation	7.2	**(13,102)**	(25,333)	**-**	-
Profit before taxation	26	**354,789**	1,021,406	**371,079**	1,046,740
Taxation	15	**(34,816)**	(268,628)	**(34,816)**	(268,628)
Profit for the year		**319,973**	752,779	**336,263**	778,112
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Revaluation of property, plant and equipment	15	**1,004,334**	909,988	**1,004,334**	909,988
Revaluation of strategic inventory	15	**23,246**	10,358	**23,246**	10,358
Net change in fair value of listed equity instruments	15	**(485)**	204	**(485)**	204
Net change in fair value of unlisted equity	15	**(55,156)**	14,832	**(55,156)**	14,832
Remeasurements of employee benefits	15	**104,132**	22,673	**104,464**	22,603
Share of other comprehensive income of associates	7.2	**-**	11,703	**-**	-
Related tax	15	**(362,148)**	(302,197)	**(362,254)**	(298,429)
Other comprehensive income for the year, net of taxation	15	**713,923**	667,561	**714,149**	659,556
Total comprehensive income for the year		**1,033,896**	1,420,340	**1,050,412**	1,437,668

	Cents	Cents	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:				
Basic and diluted earnings per share	**1.94**	4.56	**2.04**	4.72

[1] The Group changed the presentation of the statements of profit or loss and other comprehensive income since the changed presentation provides information that is reliable and more relevant to users of the financial statements. The revised structure is likely to continue, so that comparability is not impaired. Refer to note 32.

* Certain amounts shown here do not correspond to the 2019 financial statements due to errors and reclassifications and reflect adjustments made, refer to note 31.

Statements of Changes in Equity

CONSOLIDATED	Note	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
Balance at 1 July 2019	16	**165,000**	**900,000**	**1,755,589**
Total comprehensive income for the year				
Profit for the year		-	-	-
Other comprehensive income				
Revaluation of property plant and equipment, net of taxation	15	-	-	-
Revaluation of strategic inventory	15	-	-	-
Dividend paid	26	-	-	-
Net changes in fair value of listed and unlisted equity	15	-	-	-
Remeasurements of employee benefits, net of taxation	15	-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Allocation from retained income		-	-	**62,632**
Transfer to reserve fund		-	-	**62,632**
Funds for capital expenditure requirements		-	-	-
Balance at 30 June 2020		**165,000**	**900,000**	**1,818,221**

Dividend per share

The dividend paid out during the financial year amounted to N$ 82.6 million (2019: N$ 60.8 million), corresponding to N$ 0.50 (2019: N$ 0.37) per share.

Statements of Changes in Equity

Development Fund N$'000	Capital Revaluation Reserve N$'000	Strategic Inventory Revaluation N$'000	Investment Valuation Reserve N$'000	Retained Earnings N$'000	Total Equity N$'000
6,582,235	12,335,955	110,238	76,250	-	21,925,267
-	-	-	-	319,973	319,973
-	682,947	-	-	-	682,947
-	-	15,807	-	-	15,807
(82,644)	-	-	-	-	(82,644)
-	-	-	(55,642)	-	(55,642)
-	-	-	-	70,810	70,810
(82,644)	682,947	15,807	(55,642)	70,810	631,278
(82,644)	682,947	15,807	(55,642)	390,783	951,251
328,151	-	-	-	(390,783)	-
-	-	-	-	(62,632)	-
328,151	-	-	-	(328,151)	-
6,827,742	13,018,902	126,045	20,608	-	22,876,518

Statements of Changes in Equity

CONSOLIDATED	Note	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
Balance at 1 July 2018 (as previously reported)	16	**165,000**	**900,000**	**1,693,649**
Adjustment of correction of errors 1	31	-	-	-
Adjustment of correction of error on taxation	31	-	-	-
Allocation from retained income		**-**	**-**	**-**
Transfer to reserve fund		-	-	-
Funds for capital expenditure requirements		-	-	-
Balance at 1 July 2018 (restated)		**165,000**	**900,000**	**1,693,649**
Total comprehensive income for the year				
Effect of change in initial application of IFRS 9		-	-	-
Effect of change in initial application of IFRS 15		-	-	-
Adjustment of correction of error on taxation	31	-	-	-
Profit for the year		-	-	-
Other comprehensive income				
Revaluation of property plant and equipment, net of taxation	15	-	-	-
Revaluation of strategic inventory	15	-	-	-
Dividend paid	26	-	-	-
Net changes in fair value of listed and unlisted equity	15	-	-	-
Share of other comprehensive income of associates, net of taxation		-	-	-
Remeasurements of employee benefits, net of taxation	15	-	-	-
Total other comprehensive income		**-**	**-**	**-**
Total comprehensive income for the year		**-**	**-**	**-**
Allocation from retained income		**-**	**-**	**61,940**
Transfer to reserve fund		-	-	61,940
Funds for capital expenditure requirements		-	-	-
Balance at 30 June 2019		**165,000**	**900,000**	**1,755,589**

Dividend per share

The dividend paid out during the financial year amounted to N$ 60.8 million (2018: Nil), corresponding to N$ 0.37 (2018: Nil) per share.

[1] Certain amounts shown here do not correspond to the 2019 financial statements due to an error and reflect adjustments made, refer to note 31.

Statements of Changes in Equity

	Development Fund N$'000	Capital Revaluation Reserve N$'000	Strategic Inventory Revaluation N$'000	Investment Valuation Reserve N$'000	Retained Earnings N$'000	Total Equity N$'000
	6,290,175	**11,717,163**	**99,880**	**1,404**	**-**	**20,867,270**
	-	-	-	-	(20,035)	(20,035)
	-	-	-	-	18,749	18,749
	(1,286)	**-**	**-**	**-**	**1,286**	**-**
	-	-	-	-	-	-
	(1,286)	-	-	-	1,286	-
	6,288,889	**11,717,163**	**99,880**	**1,404**	**-**	**20,865,985**
	-	-	-	59,810	(39,515)	20,295
	-	-	-	-	(15,140)	(15,140)
	-	-	-	-	(305,414)	(305,414)
	-	-	-	-	752,779	752,779
	-	618,792	-	-	-	618,792
-	-	-	10,358	-	-	10,358
	(60,799)	-	-	-	-	(60,799)
	-	-	-	15,036	-	15,036
	-		-	-	7,957	7,958
	-	-	-	-	15,418	15,418
	(60,799)	**618,792**	**10,358**	**15,036**	**23,375**	**606,762**
	(60,799)	**618,792**	**10,358**	**74,846**	**416,085**	**1,059,282**
	354,146	**-**	**-**	**-**	**(416,085)**	**-**
	-	-	-	-	(61,940)	-
	354,145	-	-	-	(354,145)	-
	6,582,235	**12,335,955**	**110,238**	**76,250**	**-**	**21,925,267**

Statements of Changes in Equity

COMPANY	Note	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
Balance at 1 July 2019	16	**165,000**	**900,000**	**1,755,589**
Total comprehensive income for the year				
Profit for the year		-	-	-
Other comprehensive income				
Revaluation of property plant and equipment, net of tax	15	-	-	-
Revaluation of strategic inventory	15	-	-	-
Dividend paid	26	-	-	-
Net changes in fair value of listed and unlisted equity	15	-	-	-
Remeasurements of employee benefits, net of taxation	15	-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Allocation from retained income		-	-	**62,632**
Transfer to reserve fund		-	-	**62,632**
Funds for capital expenditure requirements		-	-	-
Balance at 30 June 2020		**165,000**	**900,000**	**1,818,221**

Dividend per share
The dividend paid out during the financial year amounted to N$ 82.6 million (2019: N$ 60.8 million), corresponding to N$ 0.50 (2019: N$ 0.37) per share.

Statements of Changes in Equity

Development Fund N$'000	Capital Revaluation Reserve N$'000	Strategic Inventory Revaluation N$'000	Investment Valuation Reserve N$'000	Retained Earnings N$'000	Total Equity N$'000
6,434,480	12,111,569	110,238	76,250	-	21,553,126
-	-	-	-	336,263	336,263
-	682,947	-	-	-	682,947
-	-	15,807	-	-	15,807
(82,644)	-	-	-	-	(82,644)
-	-	-	(55,642)	-	(55,642)
-	-	-	-	71,035	71,035
(82,644)	682,947	15,807	(55,642)	71,035	631,504
(82,644)	682,947	15,807	(55,642)	407,299	967,767
344,667	-	-	-	(407,299)	-
-	-	-	-	(62,632)	-
344,667	-	-	-	(344,667)	-
6,696,503	12,794,516	126,045	20,608	-	22,520,893

Statements of Changes in Equity

COMPANY	Note	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
Balance at 1 July 2018 (as previously reported)	16	**165,000**	**900,000**	**1,693,649**
Adjustment of correction of errors 1	31	-	-	-
Adjustment of correction of error on taxation	31	-	-	-
Allocation from retained income		**-**	**-**	**-**
Transfer to reserve fund		-	-	-
Funds for capital expenditure requirements		-	-	-
Balance at 1 July 2018 (restated)		**165,000**	**900,000**	**1,693,649**
Total comprehensive income for the year				
Effect of change in initial application of IFRS 9		-	-	-
Effect of change in initial application of IFRS 15		-	-	-
Adjustment of correction of error on taxation	31	-	-	-
Profit for the year		-	-	-
Other comprehensive income				
Revaluation of property plant and equipment, net of tax	15	-	-	-
Revaluation of strategic inventory	15	-	-	-
Dividend paid	26	-	-	-
Net changes in fair value of listed and unlisted equity		-	-	-
Remeasurements of employee benefits, net of taxation	15	-	-	-
Total other comprehensive income		**-**	**-**	**-**
Total comprehensive income for the year		**-**	**-**	**-**
Allocation from retained income		**-**	**-**	**61,940**
Transfer to reserve fund		-	-	61,940
Funds for capital expenditure requirements		-	-	-
Balance at 30 June 2019		**165,000**	**900,000**	**1,755,589**

Dividend per share
The dividend paid out during the financial year amounted to N$ 60.8 million (2018: Nil), corresponding to N$ 0.37 (2018: Nil) per share.
[1] Certain amounts shown here do not correspond to the 2019 financial statements due to an error and reflect adjustments made, refer to note 31.

Statements of Changes in Equity

	Development Fund N$'000	Capital Revaluation Reserve N$'000	Strategic Inventory Revaluation N$'000	Investment Valuation Reserve N$'000	Retained Earnings N$'000	Total Equity N$'000
	6,125,092	**11,492,777**	**99,880**	**1,404**	**-**	**20,477,802**
	-	-	-	-	(20,035)	(20,035)
	-	-	-	-	18,749	18,749
	(1,286)	**-**	**-**	**-**	**1,286**	**-**
-	-	-	-	-	-	-
	(1,286)	-	-	-	1,286	-
	6,123,806	**11,492,777**	**99,880**	**1,404**	**-**	**20,476,516**
	-	-	-	59,810	(39,515)	20,295
	-	-	-	-	(15,140)	(15,140)
	-	-	-	-	(305,414)	(305,414)
	-	-	-	-	778,112	778,112
	-	618,792	-	-	-	618,792
	-	-	10,358	-	-	10,358
	(60,799)	-	-	-	-	(60,799)
	-	-	-	15,036	-	15,036
	-	-	-	-	15,370	15,370
	(60,799)	**618,792**	**10,358**	**15,036**	**15,370**	**598,757**
	(60,799)	**618,792**	**10,358**	**74,846**	**433,413**	**1,076,610**
	371,473	**-**	**-**	**-**	**(433,413)**	**-**
	-	-	-	-	(61,940)	-
	371,473	-	-	-	(371,473)	-
	6,434,480	**12,111,569**	**110,238**	**76,250**	**-**	**21,553,126**

Statements of Cash Flows

	Note	CONSOLIDATED 2020 N$'000	CONSOLIDATED 2019 N$'000 Restated *	COMPANY 2020 N$'000	COMPANY 2019 N$'000 Restated *
Cash flows from operating activities					
Cash receipts from customers	30 (h)	**6,807,729**	6,199,020	**6,847,528**	6,199,020
Cash paid to suppliers and employees		**(5,620,163)**	(4,529,917)	**(5,659,962)**	(4,529,917)
Cash generated from operations	30 (a)	**1,187,566**	1,669,103	**1,187,566**	1,669,103
Interest received	30 (c)	**93,917**	171,915	**93,917**	171,915
Taxation paid	30 (b)	**(334,340)**	(550,838)	**(334,340)**	(550,838)
Dividend paid		**(82,644)**	(60,799)	**(82,644)**	(60,799)
Net cash from operating activities		**864,499**	1,229,381	**864,499**	1,229,381
Cash flows from investing activities					
Proceeds from the sale of property, plant and equipment	26.	**1,707**	5,400	**1,707**	5,400
Acquisitions of intangible assets	9.	**(4,947)**	(735)	**(4,947)**	(735)
Extension and replacement of property, plant and equipment to maintain operations	6.	**(305,831)**	(275,152)	**(305,831)**	(275,152)
Interest received	30 (c)	**522,720**	566,710	**522,720**	566,710
Dividend received	26	**1,867**	63	**1,867**	63
Proceeds from collective investment schemes		**380,000**	22,072	**380,000**	22,072
Proceeds from fixed deposits and treasury bills		**2,926,199**	2,905,890	**2,926,199**	2,905,890
Payments for collective investment schemes		**(155,000)**	(455,000)	**(155,000)**	(455,000)
Payments for fixed deposits and treasury bills		**(3,217,851)**	(3,392,233)	**(3,217,851)**	(3,392,233)
Repayment of loans receivable	30 (j)	**1,751**	1,427	**1,751**	1,427
Net cash from/(used) in investing activities		**150,615**	(621,558)	**150,615**	(621,558)
Cash flows from financing activities					
Interest paid	30 (d)	**(91,316)**	(114,154)	**(91,316)**	(114,154)
Repayments	30 (i)	**(508,748)**	(259,624)	**(508,748)**	(259,624)
Net cash generated used in financing activities		**(600,064)**	(373,778)	**(600,064)**	(373,778)
Net increase in cash and cash equivalents		**415,050**	234,045	**415,050**	234,045
Cash and cash equivalents at 1 July		**2,542,561**	2,310,120	**2,542,561**	2,310,120
Effect of exchange rate fluctuations on cash held		**(47,586)**	(1,604)	**(47,586)**	(1,604)
Cash and cash equivalents at 30 June	14.	**2,910,025**	2,542,561	**2,910,025**	2,542,561

* Certain amounts shown here do not correspond to the 2019 financial statements due to errors and reclassifications and reflect adjustments made, refer to note 31.

In prior years the Group has disclosed cash flows from investment activities on a net basis however IAS 7 requires that disclosure be shown on a gross basis. This has been corrected by restating the comparatives.

1. REPORTING ENTITY

Namibia Power Corporation (Proprietary) Limited is the holding company of the Group and is incorporated and domiciled in Namibia. The financial statements for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

2. BASIS OF PREPARATION

(a) Compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB) and the requirements of the Namibian Companies Act. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for new or revised statements and interpretations implemented during the year.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for the following items which are measured at fair value:

- derivative financial instruments;
- financial assets and financial liabilities at fair value through profit or loss;
- financial assets at fair value through other comprehensive income;
- property, plant and equipment (including strategic inventory); and
- investment properties which are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Namibia Dollars (N$), which is the Group's functional and presentation currency and are rounded to the nearest thousand.

(d) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions and inputs made in measuring fair values are included in the following notes:

Note 6 - revaluation of property, plant and equipment and impairment of assets;
Note 11 - investments;
Note 8 - valuation of investment property and
Note 29 - valuation of financial instruments - loans and derivatives.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Executive Committee (EXCO). EXCO, which has been identified as being the Managing Director, the Chief Operating Officer, the Chief Financial Officer, the Executive: Generation, the Executive Modified Single Buyer, the Executive: Human Capital and the Executive: Transmission.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by EXCO to make decisions about resources to be allocated to the segment and to assess the performance of the segment, for which separate financial information is available.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

These financial statements incorporate the financial statements of the Company and its associates. The Company measures its investments in associates at cost less accumulated impairment in its separate financial statements.

(i) Investments in equity-accounted investees

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

The Group's share of its associates post-acquisition profits or losses is recognised within the share of profit of equity-accounted investees, and its share of post-acquisition movement in reserve is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any payables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing these financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

(b) Property, plant and equipment

(i) Owned assets

Property, plant and equipment is initially recognised at cost. Cost includes any costs directly attributable to bringing the asset to the location and condition necessary to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequently, property, plant and equipment is measured at revalued amounts being its fair value at the date of the revaluation less any subsequent accumulated depreciation (see below) and subsequent accumulated impairment losses (see accounting policy 3 (e), except for machinery and equipment which is measured at cost.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment. Plant and equipment is revalued at the estimated replacement cost thereof as adjusted in relation to the remaining useful lives of these assets. Property is revalued to its fair value. Valuations of property, plant and equipment are determined from market-based evidence by appraisals undertaken by professional valuers. The Group performs an independent external revaluation every three years, and independent desktop revaluation in between to ensure that the carrying amount does not differ significantly from the fair value. Variables used in the desk top revaluation are both international and local indices to determine the replacement cost for the various asset classes. The valuators consider the trends in replacement costs for the desktop revaluation to arrive at a cost price adjustment to determine the replacement cost of the assets for the period under review.

Any revaluation increase arising on the revaluation of such property, plant and equipment is recognised in other comprehensive income and presented in equity in the capital revaluation reserve, except to the extent that it reverses a revaluation decrease for the same assets previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount as a result of a revaluation is recognised in profit or loss. The decrease is recognised in other comprehensive income only to reduce any credit balance existing in the revaluation reserve. On the subsequent sale or retirement of an item of revalued property, plant and equipment, the attributable revaluation surplus remaining in the capital revaluation reserve is transferred directly to retained earnings.

The market value of property is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value of items of plant and equipment is based on the market approach and cost approaches using market prices for similar items when available and depreciated replacement cost when appropriate.

Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Machinery and equipment are stated at cost less accumulated depreciation and accumulated impairment.

The estimated useful lives for the current and comparative periods are as follows:

Category

- Power Stations
  - Ruacana Power Station: Plant 1 - 50 years
  - Ruacana Power Station: Civils 45 - 100 years
  - Van Eck Power Station: Plant 10 - 35 years
  - Anixas Power Station: Plant 10 - 35 years
- Transmission Systems: 8 - 60 years
- Machinery and Equipment: 3 - 35 years
- Buildings: 23 - 50 years
- Aircraft fleet: 10 - 35 years

The depreciation methods, useful lives and residual values are reassessed annually.

(ii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as incurred.

(iii) Strategic inventory

Spare parts and servicing equipment are usually carried as inventory and recognised in profit or loss as consumed. However, major spare parts, stand-by equipment and servicing equipment qualify as property, plant and equipment when an entity expects to use them during more than one period. Stand-by equipment relates to parts kept on hand to ensure the uninterrupted operation of production equipment if there is an unexpected breakdown or equipment failure. Depreciation starts immediately when they are available for use. Spare parts are regularly replaced, usually as part of a general replacement programme. Depreciation commences when the asset has been installed and is capable of being used.

This asset class is accounted for in terms of the accounting policy for property, plant and equipment and is revalued every three years with such sufficiency that the amount does not differ materially from that which would be determined using fair values at the reporting date.

Items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment if they meet the definition of property, plant and equipment, otherwise they are classified as inventories in accordance with IAS 2, Inventories.

The Group depreciates stand-by equipment. Stand-by equipment is depreciated at the same rate as the main item of property, plant and equipment as these assets will be simultaneously retired with the main asset.

The useful life of spare parts and servicing equipment classified as property, plant and equipment commences when they are put into use, rather than when they are acquired. Spare parts and servicing equipment are depreciated over the period starting when it is brought into service and continuing over the shorter of its useful life and the remaining expected useful life of the main asset.

(iv) Assets under construction

Assets under construction are measured at cost which is assumed to be equal to fair value. This includes costs of materials and direct labour and any cost incurred in bringing it to its present location and condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Materials used in the construction of property, plant and equipment are valued at weighted average cost.

Assets under construction are not revalued as the cost of construction is assumed to be at fair value.

(v) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, limited to its residual value.

Land and assets under construction are not depreciated.

Disposal

Gains or losses are determined by comparing proceeds with the carrying amount. The gains or losses are included in profit or loss.

(vi) Reclassification to investment property

If an owner-occupied property becomes an investment property that will be carried at fair value, any difference at that date between the carrying amount of the property in accordance with IAS 16 and its fair value is treated in the same way as a revaluation in accordance with IAS 16.

(c) Intangible assets

(i) Computer software

Acquired computer software is capitalised on the basis of costs incurred to acquire and bring to use a specific software. These costs are amortised over their estimated useful lives. If software is integral to the functionality of related equipment, then it is capitalised as part of the equipment.

(ii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iii) Amortisation

Acquired computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful life for the current and comparative periods is as follows:

- Computer software five (5) years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation purposes but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss. Cost includes expenditure that is directly attributable to acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour and other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property calculated as the difference between net proceeds from disposal and the carrying amount of the item, is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of the investment property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(e) Impairment of assets

Non-financial assets

The carrying amounts of the Group's non-financial assets or its cash generating unit, other than inventories and investment properties are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of non-financial assets is the greater of their fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit (CGU). For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses, except for property, plant and equipment accounted for under the revaluation model, are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to the assets in terms of the apportionment method depending on the carrying amount of that specific assets.

See accounting policy 3 (b)(i) for revaluation model.

Reversals of impairment

In respect of non-financial assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Inventories

Fuel, coal, maintenance spares and consumable stores 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 the estimated costs of completion and the estimated cost necessary to make the sale. The cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition and is determined using the weighted average cost method.

(g) Trade and other receivables

Trade receivables are amounts due from customers for the supply of electricity and are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 13 for further information about the Group's accounting for trade receivables and note 29.4.3 for a description of the Group's impairment policies. Payment terms vary between customer classes as per the Group's credit policy. Interest is charged at a market related rate on balances in arrears.

Other receivables are amounts that generally arise from transactions outside the usual operating activities of the Group and are recognised initially at the amount of consideration. They are subsequently measured at amortised cost less loss allowance.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually settled on 30 day terms.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. The carrying amount of trade and other payables approximates their fair value. Trade payables are non-interest-bearing and are normally settled on 30–60 day terms.

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur to settle the obligation, and where a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost. Provisions are not recognised for future operating losses. The only provisions that the Group has are employee benefits. Refer to accounting policy (p).

(j) Financial Instruments

Initial recognition

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Interest bearing loans and borrowings, loans and receivables, corporate bonds, fixed deposits, cash and cash equivalents and trade and other receivables that meet the following conditions are measured subsequently at amortised cost.

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group, subsequently measures all other financial assets at fair value through profit or loss (FVTPL).

However, the Group may make the following irrevocable election at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognised in profit or loss and is included in finance income in note 24.

(ii) Debt instruments classified as at FVTOCI

The inflation linked bonds held by the Group are classified as at FVTOCI. These bonds are denominated in Namibia Dollars (N$) and linked to the Namibian CPI, thus there is no leverage. The inflation linked bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these inflation linked bonds as a result of impairment gains or losses and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if this inflation linked bonds had been measured at amortised cost. All other changes in the carrying amount of these inflation linked bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group made an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

The Group elected to classify irrevocably its non-listed equity investments as measured at FVTOCI as it intends to hold these investments for the foreseeable future.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment's revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in other income.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

(iv) Financial assets at FVTPL

Collective investment schemes (designated) and derivative financial assets (mandatorily measured), that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(vi) Foreign exchange gains and losses on financial assets

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investment's revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment's revaluation reserve.

(vii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix for some of the portfolios and loss rate approach for the rest. The provision matrix approach is a calculation of the lifetime expected credit loss applying relevant loss rates to the trade receivables ageing bucket. The resultant loss rates are calibrated based on historical credit loss experience, taking into account both the time value of money and previous write-offs recoveries. The loss rate approach uses historical credit loss experience in order to estimate the 12-month expected credit losses or the lifetime expected credit losses on the financial assets. Both approaches are applied with reference to past default experience of the debtor with time value of money losses taken into account through the analysis of default experience by assessing the time taken to collect trade receivables. Adjustments are made for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Impairment loss is reversed to the extent that it does not exceed what the carrying amount of the financial asset would have been had the impairment not been recognised.

Reversal of impairment losses are recognised in profit or loss except for equity investments at FVTOCI which are recognised in other comprehensive income.

Significant increase in credit risk

The Group assesses the significant increase in credit risk of the investments and loans receivables on an ongoing basis throughout each reporting period and keeping abreast of the latest developments in various industries to determine major key risk factors that could have adverse effect on underlying assets and their credit rating. The Group considers available reasonable and supportive forwarding-looking information.

Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the financial institutions' ability to meet its obligations
- actual or expected significant changes in the operating results of the financial institutions
- significant increases in credit risk on other financial instruments of the financial institutions

The Group considers the following macroeconomic information in its model:

- market interest rates and
- growth rates

Fund fact sheets are also analysed and reviewed on a quarterly basis, with specific attention to risk profile and asset allocation of each individual fund and thereby ensuring compliance with overall NamPower Investment Policy Statement.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on investments and loans receivables has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low probability of default in terms of the Group's investment policy statement and risk appetite.

The Group considers a financial asset to have low probability of default when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counter party has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than ninety (90) days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a. Significant financial difficulty of the issuer or the borrower;
b. A breach of contract, such as a default or past due event;
c. The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e. The disappearance of an active market for that financial asset because of financial difficulties.

Where it is assessed that a counter party's credit risk has increased significantly from its initial low risk designation, the related asset is moved from stage 1 to stage 2.

Where the counter party is assessed to be credit-impaired, the related asset is disclosed in stage 3.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting dates plus any interest earned up to the date of default for interest bearing debt instruments. For accounts receivable, the exposure includes the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve.

(viii) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to treasury income in profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

(ix) Liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(x) Equity instruments

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

(xi) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near future; or

- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated at FVTPL

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

(xii) Non-derivative financial liabilities

These financial liabilities comprise of loans and borrowings, trade and other payables and retention creditors.

Loans payable to subsidiaries are measured at amortised cost.

Non-derivative financial liabilities are recognised initially at fair value less directly attributable transaction costs. The loans, subsequent to initial recognition, are measured at amortised cost using the effective interest method.

Fair value which is determined for disclosure purposes is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The carrying value of short-term non-derivative financial instruments is assumed as the fair value due to the short-term nature of the instruments. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

(xiii) Offset

Financial assets and liabilities are offset against each other only when a legally enforceable right exists to set off the recognised amounts, and the Group intends to either settle on a net basis, or to realise the assets and settle the liability simultaneously.

(xiv) Foreign exchange gains and losses on financial liabilities

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These exchange gains and losses are recognised in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at spot rate at the reporting date.

(xv) Derecognition of financial liabilities

A financial liability is derecognised when, and only when:

- The liability is extinguished, that is, when the obligation specified in the contract is discharged,
- Cancelled;
- or has expired.

The difference between the carrying amount of a financial liability (or part thereof) derecognised and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(xvi) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities which includes forward exchange contracts, interest rate and cross currency swaps. In accordance with its investment policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value, directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counter parties. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both the legal right and intention to offset.

(xvii) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to those of a standalone derivative. An embedded derivative cause some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, or other variable. The hybrid contract is the entire contract, and the host contract is the main body of the contract excluding the embedded derivative.

An embedded derivative is separated from the host contract and accounted for as a derivative if:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and
- The combined instrument is not measured at fair value with changes in fair value recognised in profit or loss.

The determination of the value of the host contract of a hybrid electricity contract (which includes an embedded derivative) is based on the standard electricity tariff specified in the contract and where no standard tariff is specified, the tariff that would normally apply to such a customer.

The changes in fair value are included in net fair value gain/ (loss) on embedded derivatives in profit or loss. The impact of the fair value gains or losses is taken into account in the calculation of current and deferred taxation.

Embedded derivatives that are not separated are effectively accounted for as part of the hybrid instrument. The value at initial recognition is adjusted for cash flows since inception. The value of the embedded derivatives which involve a foreign currency is first determined by calculating the future cash flows, converting the cash flows to the reporting currency at the relevant Namibia dollar/foreign currency forward rate and then discounting the cash flows by using the relevant interest rate curve.

The fair value of the embedded derivative is determined on the basis of its terms and conditions. If this is not possible, then the value of the embedded derivative is determined by fair valuing the whole contract and deducting from it the fair value of the host contract. If the Group is unable to determine the fair value of the embedded derivative using this method, then the entire hybrid contract is designated as at fair value through profit or loss.

Where there is no active market for the embedded derivatives, valuation techniques are used to ascertain their fair values. Financial models are developed incorporating valuation methods, formulae and assumptions. The valuation methods include the following:

- Forwards rates, CPI indexes and commodity indexes.

The fair value of embedded derivatives is adjusted, where applicable, to take into account the inherent uncertainty relating to the future cash flows of embedded derivatives such as liquidity, model risk and other economic factors.
An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative is more than 12 months and is not expected to be realised or settled within 12 months

(xviii) Modification of contractual cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the gross carrying amount of the financial asset is recalculated and a modification gain or loss is recognised in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets) or, when applicable, the revised effective interest rate is calculated in accordance with paragraph 6.5.10 of IFRS 9.

(xiv) Hedging

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. The Group designates certain derivatives as a hedge of the exposure in the fair value of recognised assets or liabilities or unrecognised firm commitments.

Economic hedging

The Group does not apply hedge accounting as the derivatives are used for economic hedging. Changes in fair value of these derivative instruments are recognised in profit or loss.

(k) Deferred revenue

(i) Government grants

Government grants are recognised initially as deferred revenue at fair value when there is reasonable assurance that they will be received, and the Group will comply with the conditions associated with the grant. Government grants received relating to the creation of electricity assets are included in non-current liabilities as deferred revenue and are credited to profit or loss on a systematic basis over the useful lives of the assets. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

Assets constructed by customers

The Group recognises assets transferred by customers as an item of property, plant and equipment in accordance with IAS 16 at the fair value of the asset transferred on the date of transfer. The fair value of the asset transferred is recognised in deferred revenue in accordance with IFRS 15 revenue from contracts with customers over the shorter of the power supply agreement (PSA) contract term, or the useful life of the asset.

Assets constructed by the Group

Capital contributions by customers for the construction of assets are initially recognised in deferred revenue - capital contributions received while the construction of the asset is in progress. Once the asset is complete, it is transferred to property, plant and equipment in accordance with IAS 16. The deferred revenue is recognised in revenue in accordance with IFRS 15 over the shorter of the power supply agreement (PSA) contract term, or the useful life of the asset.

Financing component

Income recognised as capital contribution are for funds utilised in the construction of the asset or the assets transferred by the customer in order to connect and supply the electricity to the customer. Although the construction of the asset and the supply of power are not two distinct performance agreements, the income derived as assets transferred by the customer or as a result of capital contribution towards the construction of the assets is not discounted during the construction period as the funds received from customers are deemed as typical within the industry as per IFRS 15 paragraph BC233(c).

The primary purpose of those payment terms is to provide the customer with assurance that the entity will complete its obligations satisfactorily under the contract, rather than to provide financing to the customer or the entity.

(l) Appropriation of Funds

The Group is dependent upon funds generated internally and the raising of long-term loans for the financing of its fixed and working capital requirements. Therefore, the Group is compelled to apply funds derived from its activities after provision for taxation, as follows:

- Reserve Fund - to be utilised to fund costs associated with potential energy crises. The Board of Directors have decided that the current level of funding is adequate. The Fund is credited with interest earned, after deduction of income tax, on the monthly balance. The interest earned is calculated on the outstanding balance of the reserve fund at a monthly average interest rate earned on the current account.
- Development Fund - to be utilised for the total or partial financing of capital works and extensions to power stations, transmission and distribution networks. The annual profit after the interest allocation to the reserve fund is transferred to this fund.
- Share Capital - Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(m) Taxation

Tax expense comprises current and deferred tax. Taxation is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: taxable temporary differences arising from the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and it is the Group's intention to settle on a net basis or to realise their tax assets and settle their tax liabilities simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable, and the related tax benefit will be realised.

(n) Revenue

Revenue comprises of electricity sales, SAPP Energy Markets sales, capital contributions by customers and associated services. Most customers pay for electricity after consumption and have 30 days to pay, except for capital contributions.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Tariffs and service charges are agreed upfront with the customer. Revenue is adjusted for the fair value of non-cash consideration received, and for upfront capital contributions advanced by customers.

The Group recognises revenue when (or as) the Group transfers control of a product or service to a customer.

(i) Electricity Sales

The Group supplies units of electricity to users. Revenue is recognised over time as electricity is consumed by the customer. Performance obligation is settled when electricity is supplied to the customer. Some customers prepay for electricity.

(ii) Services

Service revenue comprises of basic charges. The basic charge covers the monthly administrative costs, which is basically the cost for meter readings and monthly invoicing and account queries. These charges are part of the monthly bill to the customer and revenue is recognised as and when the service is performed.

(iii) Capital Contributions

Transfers of assets constructed by the customers

The transfers of assets from customers comprise of assets constructed by customer and transferred to the Group, as well as capital/cash contributions made by customers towards assets constructed by the Group. The Power Supply Agreements (PSA) state that assets will be transferred, or contribution will be made in order to connect the customer to the Group's electricity network system. Connections relating to electricity purchasing customers where there is a material right are allocated to deferred income when the customer is connected to the electricity network. The deferred income is recognised in profit or loss within revenue on a straight-line basis over the shorter of the useful life and the term of the power supply agreement.

Capital contributions where the construction of assets is funded by external parties on behalf of the customer are initially recognised in deferred revenue - capital contributions received while the construction of the asset is in progress. Once the asset is complete, it is transferred to the beneficiary and a receivable recognised for the costs incurred. The Group is guaranteed a refund as these projects are pre-approved.

Capital contributions made by the customer towards assets constructed by the Group

Capital contributions by customers for the construction of assets are initially recognised in deferred revenue as they represent a contract liability. Costs incurred associated to the assets are capitalised as assets under construction. Once the asset is complete, it is transferred to property, plant and equipment.

In Power Supply agreements where there is an ongoing obligation on the Group to provide services and electricity to the customer, the deferred revenue is recognised in profit or loss within revenue on a straight-line basis over the shorter of the useful life and the term of the power supply agreement.

Measurement and recognition

The Group recognises assets transferred by customers as an item of property, plant and equipment at the fair value of the asset transferred on the date of transfer. The fair value of the asset transferred is recognised as deferred revenue as it represents a contract liability.

The value of the capital contribution is included in the determination of the transaction price, and in the PSA contracts as there are subsequently, ongoing obligations on NamPower to connect the customer to the network. Thus, the deferred revenue is recognised when the performance obligations are satisfied, i.e. over the shorter of the PSA contract term, or the useful life of the asset.

(iv) Finance income

Finance income comprises interest receivable on loans, trade receivables and income from financial market investments.

Finance income is calculated by applying the effective interest rate method to the gross carrying amount of non-credit impaired financial assets (i.e., at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). Finance income on credit-impaired financial assets is calculated by applying the effective interest rate to the amortised cost of the credit-impaired financial assets (i.e., the gross carrying amount less the allowance for expected credit losses). Interest income is recognised as it accrues using the effective interest method in profit or loss.

The Group has chosen to present interest received on financial assets held for cash management purposes as operating cash flows and interest received on other financial assets as investing cash flows because they are returns on the Group's investments.

(v) SAPP Market Sales

Energy sold through energy trading markets. Energy is sold via Southern Africa Power Pool (SAPP) and not to a specific utility. Revenue is recognised when the customer uses power.

(vi) Maximum demand

This charge covers the cost of the transmission network, the operations and maintenance on the distribution network. The Group is required to be in a position to supply anytime the notified maximum demand to the customers. The Maximum demand charge is the highest load/maximum demand supplied/incurred during a billing month or any consecutive period. Revenue is recognised over time as and when the customer is connected to the grid.

(vii) Extension charges

Extension charges covers the operations and maintenance of the transmission network and other charges to distribution customers. Revenue is recognised over time when the customer is connected to the grid.

(viii) Network charges

Network charges covers the cost to access the Group's transmission network and revenue is recognised over time when the customer is connected to the grid.

(ix) Other income

Other income comprises non-electricity associated income usually of small value and once off transactions. Other income is recognised at a point in time, when the service is performed.

(o) Finance expenses

Finance expenses comprise interest expense on borrowings, interest and fees payable on debt securities, interest resulting from derivatives held for risk management and interest from the unwinding of discount on liabilities. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(p) Employee benefits

(i) Short-term employee benefits

The cost of all short-term employee benefits is recognised in profit or loss during the period in which the employee renders the related service.

The accruals for employee entitlements to annual leave and bonuses represent the amount which the Group has a present obligation to pay as a result of employee services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

(ii) Retirement Benefits

The Group contributes to a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(iii) Post-Retirement Medical Benefits

The Group subsidises part of the contributions by retired employees to the medical aid fund. An obligation is recognised for the present value of post-retirement medical benefits.

The net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods that benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation is done by a qualified actuary using the projected unit credit method. The discount rate is the yield of the South African zero-coupon government bond as at 30 June 2020.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in other comprehensive income (OCI). The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or to the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Other long-term employee benefits

Severance Pay Retirement Benefits

The Group recognises an obligation for statutory severance benefits, in accordance with the Namibia Labour Act 2007. The liability is discounted to account for the present value of the future benefits payable on resignation or retirement of employees on reaching the age of 65. The cost of providing the benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. The movement for the year including actuarial gains and losses is recognised in profit or loss in the year in which it occurs. The discount rate is the yield of the South African zero-coupon government bond as at 30 June 2020.

4. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of these financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

Note 6 - revaluation of property, plant and equipment

The Group performs revaluations every three years and with such sufficiency that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

In estimating the fair value of property, plant and equipment, the Group uses market-observable data to the extent that it is available (see note 6). The Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the valuation model.

Further information on the carrying amounts of property, plant and equipment and the sensitivity of those amounts to changes in unobservable inputs are provided in note 6.9.

Note 29.4 - expected credit losses

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future macro-economic forecasts.

The loss allowance on trade receivables between 61 and 90 days past due is N$ 652.1 million (2019: N$ 630.3 million).

The loss allowance on trade receivables between 31 and 60 days past due is N$ 19.4 million (2019: N$ 28.1 million).

Note 21.2 Embedded derivatives

NamPower entered into a Power Purchase Agreement (PPA) with ZESCO Limited to buy electricity for 10 years from February 2020. The energy tariff escalates with the annual United States Producer Price Index (USPPI).

The embedded derivatives consist of the following categories:

- Foreign currency; and
- United States Producer Price valuation

Valuation techniques are used to determine the fair value as there is no active market for embedded derivatives. The fair value is determined by fair valuing the whole agreement and deducting from it the fair value of the host agreement. The valuation methods include the use of foreign currency forward rates, producer prices indices and/ or interest rates.

A forward electricity price curve is used to value the host agreement and the derivative agreement is valued by using market forecasts of future foreign currency rand exchange rates, interest rate differentials, forecast sales volumes and production price.

The future foreign cash flows are determined and converted into local reporting currency at the relevant foreign currency forward rates. This was done at the inception date of the Power Purchase Agreement (PPA) and repeated for each valuation date. The net difference in the future cash flows, between the valuation and inception date, are then discounted by using the relevant interest rate curve, to determine the valuation amount. The important assumptions are obtained either with reference to the contractual provisions of the relevant agreement or from independent market sources where appropriate. The only significant unobservable input is the United States Producer Price Index (USPPI).

Forecast sales volumes are based on the most likely future sales volumes based on past historical trends.

The ZESCO and ZPC Power Purchase Agreements ("PPAs") do not meet any of the indicators in IFRS 9 par 2.6 or IAS 32 par 9 to imply that the contract is being settled net in cash or another financial instrument or by exchanging financial instruments. Even though NamPower did sell excess units of electricity during the 2020 financial year, this is as a consequence of higher than expected generation capacity (i.e. higher rainfall levels at Ruacana which could not be stored), as opposed to being a consequence of specifically net-settling purchases made under the PPAs, or other similar contracts. NamPower does not sell the excess units linked to a specific contract. Instead, NamPower sells excess units on a portfolio basis. NamPower does not profit from entering into these contracts to sell excess energy, and therefore, it does not appear as though there is any short-term profit making objective. Therefore, the own use exemption has been met.

The following assumptions were used for the valuation of embedded derivatives and are regarded as the best estimates by the Group:

		2021	2022	2023	2024	2025
Input	**Unit**					
US CPI	Year-on-year (%)	1.33%	1.33%	1.41%	1.55%	1.59%
United States PPI	Year-on-year (%)	1.55%	1.54%	1.63%	1.79%	1.83%
NAD/USD	NAD per USD	17.9813	18.648	19.5183	20.6666	22.1952
United States interest rates	Annual effective %	0.05%	0.01%	0.00%	0.02%	0.07%
Rand interest rates	Annual effective %	3.60%	3.65%	3.95%	4.39%	4.87%
Inception date 31 January 2020						
Input						
US CPI	Year-on-year (%)	1.50%	1.70%	1.78%	1.86%	1.90%
United States PPI	Year-on-year (%)	1.73%	1.97%	2.06%	2.14%	2.18%
NAD/USD	NAD per USD	15.8285	16.6582	17.5869	18.6311	19.7663
United States interest rates	Annual effective %	1.35%	1.25%	1.21%	1.20%	1.21%
Rand interest rates	Annual effective %	6.33%	6.31%	6.40%	6.54%	6.72%

5. STANDARDS AND INTERPRETATIONS

5.1 Adoption of new and revised standards

New and amended IFRS Standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Impact of initial application of IFRS 16 Leases

(a) Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the Group has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. All current material contracts have been reviewed and the Group concluded that there is no changes in the new application to lessor and lessee accounting under the new standard, except for certain property leases which the Group deems to be immaterial.

(b) Impact on lessee accounting

The Group assessed all the significant contracts to identify if the Group is the lessee of the power plants in these arrangements and hence if it will fall within the scope of IFRS 16 - Leases.

The Group is not considered to have actively participated in the design of the asset in a way that predetermines its use of the power plant and the arrangement is such that neither party has the right to direct how the power plant is used.

The Group has elected not to apply the requirements in para 22-49 (IFRS 16) to:

- Short-term (less than 12 months) leases; and
- Leases for which the underlying asset is of low value

On the basis of the above election, lease payments associated with these leases shall be recognised as expenses on a systematic basis over the lease term

(c) Impact on lessor accounting

The Group has a service level agreement with Paratus Telecommunications (Pty) Ltd to provide a fibre-optic broadband service.

The Group directs how the network shall be used and only provides assurance of the quantum of the bandwidth it guarantees to provide. As such, the Group has the right to direct the operations of the network with regards to the Paratus contract. Based on IFRS 16.B31, this would result in the arrangement not constituting a lease in term of IFRS 16 – Leases.

IFRIC 23 Uncertainty over Income Tax Treatments

The standard did not have a significant impact on the consolidated financial statements as the Group is already accounting for uncertainty over the income tax treatments in accordance with the standard.

5.2 Standards and interpretations issued and not yet effective for the year ended 30 June 2020

At the date of authorisation of the financial statements of the Group for the year ended 30 June 2020, the following Standards and Interpretations which affect the Group and Company were in issue but not yet effective:

Standard	Effective date
Amendments to IAS 1 and IAS 8 - Definition of Material	Annual periods beginning on or after 1 January 2020
Amendment to IFRS 3 - Definition of Business	Annual reporting periods beginning on or after 1 January 2020
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not applicable
Amendments - Conceptual Framework for Financial Reporting Standards	Annual periods beginning on or after 1 January 2020

* All standards will be adopted at their effective date.

Only the standards not yet effective which are relevant to the Group's operations, are listed. The directors are of the opinion that the impact of the application of the standards will be as follows:

Amendments to IAS 1 and IAS 8 - Definition of Material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments will not have a significant impact on the Group's consolidated financial statements. The guidance on materiality will be applied for future financial periods.

Amendment to IFRS 3 - Definition of Business

The amendments clarify that while businesses usually have outputs. Outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments will not have a significant impact on the Group's consolidated financial statements. The guidance in the amendment will be applied for future financial periods.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The standard will not have a significant impact on the consolidated financial statements as there were no sale or contribution of assets between the Group and its associates.

Amendments - Conceptual Framework for Financial Reporting Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to or to indicate that the definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Group will need to consider whether the accounting policies are still appropriate under the revised Framework.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost/ Valuation N$'000	Accumulated depreciation N$'000	Accumulated impairment N$'000	Carrying amount N$'000
CONSOLIDATED				
2020				
Ruacana Power Station	**5,640,174**	**(207,276)**	**-**	**5,432,898**
Van Eck Power Station	**1,238,355**	**(91,440)**	**-**	**1,146,915**
Anixas Power station	**468,304**	**(17,648)**	**-**	**450,656**
Transmission and Distribution systems	**13,366,633**	**(433,240)**	**-**	**12,933,393**
Aircraft fleet	**55,683**	**(2,412)**	**-**	**53,271**
Machinery and equipment	**194,957**	**(53,373)**	**-**	**141,584**
Land and Buildings	**393,153**	**(13,352)**	**-**	**379,801**
Assets under construction	**670,658**	**-**	**-**	**670,658**
Strategic inventory	**613,897**	**-**	**-**	**613,897**
Total	**22,641,814**	**(818,741)**	**-**	**21,823,073**
2019				
Ruacana Power Station	5,547,383	(204,035)	-	5,343,348
Van Eck Power Station	1,273,070	(87,311)	-	1,185,759
Paratus Power Station	34,579	(31,949)	(2,630)	-
Anixas Power Station	461,815	(14,619)	-	447,196
Transmission systems	13,069,794	(415,785)	(43,236)	12,610,773
Aircraft fleet	40,078	(2,412)	-	37,666
Machinery and equipment	133,324	(39,205)	-	94,119
Land and buildings	407,204	(12,166)	(3,340)	391,697
Assets under construction	579,231	-	-	579,231
Strategic inventory	577,669	-	-	577,669
Total	**22,124,147**	**(807,482)**	**(49,206)**	**21,267,459**

* Certain amounts shown here do not correspond to the 2019 financial statements due to a classification error and reflect adjustments made. Refer to note 31

** In the prior years Paratus Power Station was decommissioned. It has no impact in the comparative financial statements because the carrying amount was nil.

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Cost/ Valuation N$'000	Accumulated depreciation N$'000	Accumulated impairment N$'000	Carrying amount N$'000
COMPANY				
2020				
Ruacana Power Station	**5,640,174**	**(207,276)**	**-**	**5,432,898**
Van Eck Power Station	**1,238,354**	**(91,440)**	**-**	**1,146,914**
Anixas Power station	**468,303**	**(17,648)**	**-**	**450,655**
Transmission and Distribution systems	**13,366,630**	**(433,240)**	**-**	**12,933,390**
Aircraft fleet	**55,684**	**(2,412)**	**-**	**53,272**
Machinery and equipment	**194,960**	**(53,373)**	**-**	**141,587**
Land and Buildings	**393,153**	**(13,352)**	**-**	**379,801**
Assets under construction	**670,658**	**-**	**-**	**670,658**
Strategic inventory	**613,897**	**-**	**-**	**613,897**
Total	**22,641,813**	**(818,741)**	**-**	**21,823,072**
2019				
Ruacana Power Station	5,547,383	(204,035)	-	5,343,348
Van Eck Power Station	1,273,069	(87,311)	-	1,185,758
Paratus Power station	34,579	(31,949)	(2,630)	-
Anixas Power station	461,814	(14,619)	-	447,196
Transmission and Distribution systems	13,069,791	(415,785)	(43,236)	12,610,770
Aircraft fleet	40,079	(2,412)	-	37,667
Machinery and equipment	133,326	(39,205)	-	94,122
Land and Buildings	407,204	(12,166)	(3,340)	391,698
Assets under construction	579,231	-	-	579,231
Strategic inventory	577,669	-	-	577,669
Total	**22,124,145**	**(807,481)**	**(49,207)**	**21,267,457**

* Certain amounts shown here do not correspond to the 2019 financial statements due to a classification error and reflect adjustments made. Refer to note 31

** In the prior years Paratus Power Station was decommissioned. It has no impact in the comparative financial statements because the carrying amount was nil.

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Note	Ruacana Power Station N$'000	Van Eck Power Station N$'000	Anixas Power Station N$'000
CONSOLIDATED				
2020				
Carrying amount at 1 July 2019		**5,343,348**	**1,185,759**	**447,196**
- At cost/valuation		**5,547,383**	**1,273,070**	**461,815**
- Accumulated impairment		**-**	**-**	**-**
- Accumulated depreciation		**(204,035)**	**(87,311)**	**(14,619)**
Additions		**-**	**-**	**-**
Assets under construction completed		**3**	**2,377**	**22**
Strategic inventory items issued		**-**	**-**	**-**
Assets transferred from customers		**-**	**-**	**-**
Revaluation		**296,822**	**50,220**	**21,086**
Disposals		**-**	**-**	**-**
- At cost/valuation		**-**	**-**	**-**
- Accumulated depreciation		**-**	**-**	**-**
Depreciation for the year		**(207,276)**	**(91,440)**	**(17,648)**
Carrying amount at 30 June 2020		**5,432,898**	**1,146,915**	**450,656**
- At cost/valuation		**5,640,174**	**1,238,355**	**468,304**
- Accumulated impairment		**-**	**-**	**-**
- Accumulated depreciation		**(207,276)**	**(91,440)**	**(17,648)**

** In the prior years Paratus Power Station was decommissioned. It has no impact in the comparative financial statements because the carrying amount was nil.

Transmission and Distribution systems N$'000	Aircraft Fleet N$'000	Machinery and Equipment N$'000	Land and Buildings N$'000	Assets under Construction N$'000	Strategic Inventory N$'000	Total N$'000
12,610,773	37,666	94,119	391,698	579,231	577,669	21,267,459
13,069,794	40,078	133,324	407,204	579,231	577,669	22,089,568
(43,236)	-	-	(3,340)	-	-	(46,576)
(415,785)	(2,412)	(39,205)	(12,166)	-	-	(775,533)
-	-	51,901	-	197,759	56,171	305,831
102,481	-	43,183	1,455	(149,521)	-	-
-	-	-	-	43,189	(43,189)	-
35,191	-	-	-	-	-	35,191
618,189	18,017	-	-	-	23,246	1,027,580
-	-	-	-	-	-	-
-	-	5,753	-	-	-	5,753
-	-	(5,753)	-	-	-	(5,753)
(433,240)	(2,412)	(47,620)	(13,352)	-	-	(812,988)
12,933,393	53,271	141,584	379,801	670,658	613,897	21,823,073
13,366,633	55,683	194,957	393,153	670,658	613,897	22,641,814
-	-	-	-	-	-	-
(433,240)	(2,412)	(53,373)	(13,352)	-	-	(818,741)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Note	Ruacana Power Station N$'000	Van Eck Power Station N$'000	Paratus Power Station N$'000	Anixas Power Station N$'000
CONSOLIDATED - RESTATED					
2019					
Carrying amount at 1 July 2018 - as previously reported		**5,258,438**	**1,329,640**	**-**	**458,184**
- At cost/valuation		6,401,432	1,943,864	34,579	535,522
- Accumulated impairment		-	(26)	(2,630)	(6,526)
- Accumulated depreciation		(1,142,994)	(614,198)	(31,949)	(70,812)
Adjustment of correction of error in classification		-	-	-	-
Carrying amount at 1 July 2018 - restated		**5,258,438**	**1,329,640**	**-**	**458,184**
Additions		-	11	-	-
Assets under construction completed		3,227	7,472	-	24
Strategic inventory items issued		-	-	-	-
Transfer from machinery and equipment		-	-	-	-
Transfer from transmission systems		-	-	-	-
Revaluation		285,718	(64,053)	-	3,606
Impairment		-	-	-	-
Disposals		-	-	-	-
- At cost/valuation		-	-	-	-
- Accumulated depreciation		-	-	-	-
Depreciation for the year		(204,035)	(87,311)	-	(14,619)
Carrying amount at 30 June 2019		**5,343,348**	**1,185,759**	**-**	**447,196**
- At cost/valuation		5,547,383	1,273,070	34,579	461,815
- Accumulated impairment		-	-	(2,630)	-
- Accumulated depreciation		(204,035)	(87,311)	(31,949)	(14,619)

* Certain amounts shown here do not correspond to the 2019 financial statements due to a classification error and reflect adjustments made. Refer to note 31

Transmission and Distribution systems N$'000	Aircraft Fleet N$'000	Machinery and Equipment N$'000	Land and Buildings N$'000	Assets under Construction N$'000	Strategic Inventory N$'000	Total N$'000
11,674,705	**34,248**	**88,607**	**372,145**	**1,272,187**	**522,176**	**21,010,330**
15,630,579	54,738	520,448	451,035	1,272,187	523,812	27,368,196
(873,308)	(6,866)	-	(14,197)	-	-	(903,553)
(3,082,566)	(13,624)	(431,841)	(64,693)	-	(1,636)	(5,454,313)
-	-	-	-	(116,264)	-	(116,264)
11,674,705	**34,248**	**88,607**	**372,145**	**1,155,923**	**522,176**	**20,894,066**
-	-	29,382	-	157,701	88,058	275,152
751,227	-	11,881	3,486	(777,316)	-	-
-	-	-	-	42,923	(42,923)	-
-	-	(27)	27	-	-	-
(3,481)	-	3,481	-	-	-	-
647,342	5,830	-	31,545	-	10,358	920,346
(43,236)	-	-	(3,340)	-	-	(46,576)
-	-	-	-	-	-	-
-	-	(17,436)	-	-	-	(17,436)
-	-	17,436	-	-	-	17,436
(415,785)	(2,412)	(39,205)	(12,166)	-	-	(775,532)
12,610,773	**37,666**	**94,119**	**391,698**	**579,231**	**577,669**	**21,267,459**
13,069,794	40,078	133,324	407,204	579,231	577,669	22,124,147
(43,236)	-	-	(3,340)	-	-	(49,206)
(415,785)	(2,412)	(39,205)	(12,166)	-	-	(807,482)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Note	Ruacana Power Station N$'000	Van Eck Power Station N$'000	Anixas Power Station N$'000
COMPANY				
2020				
Carrying amount at 1 July 2019		5,343,348	1,185,758	447,195
- At cost/valuation		5,547,383	1,273,069	461,814
- Accumulated impairment		-	-	-
- Accumulated depreciation		(204,035)	(87,311)	(14,619)
Additions		-	-	-
Assets under construction completed		3	2,377	22
Strategic inventory items issued		-	-	-
Assets transferred from customers		-	-	-
Revaluation		296,822	50,220	21,086
Disposals		-	-	-
- At cost/valuation		-	-	-
- Accumulated depreciation		-	-	-
Depreciation for the year		(207,276)	(91,440)	(17,648)
Carrying amount at 30 June 2020		5,432,898	1,146,914	450,655
- At cost/valuation		5,640,174	1,238,354	468,303
- Accumulated impairment		-	-	-
- Accumulated depreciation		(207,276)	(91,440)	(17,648)

** In the prior years Paratus Power Station was decommissioned. It has no impact in the comparative financial statements because the carrying amount was nil.

	Transmission and Distribution systems	Aircraft Fleet	Machinery and Equipment	Land and Buildings	Assets under Construction	Strategic Inventory	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
	12,610,770	37,667	94,121	391,698	579,231	577,669	21,267,457
	13,069,791	40,079	133,326	407,204	579,231	577,669	22,089,566
	(43,236)	-	-	(3,340)	-	-	(46,577)
	(415,785)	(2,412)	(39,205)	(12,166)	-	-	(775,532)
	-	-	51,901	-	197,759	56,171	305,831
	102,481	-	43,183	1,455	(149,521)	-	-
	-	-	-	-	43,189	(43,189)	-
	35,191	-	-	-	-	-	35,191
	618,189	18,017	-	-	-	23,246	1,027,580
	-	-	-	-	-	-	-
	-	-	5,753	-	-	-	5,753
	-	-	(5,753)	-	-	-	(5,753)
	(433,240)	(2,412)	(47,620)	(13,352)	-	-	(812,988)
	12,933,390	53,272	141,587	379,801	670,658	613,897	21,823,072
	13,366,630	55,684	194,960	393,153	670,658	613,897	22,641,813
	-	-	-	-	-	-	-
	(433,240)	(2,412)	(53,373)	(13,352)	-	-	(818,741)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Note	Ruacana Power Station N$'000	Van Eck Power Station N$'000	Paratus Power Station N$'000	Anixas Power Station N$'000
COMPANY - RESTATED					
2019					
Carrying amount at 1 July 2018 - as previously reported		**5,258,438**	**1,329,640**	**-**	**458,184**
- At cost/valuation		6,401,432	1,943,864	34,579	535,522
- Accumulated impairment		-	(26)	(2,630)	(6,526)
- Accumulated depreciation		(1,142,994)	(614,198)	(31,949)	(70,812)
Adjustment of correction of error in classification	31.	-	-	-	-
Carrying amount at 1 July 2018 - restated		**5,258,438**	**1,329,640**	**-**	**458,184**
Additions		-	11	-	-
Assets under construction completed		3,227	7,472	-	24
Strategic inventory items issued		-	-	-	-
Transfer from machinery and equipment		-	-	-	-
Transfer from transmission system		-	-	-	-
Revaluation		285,718	(64,053)	-	3,606
Impairment		-	-	-	-
Disposals		-	-	-	-
- At cost/valuation		-	-	-	-
- Accumulated depreciation		-	-	-	-
Depreciation for the year		(204,035)	(87,311)	-	(14,619)
Carrying amount at 30 June 2019		**5,343,348**	**1,185,758**	**-**	**447,195**
- At cost/valuation		5,547,383	1,273,069	34,579	461,814
- Accumulated impairment		-	-	(2,630)	-
- Accumulated depreciation		(204,035)	(87,311)	(31,949)	(14,619)

* Certain amounts shown here do not correspond to the 2019 financial statements due to a classification error and reflect adjustments made. Refer to note 31

Transmission and Distribution systems	Aircraft Fleet	Machinery and Equipment	Land and Buildings	Assets under Construction	Strategic Inventory	Total
N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
11,674,703	**34,248**	**88,609**	**372,146**	**1,272,187**	**522,176**	**21,010,330**
15,630,453	54,738	517,950	449,683	1,272,187	523,812	27,364,219
(873,308)	(6,866)	-	(14,197)	-	-	(903,553)
(3,082,442)	(13,624)	(429,341)	(63,340)	-	(1,636)	(5,450,336)
-	-	-	-	(116,264)	-	(116,264)
11,674,703	**34,249**	**88,609**	**372,146**	**1,155,923**	**522,176**	**20,894,066**
-	-	29,382	-	157,701	88,058	275,152
751,227	-	11,881	3,486	(777,316)	-	-
-	-	-	-	42,923	(42,923)	-
-	-	(27)	27	-	-	-
(3,481)		3,481		-	-	-
647,342	5,830	-	31,545	-	10,358	920,346
(43,236)	-	-	(3,340)	-	-	(46,576)
-	-	-	-	-	-	-
-	-	(17,436)	-	-	-	(17,436)
-	-	17,436	-	-	-	17,436
(415,785)	(2,412)	(39,205)	(12,166)	-	-	(775,532)
12,610,770	**37,667**	**94,121**	**391,698**	**579,231**	**577,669**	**21,267,457**
13,069,791	40,079	133,326	407,204	579,231	577,669	22,124,144
(43,236)	-	-	(3,340)	-	-	(49,206)
(415,785)	(2,412)	(39,205)	(12,166)	-	-	(807,482)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

6.1 Assets under construction

CONSOLIDATED AND COMPANY

	Power Stations N$'000	Transmission and Distribution systems N$'000	Machinery and equipment N$'000	Land and buildings N$'000	Total N$'000
2020					
Opening balance	**13,417**	**548,594**	**8,127**	**9,093**	**579,231**
Additions	**56,365**	**139,591**	**37,112**	**7,880**	**240,948**
Assets under construction completed	**(2,402)**	**(102,481)**	**(43,183)**	**(1,455)**	**(149,521)**
Closing balance	**67,380**	**585,704**	**2,056**	**15,518**	**670,658**
2019 - Restated					
Opening balance	17,473	1,245,480	762	8,472	1,272,187
Additions	13,634	54,341	12,278	4,107	84,360
Assets under construction completed	(17,690)	(751,227)	(4,913)	(3,486)	(777,316)
Closing balance	**13,417**	**548,594**	**8,127**	**9,093**	**579,231**

* Certain amounts shown here do not correspond to the 2019 financial statements due to a classification error and reflect adjustments made.
Refer to note 31

6.2 Land and buildings (owner-occupied properties)

The revaluation of land and buildings was performed externally effective 30 June 2019 by independent valuer, Nadia van der Smit of Gert Hamman Property Valuers CC. Gert Hamman Property Valuers CC is not connected to the Group. An assessment was done on the significant owner-occupied land and buildings as at 30 June 2020 and was found to be insignificant and no fair value adjustment was effected.

The valuations were performed on the basis of one of the methods mentioned below:

- Replacement value where no ready market exists, or market value as estimated by sworn appraisers;
- Investment method of valuation which is based on the hypothesis that capital value will be a function of rental value.
- Direct comparable approach comparing the subject properties characteristics with those of comparable properties which have recently been sold in similar transactions

Details of properties registered in the Company's name are available for inspection at the registered office of the Company.

6.3 Transmission systems

A number of distribution lines and transmission substations are erected on or are under construction on land which does not belong to the Company. Occupational rights are secured by agreements between the owners and Namibia Power Corporation (Proprietary) Limited. Servitudes in favour of Namibia Power Corporation (Proprietary) Limited in respect of these occupational rights are registered with the registrar of deeds and are available for inspection at the Company's premises.

6.4 Ruacana Power Station

The Ruacana Power Station is erected on land in the Kunene region for which occupational rights were obtained. The Diversion Weir is erected in Angola and acts as water storage for Ruacana Power Station.

6.5 Valuation of power stations, transmission system and aircraft fleet

The Group performs an independent external revaluation every three years, and an independent desktop revaluation in between to ensure that the carrying amount does not differ significantly from the fair value.

The power stations, transmission and distribution systems and aircraft fleet were fully revalued externally effective 1 July 2018 by independent valuers namely, WSP Power Africa, on the basis of their replacement value as adjusted for the remaining useful lives of the assets. The valuators are not connected to the Group and have extensive experience in the valuation of generation, transmission and distribution assets. The replacement value of the Ruacana power station and the Transmission systems increased significantly mainly due to an increase in life extension and uprate projects undertaken. Trends in the cost of materials (LME), construction and any changes due to the variations in the NAD, US$, Chinese Yuan and GBP exchange rates have also contributed to the increases in the replacement values.

A desktop valuation was performed for power stations, transmission and distribution systems, strategic inventory and the aircraft fleet as at 30 June 2019 and 30 June 2020 by management, based on external independent input to ensure that the carrying amount does not differ significantly from the fair value.

The valuators derived the annual price change for 2020 for the various components of each asset class by analysing the corresponding regional and international price indices. Then the overall cost price adjustment for each asset class was calculated

6. PROPERTY, PLANT AND EQUIPMENT (continued)

by applying a weighting to the individual component's price change and calculating an overall weighted price change average. From a general and qualitative point of view the group deems the approach used as feasible and found no indications that the assumptions were unreasonable. The price changes per asset class were then applied by the Group to the replacement costs in the desktop valuation of the power generation and distribution and transmission assets.

6.6 Valuation of strategic inventory

The strategic inventory was revalued fully externally effective 1 July 2018 by independent valuers namely, WSP Power Africa, on the basis of their replacement value. The valuators are not connected to the Group. A desktop revaluation was performed for the strategic inventory as at 30 June 2020 to ensure that the carrying amount does not differ significantly from the fair value. The next external full revaluation of the strategic inventory will be effective 1 July 2021.

The values have been amended to reflect values at the end of the 2019 - 2020 financial year, utilising the percentage increases for distribution, transmission and generation assets for this period. The values of assets purchased in 2020 have been retained. The percentage increases do not include the effect of increases in labour costs over this period as this only becomes applicable once the assets are installed. The replacement costs for strategic inventory was calculated by using the weighted average price increases for transmission and generation strategic inventory between 2018 and 2019 financial years. The cost price adjustment for strategic inventory used for the desktop revaluation ranges from 5.2% - 11.4% (2019: 4% - 5.6%).

6.7 Reconciliation of the carrying amount

Cost

The carrying amount that would have been recognised had the assets been measured under the cost model, for each revalued class of property, plant and equipment is not disclosed because it is impracticable. The Group's core assets have always been carried at the revalued amount before the implementation of IFRS and the historical values were not separately disclosed and are therefore not available.

6.8 Reconciliation of the revaluation surplus

2020	Consolidated	Company	Consolidated	Company
	Capital Revaluation Reserve (net of tax) N$'000	Capital Revaluation Reserve (net of tax) N$'000	Strategic Inventory Revaluation Reserve N$'000	Strategic Inventory Revaluation Reserve N$'000
Opening balance at 1 July 2019	**(12,335,955)**	**(12,111,569)**	**(110,237)**	**(110,238)**
Change for the period	(682,947)	(682,947)	(15,807)	(15,807)
Revaluation	(682,947)	(682,947)	(15,807)	(15,807)
Closing balance at 30 June 2020	**(13,018,902)**	**(12,794,516)**	**(126,045)**	**(126,045)**
Opening balance at 1 July 2018	(11,717,163)	(11,492,777)	(99,880)	(99,880)
Change for the period	(618,792)	(618,792)	(10,358)	(10,358)
Revaluation	(618,792)	(618,792)	(10,358)	(10,358)
Closing balance at 30 June 2019	(12,335,955)	(12,111,569)	(110,238)	(110,238)

The distribution of the balance to the shareholder is only available on retirement or sale of the asset.

6.9 Measurement of fair value:

(i) Fair value hierarchy

The fair value measurements for the land and buildings have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

The fair value measurements of the power stations, transmission systems and strategic inventory have been categorised as Level 2 fair values based on observable market sales data.

The fair value measurements for the aircraft fleet have been categorised as Level 2 fair values based on the market price in active markets for similar assets.

6. PROPERTY, PLANT AND EQUIPMENT (continued)

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values.

		Consolidated		Company
Power stations, transmission and distribution systems and strategic inventory	**2020 N$'000**	**2019 N$'000**	**2020 N$'000**	**2019 N$'000**
Opening balance 1 July	**20,164,743**	**19,243,140**	**20,164,743**	**19,243,140**
Additions and reclassification from property, plant and equipment	153,057	803,616	153,057	803,616
Depreciation	(749,604)	(721,750)	(749,604)	(721,750)
Loss included in other comprehensive income				
- Changes in fair value (unrealised)	1,027,580	839,735	1,027,580	839,735
Closing balance 30 June	**20,595,776**	**20,164,741**	**20,595,776**	**20,164,741**

		Consolidated		Company
Land and buildings	**2020 N$'000**	**2019 N$'000**	**2020 N$'000**	**2019 N$'000**
Opening balance 1 July	**391,698**	**372,145**	**391,698**	**372,145**
Additions and reclassification from property, plant and equipment	1,455	3,513	1,455	3,513
Depreciation	(13,352)	(12,166)	(13,352)	(12,166)
Loss included in other comprehensive income				
- Changes in fair value (unrealised)	-	28,205	-	28,205
Closing balance 30 June	**379,804**	**391,698**	**379,802**	**391,697**

(iii) Transfers between levels

There were no transfers between the fair value hierarchy levels.

(iv) Valuation techniques and significant observable and unobservable inputs used

The following table shows the valuation techniques used in measuring Level 1, Level 2 and Level 3 fair values, as well as the significant inputs used.

Property, plant and equipment item	Level	Valuation technique	Description of valuation technique	Observable inputs	Significant unobservable inputs of level 3 item	Inter-relationship between key unobservable inputs and fair value measurement
Power stations	3 *	Depreciated replacement cost (DRC) method	Full valuation: The DRC method requires that, for each asset under consideration, a value be obtained for a modern equivalent asset (MEA), that being an asset that can reasonably provide like-for-like benefits of the asset under consideration, which are subsequently depreciated (on a straight line basis (SLB) in accordance with NamPower's existing policy) to match the remaining life of the asset under consideration. Desktop valuation: A desktop review of replacement costs was performed for the power stations by WSP Africa as at 30 June 2020 to ensure that the carrying amount does not differ significantly from the fair value. Adjustments were determined utilizing both international and local indices to determine the cost price adjustment for broad classes of equipment and labour used in the construction of power stations. The valuators derived the annual price change for the various components of each asset class by analysing the corresponding regional and international price indices. Then the overall cost price adjustment for each asset class was calculated by applying a weighting to the individual component's price change and calculating an overall weighted price change average. The price changes were then applied by management to the replacement costs in the desktop valuation of the power stations.	Not applicable	The replacement costs are based on the indexed historical cost. The fair value was based on depreciation on remaining useful lives. The cost price adjustment for power stations used for the desktop revaluation ranges from 4.6% - 5.8% (2019: 2% - 3%) . The average useful lives for the power stations are 57 years. The useful lives were assessed and benchmarked against other utilities within SADC and the assumptions were considered to be reasonable and appropriate.	A slight increase in the depreciation factor would result in a significant decrease in the fair value of the power stations and a slight increase in the estimated construction costs would result in a significant increase in the power stations, and vice versa.
Transmission and distribution systems	3 *	Depreciated replacement cost (DRC) method	Full valuation: The DRC method requires that, for each asset under consideration, a value be obtained for a modern equivalent asset (MEA), that being an asset that can reasonably provide like-for-like benefits of the asset under consideration, which are subsequently depreciated (on a straight line basis (SLB) in accordance with NamPower's existing policy) to match the remaining life of the asset under consideration. Desktop valuation: A desktop review of replacement costs was performed for the transmission and distribution systems by WSP Africa as at 30 June 2020 to ensure that the carrying amount does not differ significantly from the fair value. Trends in replacement costs were determined utilising the Steel and Engineering Industries Federation of South Africa (SEIFSA) indices to determine the cost price adjustment (CPA) of Transmission Lines, Transmission Substations and Distribution assets over the period under review. The valuators derived the annual price change for the various components of each asset class by analysing the corresponding regional and international price indices. Then the overall cost price adjustment for each asset class was calculated by applying a weighting to the individual component's price change and calculating an overall weighted price change average. The price changes were then applied by the group to the replacement costs in the desktop valuation of the transmission and distribution assets.	Not applicable	The replacement costs are based on the indexed historical cost. The fair value was based on depreciation on remaining useful lives. The cost price adjustment for power stations used for the desktop revaluation ranges from 4.3% - 6.8% (2019: 4% - 5.6%) The average useful lives for the power stations are 48 years. The useful lives were assessed and benchmarked against other utilities within SADC and the assumptions were considered to be reasonable and appropriate.	A slight increase in the depreciation factor would result in a significant decrease in the fair value of the transmission and distribution systems and a slight increase in the estimated construction costs would result in a significant increase in the transmission and distribution systems, and vice versa.

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment item	Level	Valuation technique	Description of valuation technique	Observable inputs	Significant unobservable inputs of level 3 item	Inter-relationship between key unobservable inputs and fair value measurement
Aircraft fleet	2	Market comparable prices	The fair value of the aircraft fleet was determined through consideration of the published aircraft bluebook as well as consideration of prevailing prices for similar aircraft fleet of a similar age and operating hours (both for the engines and airframes) on the international market.	Market prices	Not applicable	Not applicable
Land and buildings	3	Depreciated cost approach Investment method Direct Comparable Approach Replacement value method	This method determines the present market value of the subject property by estimating the present cost of replacing the building(s) by estimating the total amount of accrued depreciation from all causes, namely physical deterioration, functional obsolescence and external obsolescence, subtracting the accrued depreciation from the present replacement costs, estimating the value of minor improvements and adding the site value to the depreciated cost of the building(s). This method is based on the hypothesis that capital value will be a function of rental value. Compares the subject properties characteristics with those of comparable properties which have recently sold in similar transactions. The market value is estimated by sworn appraisers where no ready market exists.	Not applicable	Capitalisation rate 9% (2019: 8.5%) Expected market rental growth -7.8% (2019: -5%) Risk adjusted discount rates 7-10% (2019: 5-8%) Expected vacancy rate 7-10% (2019: 5-10%) Expenses 22% (2019: 22%)	The estimated fair value would increase (decrease) if: • Expected market rental growth was higher (lower); • The risk-adjusted discount rate was lower (higher). • Void periods were shorter (longer); • The occupancy rate was higher (lower); • Rent-free periods were shorter (longer).
Strategic inventory	3 *	Replacement cost (RC) method	This method determines the present market value. Management's expert derived the annual price change for the strategic inventory by analysing the corresponding regional and international price indices. Then the overall cost price adjustment for each strategic inventory was calculated by applying a weighting to the individual component's price change and calculating an overall weighted price change average. The price changes were then applied by management to the replacement costs in the desktop valuation.	Not applicable	The replacement costs are based on the indexed historical cost. The fair value was based on depreciation on remaining useful lives.	A slight increase in the depreciation factor would result in a significant decrease in the fair value of the strategic inventory, and vice versa.

* The presentation of the fair value hierarchy levels changed from prior years as a result of an incorrect classification.

Sensitivity analysis for property, plant and equipment categorised into Level 3 of the fair value hierarchy:

The higher the capitalisation rate and expected vacancy rate, the lower the fair value of the land and buildings, and vice versa.
The higher the rental growth rate, the higher the fair value of the land and buildings, and vice versa.
An increase in the US$ and equipment cost and a decrease or increase in labour cost would result in a slight increase in the fair value of the power stations and a significant decrease in the fair value of the transmission and distribution systems.
A decrease in the US$ and equipment cost and a decrease or increase in labour cost would result in a slight decrease in the fair value of the power stations and a significant decrease in the fair value of the transmission and distribution systems.

	1% increase in US$ and Equipment cost	
	- 1% Labour cost	+ 1% Labour cost
Ruacana power station	5,435,776	5,477,168
Van Eck power station	1,163,291	1,168,612
Anixas power station	452,749	454,467
Distribution lines	397,333	399,298
Transmission lines	6,877,978	6,917,721
Transmission substations	4,905,247	4,942,601

	1% decrease in US$ and Equipment cost	
	- 1% Labour cost	+ 1% Labour cost
Ruacana power station	5,393,871	5,435,263
Van Eck power station	1,146,863	1,152,152
Anixas power station	446,738	448,455
Distribution lines	396,354	398,319
Transmission lines	6,840,789	6,880,532
Transmission substations	4,861,334	4,898,301

6. PROPERTY, PLANT AND EQUIPMENT (continued)

For recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, the Group uses the valuation processes to decide its valuation policies and procedures and analyse changes in fair value measurements from period to period. The Finance Business Unit has set up a valuation committee, which is headed up by the Chief Financial Officer of the Group to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The responsibility of ongoing measurement resides with the business divisions. Once submitted, fair value estimates are also reviewed and challenged by the Chief Financial officer (CFO).

The CFO validates fair value estimates by:

- Benchmarking prices against observable market prices or other independent sources;
- Evaluating and validating input parameters;
- Verifying third party sources (micro or macro economy input); and
- Understanding the valuation methodologies and sources of inputs and verifying their suitability for IFRS reporting requirements.

6.10 Impairment loss

During the 2019 financial year, the Group performed an asset revaluation on the core assets and a separate property revaluation on land and buildings. During this review, the Group determined the carrying amount and recoverable amount of its assets and recognised an impairment loss of N$ 46.5 million principally on its transmission assets. The level of fair value hierarchy and the descriptions of the valuation techniques used to determine fair value of the assets is disclosed in 6.8 above.

6.11 Fair value of the assets

A detailed assessment to ascertain the fair value of the assets cannot be performed on an annual basis due to the effort that would be required to perform such an exercise.

The Group's frequency of revaluation of three (3) years is in line with the industry practice of 3 to 5 years. The Group believes that the carrying amount of its property, plant and equipment does not materially differ from the fair value. However, the Group will perform more frequent valuations such that the carrying amount does not differ materially.

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES

7.1 Subsidiary companies	Nature of operation	Country of incorporation
Name		
Directly held		
Capricorn Power Supply (Pty) Ltd	Dormant	Republic of Namibia
Less: impairment of investment	-	
Premier Electric (Pty) Ltd	Dormant	Republic of Namibia

Loans due from:

Premier Electric (Pty) Ltd

Total interest in subsidiaries (shares at cost plus loans from subsidiaries)

Loans due from subsidiaries are non-interest bearing, unsecured and do not have fixed terms of repayment.

Loans payable to:

Premier Electric (Pty) Ltd

Loans payable to subsidiaries are non-interest bearing, unsecured and do not have fixed terms of repayment.
The loan was advanced during the 2006 financial year.

There are no restrictions on the ability of subsidiaries to transfer funds to the Company in the form of cash dividends or to repay loans or advances.

There are no restrictions on the ability of subsidiaries to access assets and settle liabilities.

Trade and other receivables/payables to the subsidiaries and associates are disclosed in note 27.

Director's valuation

The Directors valued the investments in unlisted equities and determined it to be equal to the carrying value of the investment.

Date of incorporation	Issued Share Capital	Percentage holding	Percentage holding	Shares at Cost	Shares at Cost	Total Investment	Total Investment
		2020	2019	2020	2019	2020	2019
	N$	%	%	N$'000	N$'000	N$'000	N$'000
25/02/1999	2,500	100	100	2	2	2	2
-	-	-	-	(2)	(2)	(2)	(2)
31/10/2000	2,500	-	100	-	5,000	-	5,000
				-	5,000	-	5,000

Due by subsidiaries	
2020	2019
N$'000	N$'000
-	2
-	2
-	5,002
-	(6,388)

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

Disposal of a subsidiary

The Group disposed of Premier Electric (Pty) Ltd On 16 December 2019.

	COMPANY
	2020
	N$'000
Analysis of assets and liabilities over which control was lost	
Non-current assets	
Investment in subsidiary	**5,000**
Loan to subsidiary	**2**
Current liabilities	
Loans due to subsidiaries	**(6,388)**
Net assets disposed of	**(1,386)**
Gain on disposal of subsidiary	
Consideration received	**-**
Net assets disposed of	**1,386**
Gain on disposal	**1,386**

	CONSOLIDATED		COMPANY	
	2020	2019	**2020**	2019
	N$'000	N$'000	**N$'000**	N$'000
7.2 Associates				
Carrying amount of associates				
Carrying amount at beginning of year	**595,797**	609,357	**221,279**	221,279
Reversal of accumulated impairment of investment in Cenored	**-**	-	**-**	-
Equity accounted earnings	**(13,102)**	(25,333)	**-**	-
Share of other comprehensive income of associates	**-**	11,703	**-**	-
Dividend received	**(1,800)**	-	**-**	-
Share of other comprehensive income of associates - remeasurement of employee benefits	**(332)**	70	**-**	-
	580,563	595,797	**221,279**	221,279
Post-acquisition reserves				
Retained earnings	**123,385**	138,619		
Share of opening retained earnings	**138,619**	152,179		
Dividends declared	**(1,800)**	-		
Share of current year income	**(13,434)**	(13,560)		
Non-distributable reserves	**457,178**	457,178		
Share of opening revaluation and development reserve	**457,178**	457,178		
	580,563	595,797		

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

	CONSOLIDATED	
	2020 N$'000	2019 N$'000
7.3 The summarised financial statements of NORED Electricity (Pty) Ltd are as follows:		
Statement of financial position		
Non current assets	**1,535,373**	1,400,287
Current assets	**290,308**	379,893
Non current liabilities	**(676,496)**	(638,633)
Current liabilities	**(257,454)**	(426,410)
	891,731	715,137
Statement of comprehensive income		
Revenue	**1,056,551**	1,114,306
Expenditure	**(1,067,013)**	(1,106,634)
Profit/(loss) before taxation	**(10,462)**	7,672
Taxation	**-**	-
Profit/(loss) from continuing operations for the year	**(10,462)**	7,672
Other comprehensive income	**-**	-
Total comprehensive income/(loss)	**(10,462)**	7,672

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

The Company holds a 33.33% equity interest in NORED Electricity (Pty) Ltd but has less than 33.33% of the voting rights. The Company has the right to appoint two of the six directors. The Company has performed an assessment and determined that it does not have control over the relevant activities but still exhibits significant influence over the associate.

	CONSOLIDATED	
	2020 N$'000	2019 N$'000
7.4 The summarised financial statements of Central-North Electricity Distribution Company (Pty) Ltd (CENORED) are as follows:		
Statement of financial position		
Non current assets	**666,378**	675,174
Current assets	**160,291**	153,228
Non current liabilities	**(188,052)**	(203,113)
Current liabilities	**(199,957)**	(171,724)
	438,660	**453,565**
Statement of comprehensive income		
Revenue	**628,858**	662,778
Expenditure	**(638,759)**	(642,512)
Profit before taxation	**(9,901)**	20,266
Taxation	**(346)**	(4,026)
Profit from continuing operations for the year	**(10,247)**	16,240
Other comprehensive income	**(736)**	155
Total comprehensive income	**(10,983)**	**16,395**

The Company holds a 45.0% equity interest in Central-North Electricity Distribution Company (Pty) Ltd (CENORED) but has less than 45.0% of the voting rights. The Company has the right to appoint two of the eight directors. The Company has performed an assessment and determined that it does not have control over the relevant activities but still exhibits significant influence over the associate.

7.5 The Associates are engaged in the supply and distribution of electricity in the northern regions and the central-north regions of Namibia. The Regional Electricity Distributors (REDS) have taken over the distribution function of the Company and is strategic to the entity's activities.

The Group's associates are all incorporated in the Republic of Namibia which is also the principal place of business.

There are no restrictions on the ability of associates to transfer funds to the Group in the form of cash dividends.

None of the Group's associates are publicly listed entities and consequentially do not have published price quotations.

The Group has no obligation which gives rise to the need to recognise contingent liabilities of its subsidiaries and associates.

8. INVESTMENT PROPERTIES

	CONSOLIDATED		COMPANY	
	2020	2019	**2020**	2019
	N$'000	N$'000	**N$'000**	N$'000
Opening balance	**20,175**	17,269	**20,175**	17,269
Fair value adjustment	**(1,070)**	2,906	**(1,070)**	2,906
Closing balance	**19,105**	20,175	**19,105**	20,175

Investment properties comprise a number of commercial properties that are leased to third parties and vacant land held for capital appreciation. Included in investment properties is Erf number 6321 (a portion of Erf number 5627), Ongwediva that is being rented to a third party under an operating lease. No contingent rentals are charged.

Rental income and direct operating expenses relating to the investment properties are disclosed in note 26.

There are no contractual obligations to purchase, construct, develop, repair and maintain investment property.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of the disposal of investment property.

(a) Measurement of fair value

(i) Fair value hierarchy

The fair value of all investment properties was determined as at 30 June 2020 by an independent qualified property valuer (Gert Hamman Property Valuers CC) who has extensive experience in the Namibian property market. The fair value of the Group's investment property portfolio is provided annually by independent valuers.

The fair value measurement for investment property of N$ 19.1 million (2019: N$ 20.2 million) has been categorised as a Level 3 fair value based on the inputs to the valuation method used.

(ii) Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

Opening balance	**20,175**	17,269	**20,175**	17,269
Gain included in 'other income'				
- Changes in fair value (unrealised)	**(1,070)**	2,906	**(1,070)**	2,906
Closing balance	**19,105**	20,175	**19,105**	20,175

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement	Sensitivity
Income Capitalisation Method: The commercial properties' fair values were based on this valuation technique which involves determining the net income of the property that will be capitalised at a rate sought by prudent investors to determine the capitalised value of the subject property.	• Capitalisation rate: Commercial and residential properties 11.5% (2019: 11%)	The estimated fair value would increase (decrease) if: • expected capitalisation rate were higher (lower);	A slight increase in the capitalisation rate used would result a significant decrease in fair value, and vice versa.
Direct Sales Comparison Method: This valuation technique was used in determining the fair values of the residential properties which are classified as investment property. The method calculates the market value by comparing the property's characteristics with those of comparable properties which have recently sold in similar transactions.	• Expected market rental growth: Commercial and residential properties -7.8% (2019: -5%) • Void periods (Commercial properties average 1 months and residential properties average 1 month after the end of each lease) • Occupancy rate - Commercial: 95% (2019: 95%) and Residential: 98% (2019: 98%) • Rent-free periods (Nil) • Risk-adjusted discount rates: Commercial and residential properties 7 - 10% (2019: 5 - 8%)	• expected market rental growth were higher (lower); • void periods were shorter (longer); • the occupancy rate were higher (lower); • rent-free periods were shorter (longer); or • the risk-adjusted discount rate were lower (higher).	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.

Details of the properties registered in the Group and Company's name are available for inspection at the registered office of the Group.

9. INTANGIBLE ASSETS

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
Computer software				
Opening carrying amount - 1 July	**22,322**	29,384	**22,322**	29,384
- At cost	**109,953**	109,218	**109,953**	109,218
- Accumulated amortisation and accumulated impairment	**(87,631)**	(79,834)	**(87,631)**	(79,834)
Additions	**4,947**	735	**4,947**	735
Amortisation	**(7,710)**	(7,797)	**(7,710)**	(7,797)
Closing carrying amount - 30 June	**19,558**	22,322	**19,559**	22,322
- At cost	**114,900**	109,953	**114,900**	109,953
- Accumulated amortisation and accumulated impairment	**(95,342)**	(87,631)	**(95,341)**	(87,631)

No intangible assets were acquired by way of a government grant.

No intangible assets were pledged as securities for liabilities.

No intangible assets were impaired.

Included in the carrying amount of computer software at 30 June 2020 is an amount of N$ 1.8 million related to the upgrade of the Van Eck Pcs7 Software with a remaining amortisation period of 4 years 7 months.

10. LOANS RECEIVABLE

	CONSOLIDATED		COMPANY	
	2020	**2019**	**2020**	**2019**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Employee loans	**2,204**	2,171	**2,204**	2,171
Loan to City of Windhoek	**1,673**	7,527	**1,673**	7,527
Loan to the Alten Solar Power (Hardap) Pty Ltd	**13,887**	9,817	**13,887**	9,817
- Expected credit losses	**(546)**	-	**(546)**	-
	17,218	19,515	**17,218**	19,515
Less: Instalments receivable within one year transferred to current assets.	**(1,320)**	(4,507)	**(1,320)**	(4,507)
	15,898	15,008	**15,898**	15,008

The fair value amount of the loans receivable for Alten Solar Power (Hardap) Pty Ltd amount to N$ 13.2 million (2019: N$ 11.8 million) and City of Windhoek N$ 1.2 million (2019: N$ 5.4 million).

The fair value was based on 13.5% for the Alten Solar Power (Hardap) Pty Ltd and prime rate plus 1% for City of Windhoek.

Employee loans comprise of:

Employee study loans.

Employee study loans are interest free and repayable over the duration of the study period.

Employee study loans were not fair valued as the amount is considered to be insignificant.

Loan to the City of Windhoek

The Company approved a loan to the City of Windhoek amounting to N$ 24.8 million for the upgrade of the power supply infrastructure at Van Eck Coupling Transformer 2. The loan is payable by monthly instalments over a period of ten years at a variable interest rate of prime plus 2%, maturing on 1 October 2020.

Loan to the Alten Solar Power (Hardap) Pty Ltd

The Company approved a loan to Alten Solar Power (Pty) Ltd amounting to N$ 9.8 million for the construction of the transmission connection facilities for 37 MW Solar Photovoltaic Power Plant. Interest on the loan is charged at 16% p.a. compounded daily. The interest is capitalised monthly with one final loan capital and interest repayment at maturity on 31 December 2043.

The Group's exposure to credit, currency and interest rate risks related to loans receivable is disclosed in note 29.

11. INVESTMENTS

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000 * Restated	N$'000	N$'000 * Restated
Non-current investments	**1,773,153**	1,088,720	**1,773,153**	1,088,720
Debt instruments at amortised cost	**1,644,287**	856,003	**1,644,287**	856,003
- Expected credit losses	**(44,364)**	-	**(44,364)**	-
Inflation linked bonds at FVTOCI	**124,218**	126,991	**124,218**	126,991
Investment in unlisted equities	**49,012**	105,726	**49,012**	105,726
Erongo RED (Pty) Ltd	**31,704**	97,549	**31,704**	97,549
- Fair value through OCI	**31,704**	97,549	**31,704**	97,549
Alten Solar Power (Hardap) Pty Ltd	**17,308**	8,177	**17,308**	8,177
- Fair value through OCI	**17,308**	8,177	**17,308**	8,177
Current investments	**5,948,250**	6,478,718	**5,948,250**	6,478,718
Fair value through OCI				
- Listed equity: Sanlam shares	**1,488**	1,973	**1,488**	1,973
Financial assets at fair value through profit or loss				
- collective investment schemes	**2,142,115**	2,215,924	**2,142,115**	2,215,924
Fixed deposits and Treasury bills at amortised cost	**3,829,190**	4,260,821	**3,829,190**	4,260,821
- Expected credit losses	**(24,543)**	-	**(24,543)**	-
Total investments	**7,721,403**	7,567,438	**7,721,403**	7,567,438

* Comparative figures have been restated to reflect accrued interest. Refer to note 31.

The Group elected to classify irrevocably its listed and unlisted equity investments as measured at FVTOCI as it intends to hold these investments for long-term strategic reasons.

11. INVESTMENTS (continued)

(i) Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Equity investments - unlisted investments
Balance at 1 July 2019	**105,726**
Total gains or losses:	
– in other comprehensive income	**(56,714)**
Balance at 30 June 2020	**49,012**

There were no disposals for the year under review.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of unlisted equity instruments, as well as the significant unobservable inputs used.

Valuation technique [1]	Significant unobservable inputs	Relationship and sensitivity of unobservable inputs to fair value
Discounted cash flow method: This approach utilises forecasts and budgets prepared by management.	Projected revenues and expenses.	A significant increase in the revenues would result in a significant increase in fair value, and vice versa. A significant increase in the expenses would result in a significant decrease in fair value, and vice versa.
	Cost of equity determined using a Capital Asset Pricing Model.	The higher the cost of equity, the lower the fair value and vice versa.
	Small stock premium used to adjust the cost of equity.	The higher the small stock premium, the higher the cost of equity and consequently the lower the fair value and vice versa.
	Specific risk premium used to adjust the cost of equity.	The higher the specific risk premium, the higher the cost of equity and consequently the lower the fair value and vice versa.

11. INVESTMENTS (continued)

Sensitivity analysis

The sensitivity of the unlisted investments to an increase or decrease in the principal assumptions are:

	CONSOLIDATED AND COMPANY	
	Increase 2020 N$'000	Decrease 2020 N$'000
Erongo RED (Pty) Ltd:		
1% change in discount rate	**30,279**	**33,288**
1% change in growth rate	**32,497**	**30,992**
Alten Solar Power (Hardap) Pty Ltd:		
1% change in cost of equity	**16,126**	**18,647**

[1] The valuation technique was amended from the net asset value (NAV) method to the discounted cash flow method to better reflect the nature of the investment.

Investments at amortised cost of N$ 70.1 million (2019: N$ 63.2 million) have been encumbered and act as security for long-term loans (refer note 17.1.4).

The Group's exposure to credit, currency and interest rate risks related to investments is disclosed in note 29.

12. INVENTORIES

	CONSOLIDATED		COMPANY	
	2020 N$'000	2019 N$'000	2020 N$'000	2019 N$'000
Maintenance spares and consumables	**23,320**	23,664	**23,320**	23,664
Fuel and coal	**60,143**	16,382	**60,143**	16,382
	83,463	40,046	**83,464**	40,046

No inventory was pledged as security.

There are no items of inventory that are stated at net realisable value.

Inventory amounting to N$ 7.8 million (2019: N$ 5.6 million) was recognised in administrative expenses in profit or loss.

13. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000 * Restated	N$'000	N$'000 * Restated
Financial instruments:				
Trade receivables at amortised cost	**1,382,758**	1,352,997	**1,382,758**	1,352,997
- Gross receivables	**2,120,407**	2,075,603	**2,120,407**	2,075,603
- Allowance for impairment losses	**(737,649)**	(722,606)	**(737,649)**	(722,606)
Non-financial instruments:				
Prepayments	**39,939**	25,468	**39,939**	25,468
Project and other advances	**749**	1,152	**749**	1,152
Other receivables	**142,060**	101,287	**142,060**	101,287
Total trade and other receivables	**1,565,506**	1,480,904	**1,565,506**	1,480,904

13.1 Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	**1,382,758**	1,352,997	**1,382,758**	1,352,997
Non-financial instruments	**182,748**	127,907	**182,748**	127,907
	1,565,506	1,480,904	**1,565,506**	1,480,904

* Comparative figures have been restated due to reclassifications and reflect adjustments made. Refer to note 31.

13. TRADE AND OTHER RECEIVABLES (continued)

Expected credit losses (ECL) of N$ 15.0 million (2019: N$ 325.7 million) in respect of trade receivables were recognised in profit or loss.

The carrying amount of the trade receivables disclosed above approximates its fair value.

The Group's exposure to credit and currency risks related to trade and other receivables are disclosed in note 29.

Related party receivables

Included in trade and other receivables are amounts due from related parties for Group and Company. These have been disclosed in note 27.

The average credit period on sales of supply is 90 days. Namibian Prime Interest rate is charged on outstanding trade receivables that are more than 30 days past due.

The Group has well-established credit control procedures that monitors activity on customer accounts and allow for remedial action should the customer not comply with payment terms. These procedures include an internal collection process, follow up with the customer either telephonically or in person, negotiations of mutually acceptable payment arrangements and the issue of a notice of disconnection of supply and letters of demand. Non-payment can result in disconnection of supply and the customer's account being closed.

The following collection strategies are currently in operation with varying levels of success:

- contacting of customers;
- disconnections;
- use of debt collectors;
- payment arrangements; and
- automated notices and letters of demand.

Progress on the collection process is reviewed on a regular basis and if it is evident that the amount will not be recovered, it is recommended for write-off in terms of the group policy. The process of recovery continues unless it is confirmed that there is no prospect of recovery or the costs of such action will exceed the benefits to be derived.

Customers are grouped in different categories namely Category A to E according to their size of demand, geographic location of the customer (cross borders), characteristics and types. The categorisation of customers are based on the generic or unique individual contracts of supply as follows:

- Category A customers (electricity transmission): these are time of use customers located within the Namibian borders which are connected to the Group transmission system, and includes redistributors, commercial, industrial and mining customers.

- Category B customers (electricity cross borders): these are customers located outside the Namibian borders that are connected to the NamPower transmission system.

- Category C customers (electricity distribution): comprise of customers within Namibian borders other than category A, B, D and E, these customers include commercial, industrial, farms and plots outside town boundaries where there are no regional electricity distributors.

- Category D customers (electricity distribution Government departments/ agents): comprise of Ministries, offices and agencies of the Government of the Republic of Namibia, Village Councils and Regional Councils within Namibia and outside town boundaries where there are no regional electricity distributors.

Payment terms of the above customers are between 20 and 30 days.

Category A to D customers i.e electricity customers and tenants of the group properties are required to provide security equivalent to between one and three months' consumption before any supply of service is made available on signing of the agreement.

13. TRADE AND OTHER RECEIVABLES (continued)

• Category E customers (other receivables): these are customers for services other than electricity and include employees, tenants of the group properties and customers of the other related electricity services. No security is held in respect of these balances except for tenants of the group properties and no interest has been charged on overdue balances.

The provision matrix was applied to Category A and Category B customers and the loss rate approach was applied to Category C and Category D customers. The loss rates are calibrated based on historical loss experiences, considering the time value of money and further adjusted for forward looking information, achieved through the analysis of macroeconomic factors relevant to the debtors through statistical regression analysis.

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

Certain regional and local authorities and government agencies continued to fall into arrears during the course of the financial year. The timely collection of revenue from these customers remain a challenge. These customers debts are monitored on a regular basis and receive ongoing management attention. Interventions pursued included entering into repayment arrangements and approaching relevant stakeholders to assist with resolving the growing debt.

Category E customers are assessed individually and expected credit loss based on the individual customer history.

13. TRADE AND OTHER RECEIVABLES (continued)

	Impairment Analysis: Trade receivables – days past due				
30 June 2020	**Not past due**	**30 days past due**	**60 days past due**	**90 days past due**	**Total**
	N$'000	**N$'000**	**N$'000**	**N$'000**	**N$'000**
Collectively assessed for impairment: Category A Customers - Electricity transmission customers [1]					
Expected credit loss rate (%)	0.88%	2.70%	6.02%	82.32%	
Gross carrying amount at default	902,492	51,883	-	421,827	1,376,202
Loss allowance	7,968	1,399	-	347,262	356,629
Collectively assessed for impairment: Category B Customers - Electricity cross border customers					
Expected credit loss rate (%)	46.58%	67.85%	75.39%	92.90%	
Gross carrying amount at default	31,000	15,713	17,198	235,937	299,847
Loss allowance	14,438	10,661	12,966	219,185	257,250
Collectively assessed for impairment: Category C Customers - Electricity distribution customers					
Expected credit loss rate (%)	60.77%	60.77%	n/a	60.77%	
Gross carrying amount at default	44,211	3,097	-	16,547	63,855
Loss allowance	26,865	1,882	-	10,055	38,803
Collectively assessed for impairment: Category D Customers - Government departments/ agents electricity customers					
Expected credit loss rate (%)	50.35%	50.35%	n/a	50.35%	
Gross carrying amount at default	33,441	10,701	-	115,128	159,271
Loss allowance	16,836	5,388	-	57,962	80,186
Individually assessed for impairment: Category E Customers - Sundry					
Expected credit loss rate (%)	0.03%	0.04%	73.54%	15.09%	
Gross carrying amount at default	105,570	70,520	43.46	31,053	207,186
Loss allowance	34	27	32	4,687	4,781
Total loss allowance					**737,649**

[1] For category B,C and D customers, we noted a high loss rates for current balances, but based on management's assessment it is still appropriate to recognise revenue. It is is still probable that the Group will collect the cnsideration.

13. TRADE AND OTHER RECEIVABLES (continued)

30 June 2019	Not past due	30 days past due	60 days past due	90 days past due	Total
	Impairment Analysis: Trade receivables – days past due				
	N$'000	N$'000	N$'000	N$'000	N$'000
Collectively assessed for impairment: Category A Customers - Electricity transmission customers					
Expected credit loss rate (%)	0.38%	1.33%	3.48%	81.28%	
Gross carrying amount at default	686,739	254,605	207,209	150,256	1,298,809
Loss allowance	2,615	3,387	7,205	122,125	135,332
Collectively assessed for impairment: Category B Customers - Electricity cross border customers					
Expected credit loss rate (%)	0.93%	0.93%	n/a	n/a	
Gross carrying amount at default	12,669	2,794	-	-	15,463
Loss allowance	118	26	-	-	143
Individually assessed for impairment: Category B Customers - Electricity cross border customers					
Expected credit loss rate (%)	100.00%	100.00%	100.00%	100.00%	
Gross carrying amount at default	18,974	20,268	20,339	433,374	492,955
Loss allowance	18,974	20,268	20,339	433,374	492,955
Collectively assessed for impairment: Category C Customers - Electricity distribution customers					
Expected credit loss rate (%)	51.64%	51.63%	n/a	51.66%	
Gross carrying amount at default	39,867	1,001	-	9,315	50,182
Loss allowance	20,586	517	-	4,810	25,913
Collectively assessed for impairment: Category D Customers - Government departments/ agents electricity customers					
Expected credit loss rate (%)	46.21%	46.21%	46.12%	46.21%	
Gross carrying amount at default	46,841	6,600	2,053	81,679	137,174
Loss allowance	21,643	3,050	948	37,740	63,381
Individually assessed for impairment: Category E Customers - Sundry					
Expected credit loss rate (%)	0.72%	n/a	n/a	10.82%	
Estimated total gross carrying amount at default	37,454	-	-	43,567	81,021
Loss allowance	167	-	-	4,714	4,881
Total loss allowance					**722,606**

13. TRADE AND OTHER RECEIVABLES (continued)

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
The loss allowance for trade and other receivables reconciles to the opening loss allowance for that provision as follows:				
Opening loss allowance as at 01 July	**722,606**	410,512	**722,606**	410,512
Increase in loss allowance recognised in profit loss during the year	**15,043**	325,727	**15,043**	325,727
Receivables written off during the year as uncollectible	**-**	(13,633)	**-**	(13,633)
Unused amount reversed	**-**	-	**-**	-
Closing loss allowance as at 30 June	**737,649**	722,606	**737,649**	722,606

14. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
Cash and cash equivalents consist of:				
Cash on hand	**80**	70	**80**	70
Call account - long run marginal cost [2]	**641,487**	500,471	**641,487**	500,471
Bank balances	**619,504**	297,621	**619,504**	297,621
Short term deposits [1]	**1,650,052**	1,744,399	**1,650,052**	1,744,399
- Expected credit losses	**(1,098)**	-	**(1,098)**	-
	2,910,025	2,542,561	**2,910,025**	2,542,561

[1] Deposits at notice include money market funds. There are no restrictions on the funds which are managed according to the Group's investment policy statement.

[2] The Long run marginal cost (LRMC) call account is restricted and may only be utilised with the approval of the Electricity Control Board (ECB). These funds are generally classified as available for use within the Group.

The Group's exposure to credit, currency and interest rate risks related to cash and cash equivalents is disclosed in note 29.

The carrying amount of cash and cash equivalents approximates its fair value.

15. TAXATION

	CONSOLIDATED			COMPANY		
	2020	2019	2018	2020	2019	2018
	N$'000	N$'000 * Restated	N$'000 * Restated	N$'000	N$'000 * Restated	N$'000 * Restated
Namibian company tax						
Current taxation	**397,923**	468,298	598,257	**397,923**	468,298	598,257
Current taxation - prior period adjustment	**-**	2,788	(11,051)	**-**	2,788	(11,051)
Deferred taxation	**(363,107)**	(202,458)	(91,093)	**(363,107)**	(202,458)	(91,093)
Taxation recognised in profit or loss	**34,816**	268,628	496,113	**34,816**	268,628	496,113
Taxation recognised in other comprehensive income	**362,148**	302,197	14,149	**362,254**	298,429	14,149
Total taxation	**396,964**	570,824	510,262	**397,070**	567,057	510,262
Tax rate reconciliation	**%**	**%**	**%**	**%**	**%**	**%**
Standard Tax Rate	**32.00**	32.00	32.00	**32.00**	32.00	32.00
Adjusted for:						
Kudu Project	**0.03**	(0.15)	0.14	**0.03**	(0.14)	0.14
Social Responsibility	**0.41**	0.13	0.08	**0.39**	0.13	0.08
Donations	**0.00**	0.47	0.00	**0.00**	0.46	0.00
Other Items not deductible for tax purposes						
Legal fees not allowed for tax purposes	**0.07**	0.03	0.04	**0.07**	0.03	0.04
STEM withholding tax	**0.03**	0.04	0.00	**0.03**	0.04	0.00
Dividends received	**(0.01)**	(0.00)	(0.00)	**(0.16)**	(0.00)	(0.00)
Impairment of assets	**-**	1.46	-		1.42	
Research cost	**0.02**	-	0.00	**0.02**	-	0.00
Reversal of impairment of associate	**-**	-	(0.93)	**-**	-	(0.92)
Short term insurance	**0.15**	0.04	0.04	**0.14**	0.04	0.04
Share of (loss)/profit - associates	**1.18**	0.79	0.07	**-**	-	-
Penalties and fines	**0.00**	0.90	0.00	**0.00**	0.87	0.00
Interest paid	**0.09**	1.16	0.00	**0.09**	1.13	0.00
Government grant	**(0.80)**	(0.28)	(0.13)	**(0.76)**	(0.27)	(0.13)
Capital contributions by customers	**(9.70)**	(3.19)	(1.08)	**(9.27)**	(3.11)	(1.08)
Deferred tax on assets with no tax values	**5.94**	-	2.21	**5.67**	-	2.21
Disposal of subsidiary	**-**	-	(0.25)	**(0.12)**	-	(0.24)

15. TAXATION (continued)

	CONSOLIDATED			COMPANY		
	2020 N$'000	2019 N$'000 * Restated	2018 N$'000 * Restated	2020 N$'000	2019 N$'000 * Restated	2018 N$'000 * Restated
Fair value adjustment on Investment property	**0.10**	(0.09)	0.05	**0.09**	(0.09)	0.04
Manufacturing deduction	**(18.28)**	(5.72)	(3.38)	**(17.48)**	(5.58)	(3.61)
Gains & losses on non-current financial instruments	**(1.87)**	(1.28)	(0.84)	**(1.79)**	(1.25)	(0.84)
Fair value of coal valuation	**0.44**	-	0.15	**0.42**	-	0.15
Prior year charge	**-**	-	0.64	**-**	-	0.64
Effective tax rate	**9.81**	26.31	28.81	**9.38**	25.67	28.53

* Certain amounts shown here do not correspond to the 2018 and 2019 financial statements due to errors and reflect adjustments made. Refer to note 31.

Taxation recognised in other comprehensive income

	CONSOLIDATED			COMPANY		
	Before tax	Tax expense (benefit)	Net of tax	Before tax	Tax expense (benefit)	Net of tax
2020						
Remeasurements of employee benefits	**(104,132)**	**33,322**	**(70,810)**	**(104,464)**	**33,428**	**(71,036)**
Valuation of listed equity instruments	**485**	**-**	**485**	**485**	**-**	**485**
Valuation of debt-instruments	**(1,558)**	**-**	**(1,558)**	**(1,558)**	**-**	**(1,558)**
Valuation of unlisted equity instruments	**56,714**	**-**	**56,714**	**56,714**	**-**	**56,714**
Revaluation of property, plant and equipment	**(1,004,334)**	**321,387**	**(682,947)**	**(1,004,334)**	**321,387**	**(682,947)**
Revaluation of strategic inventory	**(23,246)**	**7,439**	**(15,807)**	**(23,246)**	**7,439**	**(15,807)**
	(1,076,071)	**362,148**	**(713,923)**	**(1,076,403)**	**362,254**	**(714,149)**
2019						
Remeasurements of employee benefits	(22,673)	7,255	(15,418)	(22,603)	7,233	(15,370)
Share of other comprehensive income of associates	(11,703)	3,745	(7,958)	-	-	-
Valuation of listed equity instruments	(204)	-	(204)	(204)	-	(204)
Valuation of debt-instruments	(4,330)	-	(4,330)	(4,330)	-	(4,330)
Valuation of unlisted equity instruments	(10,502)	-	(10,502)	(10,502)	-	(10,502)
Revaluation of property, plant and equipment	(909,988)	291,196	(618,792)	(909,988)	291,196	(618,792)
Revaluation of strategic inventory	(10,358)	-	(10,358)	(10,358)	-	(10,358)
	(969,758)	302,197	(667,561)	(957,985)	298,429	(659,556)

16. SHARE CAPITAL AND RESERVES

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
16.1 Authorised				
365 000 000 ordinary shares at N$ 1	**365,000**	365,000	**365,000**	365,000
16.2 Issued share capital				
165 000 000 (2019: 165 000 000) ordinary shares at N$ 1	**165,000**	165,000	**165,000**	165,000
The unissued share capital is under the control of the Government of the Republic of Namibia, represented by the Ministry of Mines and Energy, as the sole shareholder.				
Basic earnings per share				
From continuing operations attributable to the ordinary equity holders of the Company.	**1.94**	4.56	**2.04**	4.72
Headline earnings per share				
From continuing operations attributable to the ordinary equity holders of the Company.	**1.93**	4.79	**2.03**	4.95
Reconciliations of earnings used in calculating earnings per share				
Basic earnings per share				
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:				
From continuing operations	**319,973**	752,779	**336,263**	778,112
Headline earnings per share				
Profit attributable to the ordinary equity holders of the company used in calculating headline earnings per share:				
From continuing operations	**319,336**	791,054	**334,240**	816,387
Profit for the year	**319,973**	752,779	**336,263**	778,112
Adjustments:				
Fair value adjustments investment properties	**1,070**	(2,906)	**1,070**	(2,906)
Impairment: losses on property revaluation	**-**	46,577	**-**	46,577
Gain on disposal of subsidiary	**-**	-	**(1,386)**	-
Gain on disposal of property, plant and equipment	**(1,707)**	(5,396)	**(1,707)**	(5,396)
Weighted average number of shares used as the denominator				
Weighted average number of ordinary shares used as the denominator in calculating basic and headline earnings per share	**165,000**	165,000	**165,000**	165,000

16. SHARE CAPITAL AND RESERVES (continued)

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
16.3 Share premium				
Share premium arising on shares issued	**900,000**	900,000	**900,000**	900,000

100 000 000 Ordinary shares of N$ 1 each and share premium of N$ 9.

(2019: 100 000 000 Ordinary shares of N$ 1 each and share premium of N$ 9.)

Holders of the ordinary shares are entitled to dividends whenever dividends to ordinary shareholders are declared and are entitled to one vote per share at general meetings of the Company.

16.4 Reserve Fund

The reserve fund is utilised to fund costs associated with potential energy crises.

16.5 Development Fund

The development fund is utilised for the total or partial financing of capital works and extensions to power stations, transmission and distribution networks.

16.6 Capital revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

16.7 Strategic inventory revaluation reserve

The revaluation reserve relates to the revaluation of strategic inventory items. The revaluation is performed in line with the Group's property, plant and equipment policy.

16.8 Investment valuation reserve

The reserve consists of all fair value movements relating to financial instruments classified as listed and unlisted equity.

The fair value adjustment relates to 25 249 shares held in Sanlam Ltd, 57 shares held in Alten Solar Power (Hardap) Pty Ltd and 1 267 500 shares held in Erongo RED (Pty) Ltd.

17. INTEREST BEARING LOANS AND BORROWINGS (CONSOLIDATED AND COMPANY)

Terms and conditions of outstanding loans were as follows:

17.1 Interest bearing borrowings	Currency	Coupon interest rate	Effective interest rate	Year of maturity	30 June 2020 Carrying amount N$'000	30 June 2020 Face value N$'000	30 June 2019 * Restated Carrying amount N$'000	30 June 2019 * Restated Face value N$'000
17.1.1 Agence Francaise de Development [1]	EUR	3.00%	9.39%	2019	**-**	**-**	3,125	1,293
17.1.2 Development Bank of Southern Africa [2]	ZAR	9.82%	9.82%	2022	**89,616**	**80,000**	89,451	80,000
17.1.3 European Investment Bank - loan II [1]	GBP	3.00%	7.62%	2021	**67,088**	**48,761**	84,120	71,979
17.1.4 NMP20N Bonds issued - Caprivi Link Interconnector [4]	ZAR	9.35%	9.35%	2020	**502,237**	**482,000**	502,237	482,000
17.1.5 Development Bank of Namibia [3]	NAD	Prime less 4.5%	Prime less 4.5%	2024	**21,980**	**21,980**	26,849	26,849
17.1.6 NMP19N Bonds issued - Ruacana 4th unit [3]	NAD	10.00%	10.00%	2019	**-**	**-**	253,533	250,000
17.1.7 European Investment Bank - loan III [3]	ZAR	9.26%	9.26%	2029	**214,498**	**208,857**	237,077	230,842
17.1.8 Agence Francaise de Development II [3]	ZAR	6.10%	6.10%	2027	**169,855**	**165,441**	192,502	187,500
17.1.9 KFW Bankengruppe I [3]	ZAR	5.29%	5.29%	2020	**-**	**-**	49,750	48,913
17.1.10 KFW Bankengruppe II [3]	ZAR	6.98%	6.98%	2021	**58,235**	**57,073**	97,058	95,121
17.1.11 KFW Bankengruppe III [3]	ZAR	8.26%	8.26%	2027	**305,085**	**297,837**	345,733	337,519
					1,428,594	**1,361,949**	1,881,434	1,812,016
Less: Instalments payable within one year transferred to current liabilities					**690,813**	**633,713**	512,735	451,221
					737,781	**728,236**	1,368,699	1,360,795

* Comparative figures have been restated to reflect accrued interest. Refer to note 31.

17. INTEREST BEARING LOANS AND BORROWINGS (CONSOLIDATED AND COMPANY) (continued)

[1] The loans are guaranteed by the Government of the Republic of Namibia.
[2] The loan is secured by a pledge of investments (zero coupon bonds) with a carrying value of N$ 70.1 million (2019: N$ 63.2 million) and a nominal value of N$ 80 million.
The zero-coupon bond is issued at 10.52% (NACS) with a maturity value of ZAR 80 million on 15 October 2021.
[3] The loans are unsecured.
[4] The face value of the NMP20N Bond is N$ 500 million of which the Group subscribed to its own bond of N$ 18 million at inception

Refer to note 29.1 (classification of financial instrument classes into IFRS 9 categories).
The Group's exposure to liquidity and currency risks related to interest bearing loans and borrowings is disclosed in note 29.

Defaults and breaches
There were no defaults or breaches of the loan agreements during the current and prior year.

18. DEFERRED REVENUE LIABILITIES

		CONSOLIDATED			COMPANY		
		2020	2019	2018	2020	2019	2018
	Notes	N$'000	N$'000 * Restated	N$'000 * Restated	N$'000	N$'000 * Restated	N$'000 * Restated
Non-current liability							
Deferred revenue government grant: generation assets	18.1	**179,295**	188,159	197,024	**179,295**	188,159	197,024
Deferred revenue: capital contributions received	18.3	**227,829**	261,325	-	**227,829**	261,325	-
Interest rate subsidy - EIB Loan III	18.2	**12,746**	15,828	19,243	**12,746**	15,828	19,243
Transfers of assets from customers	18.4	**708,280**	587,076	753,054	**708,280**	587,076	753,054
		1,128,150	1,052,388	969,321	**1,128,150**	1,052,388	969,321
Current liability							
Interest rate subsidy - EIB Loan III	18.2	**3,082**	3,415	3,749	**3,082**	3,415	3,749
Deferred revenue government grant: generation assets	18.1	**6,857**	6,857	6,857	**6,857**	6,857	6,857
Deferred revenue: long-run marginal cost	18.5	**641,487**	500,471	127,143	**641,487**	500,471	127,143
Deferred revenue: capital contributions received	18.3	**55,217**	91,911	-	**55,217**	91,911	-
		706,643	602,654	137,749	**706,643**	602,654	137,749

* Certain amounts shown here do not correspond to the 2018 and 2019 financial statements due to an error and reflect adjustments made. Refer to note 31.

18.1 Deferred revenue - government grants

Government grant - generation assets

Reconciliation of deferred revenue - government grant					
Opening balance	**195,016**	203,880		**195,016**	203,880
Recognised in profit or loss	**(8,864)**	(8,864)		**(8,864)**	(8,864)
Closing balance	**186,152**	195,016		**186,152**	195,016

18. DEFERRED REVENUE LIABILITIES (continued)

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000

No government grant was received during the year under review. The final portion of N$ 10 million of the full grant amount was received during the 2013 financial year. The grant was received to subsidise the construction of Anixas power station, the 22.5 megawatt (MW) emergency power plant at Walvis Bay to serve as a back-up energy supply to prevent power black outs that may be experienced during peak hours. Of this grant N$ 8.9 million (2019: N$ 8.9 million) was recognised as income during the current year while the N$ 186.2 million (2019: N$ 195.0 million) represents deferred income and will be recognised on a systematic basis over the useful life of the power plant.

The Group will continue to operate and maintain the Anixas power station.

18.2 Interest rate subsidy - EIB Loan III

Reconciliation of deferred revenue - interest rate subsidy

	CONSOLIDATED 2020 N$'000	CONSOLIDATED 2019 N$'000	COMPANY 2020 N$'000	COMPANY 2019 N$'000
Opening balance	**19,243**	22,992	**19,243**	22,992
Recognised in profit or loss	**(3,415)**	(3,749)	**(3,415)**	(3,749)
Closing balance	**15,828**	19,243	**15,828**	19,243

An interest rate subsidy of N$ 65.9 million was received during the financial year ended 30 June 2010. EU-Africa Infrastructure Trust Fund ("EU-AITF") approved, inter alia, the provision of an interest rate subsidy for an amount of €5 million (five million euros), equivalent to N$ 65.9 million to enable EIB to make available finance to NamPower at reduced interest rates. The parties have agreed that the interest rate subsidy be applied upfront in order to reduce the interest payable. Of this grant N$ 3.4 million (2019: N$ 3.7million) was recognised as income during the current year whilst the remaining N$ 15.8 million (2019: N$ 19.2 million) represents deferred income and will be recognised over the period of the loan of 20 years.

18. DEFERRED REVENUE LIABILITIES (continued)

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
18.3 Deferred revenue: capital contributions received				
Reconciliation of deferred revenue - capital contributions received				
Capital contributions received include upfront payments received from Transmission customers for the construction of assets. The credit for the upfront capital contribution is initially recognised in deferred revenue, once the construction of the asset is complete, the deferred revenue is recognised in revenue in accordance with IFRS 15 over the period of the Power Supply Agreement (PSA) or the useful life of the asset whichever is shorter.				
Opening balance	**353,236**	-	**353,236**	-
Adjustment as a result of adoption of IFRS 15	**-**	320,554	**-**	320,554
Adjusted opening balance	**353,236**	320,554	**353,236**	320,554
Additions in the current period	**28,715**	130,051	**28,715**	130,051
Recognised in profit or loss	**(98,905)**	(97,369)	**(98,905)**	(97,369)
Closing balance	**283,046**	353,236	**283,046**	353,236
Current	**55,217**	91,911	**55,217**	91,911
Non-current	**227,829**	261,325	**227,829**	261,325
	283,046	353,236	**283,046**	353,236

The Group expects that 20% (N$ 55.2 million) of the unsatisfied performance obligations as of 30 June 2021 will be recognised as revenue during the next reporting period. The remaining 80% (N$ 227.8 million) will be recognised in the financial periods from 2022 onwards.

18. DEFERRED REVENUE LIABILITIES (continued)

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
18.4 Transfers of assets from customers				
The transfers of assets from customers comprise of assets constructed by customer and transferred, to the group, as well as capital/ cash contributions made by customers towards assets constructed by the Group. The Power Supply Agreements (PSA) state that assets will be transferred or contribution will be made in order to connect the customer to the Group's electricity network system.				
Opening balance	**587,075**	753,054	**587,075**	753,054
Payments received	**132,390**	59,004	**132,390**	59,004
Transfers to capital contributions	**(4,669)**	(130,051)	**(4,669)**	(130,051)
Project costs incurred	**(6,516)**	(94,932)	**(6,516)**	(94,932)
Closing balance	**708,280**	587,075	**708,280**	587,075
18.5 Deferred revenue: long-run marginal cost				
In 2013, the Electricity Control Board introduced the long-run marginal cost (LRMC) levy to create a reserve for use in avoiding significant future price shocks to the Namibian consumer. The year under review included the LRMC levy of 9.3 cents/kWh amounting to N$ 141.0 million (2019: N$ 373.3 million). In line with the directives of the Regulator, the Electricity Control Board, the LRMC levy is ring-fenced within the Company and invested in a separate interest bearing account effective 1 July 2018. These funds can only be utilised with the specific approval of the Regulator.				
Opening balance	**500,471**	127,143	**500,471**	127,143
LRMC received	**141,016**	373,328	**141,016**	373,328
Closing balance	**641,487**	500,471	**641,487**	500,471

19. DEFERRED TAX LIABILITIES

	CONSOLIDATED			COMPANY		
	2020	**2019**	**2018**	**2020**	**2019**	**2018**
	N$'000	**N$'000 * Restated**	**N$'000 * Restated**	**N$'000**	**N$'000 * Restated**	**N$'000 * Restated**
Balance at the beginning of the year	**6,367,350**	6,283,419	6,378,176	**6,363,580**	6,283,415	6,371,411
Initial adoption of IFRS 9	**-**	(18,595)	-	**-**	(18,595)	-
Current charge recognised in profit or loss	**(384,165)**	(202,458)	(136,298)	**(384,165)**	(202,458)	(129,536)
Current year	**(384,165)**	(202,458)	(136,298)	**(384,165)**	(202,458)	(129,536)
Temporary differences	**(384,165)**	(202,458)	(136,298)	**(384,165)**	(202,458)	(129,536)
Timing differences for current period recognised through profit/loss - additions with no tax value	**21,057**	-	38,443	**21,057**	-	38,443
Prior year error	**-**	2,788	(11,051)	**-**	2,788	(11,051)
Current charge recognised in other comprehensive income	**362,148**	302,197	14,149	**362,254**	298,429	14,149
Balance at end of year	**6,366,393**	6,367,350	6,283,419	**6,362,727**	6,363,580	6,283,415
The balance comprises:						
Deferred tax liabilities	**6,877,862**	6,709,498	6,562,673	**6,874,196**	6,705,727	6,562,669
Deferred tax assets	**(511,469)**	(342,148)	(279,254)	**(511,469)**	(342,148)	(279,254)
Total net deferred tax liability/asset	**6,366,393**	6,367,351	6,283,419	**6,362,727**	6,363,580	6,283,415
Deferred tax liabilities:						
Deferred tax liabilities to be recovered after more than 12 months	**6,871,344**	6,709,240	6,562,415	**6,867,678**	6,705,469	6,562,411
Deferred tax liability to be recovered within 12 months	**6,518**	258	258	**6,518**	258	258
	6,877,862	6,709,498	6,562,673	**6,874,196**	6,705,727	6,562,669
Deferred tax assets:						
Deferred tax assets to be recovered after more than 12 months	**(511,469)**	(342,148)	(279,254)	**(511,469)**	(342,148)	(279,254)
Deferred tax asset to be recovered within 12 months	**-**	-	-	**-**	-	-
	(511,469)	(342,148)	(279,254)	**(511,469)**	(342,148)	(279,254)

19. DEFERRED TAX LIABILITIES (continued)

	CONSOLIDATED			COMPANY		
	2020	**2019**	**2018**	**2020**	**2019**	**2018**
	N$'000	**N$'000 * Restated**	**N$'000 * Restated**	**N$'000**	**N$'000 * Restated**	**N$'000 * Restated**
Property, plant and equipment	**6,697,274**	6,509,273	6,346,428	**6,693,608**	6,505,502	6,346,424
Strategic inventory	**189,008**	184,854	167,096	**189,008**	184,854	167,096
Intangible assets	**-**	-	-	**-**	-	-
Investment properties	**-**	-	-	**-**	-	-
Prepayments	**6,518**	258	258	**6,518**	258	258
Inventories	**7,463**	7,573	40,370	**7,463**	7,573	40,370
Initial adoption of IFRS 9	**-**	-	-	**-**	-	-
Expected credit losses on investments	**(22,401)**	-	-	**(22,401)**	-	-
Severance pay liability	**-**	-	-	**-**	-	-
Fair value swaps, loans and unrealised foreign exchange losses	**59,025**	7,540	8,521	**59,025**	7,540	8,521
Retention Creditors	**(4,681)**	(3,978)	(10,161)	**(4,681)**	(3,978)	(10,161)
Post-retirement medical benefit	**(63,706)**	(89,123)	(71,141)	**(63,706)**	(89,123)	(71,141)
Power purchase and power sales agreement-embedded derivative	**(253,395)**	(11,389)	(34,396)	**(253,395)**	(11,389)	(34,396)
Provisions and advance payments	**(76,339)**	(67,576)	(79,814)	**(76,339)**	(67,576)	(79,814)
Trade Receivables	**(172,373)**	(170,081)	(83,743)	**(172,373)**	(170,081)	(83,743)
	6,366,393	6,367,351	6,283,419	**6,362,727**	6,363,580	6,283,415

* Certain amounts shown here do not correspond to the 2018 and 2019 financial statements due to errors and reflect adjustments made. Refer to note 31.

Judgements

An adjustment was made to the deferred tax balance in respect of assets transferred by customers and assets constructed by the Group if upfront capital contributions were received. The adjustment reduced the deferred tax balance with N$ 467.4 million.

The Group considered the carrying amounts for the past 10 years of customer contributed and donated assets and eliminated the carrying amounts at its fair value, as at 30 June 2019. It was not practical to go beyond ten years as information was not available.

20. TRADE AND OTHER PAYABLES

	CONSOLIDATED			COMPANY		
	2020	**2019**	**2018**	**2020**	**2019**	**2018**
	N$'000	**N$'000 * Restated**	**N$'000 * Restated**	**N$'000**	**N$'000 * Restated**	**N$'000 * Restated**
Financial instruments:						
Trade payables	**1,053,126**	1,266,756	964,343	**1,053,134**	1,266,761	964,352
Retention creditors	**2,231**	13	5,008	**2,231**	13	5,008
Non-financial instruments:						
Leave and bonus accruals	**154,642**	136,970	122,239	**154,642**	136,970	122,239
Total trade and other payables	**1,209,999**	1,403,739	1,091,590	**1,210,007**	1,403,744	1,091,599

* Comparative figures have been restated due to errors and reclassifications and reflect adjustments made. Refer to note 31.

20.1 Categorisation of trade and other payables

Trade and other payables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	**1,055,356**	1,266,769	969,351	**1,055,364**	1,266,775	969,360
Non-financial instruments	**154,643**	136,970	122,239	**154,643**	136,970	122,239
	1,209,999	1,403,739	1,091,590	**1,210,007**	1,403,745	1,091,599

The Group's exposure to liquidity and currency risks related to trade and other payables are disclosed in note 29.

The carrying amount of trade and other payables approximates its fair value.

20.2 Leave and bonus accruals

The Group accrues for leave pay and bonuses for all employees. The values at 30 June 2020 for leave and bonus accruals were of N$ 134.3 million (2019: N$ 118.3 million) and N$ 20.3 million (2019: N$ 18.6 million) respectively and were determined by reference to the leave days accrued and proportionate annual bonus accrual. The bonus accrual is expected to be utilised within the following financial year.

20. TRADE AND OTHER PAYABLES (continued)

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
20.3 Related party payables				
Trade and other payables due to related parties have been disclosed in note 27.				
20.4 Retention creditors				
Non-Current	**12,397**	12,419	**12,397**	12,419
Current (included in trade payables)	**2,231**	13	**2,231**	13
	14,628	12,432	**14,628**	12,432

21. DERIVATIVES

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
21.1 Derivative assets				
Forward exchange contract assets	**45,453**	1,730	**45,453**	1,730
Interest rate and cross currency swaps	**15,500**	11,386	**15,500**	11,386
Valuation firm commitments	**-**	217	**-**	217
	60,953	13,333	**60,953**	13,333
21.2 Derivative liabilities				
Valuation firm commitments	**2,451**	-	**2,451**	-
Current: Embedded derivatives - Power Purchase/Sale Agreements (PPA/PSA)	**791,861**	35,592	**791,861**	35,592
	794,312	35,592	**794,312**	35,592

21. DERIVATIVES (continued)

The Group hedges its risk to interest rate and currency risks in terms of the foreign loans by entering into interest rate and cross currency swaps. Changes in the fair value of the swaps that are designated and qualify as fair value hedges are recorded in the profit or loss component of the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The swap agreements have been entered into with Standard Bank Limited. The cross-currency swaps are denominated in NAD, EUR and GBP.

The swap agreements have various termination dates. Refer to note 17 for the hedged loan maturity dates.

The electricity purchase price in terms of the Power Purchase Agreement (PPA) with ZESCO is linked to the movements of the US Dollar currency and the US Producer Price Index. The variables above give rise to foreign currency and inflation-linked embedded derivatives.

Valuation

The fair value of embedded derivatives is determined by using a forward electricity price curve.

Valuation assumptions

The contracted electricity price used to value embedded derivatives is based on a combination of factors in the table below over the contracted period.

Forecast sales volumes are based on the most likely future sales volumes which have been back tested against historic volumes.

The fair value of embedded derivatives takes into account the inherent uncertainty relating to the future cash flows of embedded derivatives, such as liquidity, model risk and other economic factors.

The following valuation assumptions for the future electricity price curve discussed above for the valuation of embedded derivatives were used and are regarded as the best estimates by the board:

		Year ended 30 June 2020				
Input	**Unit**	**2021**	**2022**	**2023**	**2024**	**2025**
US CPI	% YOY	1.33 %	1.33 %	1.41 %	1.55 %	1.59 %
US PPI	% YOY	1.55 %	1.54 %	1.63 %	1.79 %	1.83 %
USD: ZAR	rate	17.98	18.65	19.52	20.67	22.20
US Interest Rate	%	0.05 %	0.01 %	0.00 %	0.02 %	0.07 %
SA Interest Rate	%	3.60 %	3.65 %	3.95 %	4.39 %	4.87 %

22. EMPLOYEE BENEFITS

	CONSOLIDATED		COMPANY	
	2020	**2019**	**2020**	**2019**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Post-retirement medical benefits	**199,081**	278,510	**199,081**	278,510
Severance pay liability	**54,702**	49,702	**54,702**	49,702
	253,783	328,212	**253,783**	328,212

22.1 Post Retirement Medical Benefits

22.1.1 Actuarial assumptions

The Group makes contributions to two defined benefit plans that provide medical benefits for current employees. The Group makes contributions to three defined benefit plans that provide medical benefits for pensioners. The benefit plans are provided by Namibia Medical Care (NMC), which is administered by Methealth Namibia Administrators.

In terms of the conditions of employment for employees appointed before 1 August 2004, the post-retirement medical benefits is an arrangement where the Group subsidises either a proportion or the full amount of the medical aid scheme contributions under Namibia Medical Care ("NMC") of qualifying retired employees and their eligible dependants. Such individuals are referred to as medical scheme continuation members and include members who have continued membership after retirement or the death in service of the principal member.

The trustees of the fund are required by law to act in the interest of the fund and of all relevant stakeholders of the plan. The trustees of the fund are responsible for the investment policy with regard to the assets of the fund.

The present value of the provision at 30 June 2020, as determined by an actuarial valuation, was N$ 199.1 million (2019: N$ 278.5 million). This actuarial valuation was performed by ZAQ Consultants and Actuaries Namibia. The defined benefit obligation was calculated using the projected unit credit method. Under the Projected Unit Credit method, the present value of benefits that will accrue to employees in respect of the next year of service after the valuation date is calculated and this is called the current service cost. The liability is expected to be settled over 20 years.

The defined medical benefit liability is unfunded. No dedicated assets had been set aside to meet this liability.

The Group expects to pay N$ 131.4 million (2020: N$ 119.3 million) in contributions to the defined benefit plans in 2021.

22. EMPLOYEE BENEFITS (continued)

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
Membership data				
The table below provides a summary of details for the members.				
Current (in service) employees				
Number of active employees	**361**	384	**361**	384
Subsidy weighted average age	**53.8**	52.4	**53.8**	52.4
Subsidy weighted average past service	**26.3**	25.2	**26.3**	25.2
Average monthly subsidy payable during retirement (N$)	**3,830**	Not available	**3,830**	Not available
Continuation members (pensioners)				
Number of continuation members	**145**	146	**145**	146
Subsidy weighted average age	**69.6**	Not available	**69.6**	Not available
Average monthly subsidy (N$)	**4,710**	Not available	**4,710**	Not available
Liability for defined benefit obligations				
The following were the principal actuarial assumptions at the reporting date:				
Discount rate at 30 June (%)	**13.94**	10.48	**13.94**	10.48
Medical cost trend rate (%)	**10.18**	8.30	**10.18**	8.30
Consumer price inflation (%)	**8.68**	6.80	**8.68**	6.80
Net effective discount rate	**3.41**	2.01	**3.41**	2.01

22. EMPLOYEE BENEFITS (continued)

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000

Assumptions regarding future mortality have been based on published statistics and mortality tables. Mortality for pre-retirement has been based on the SA 85-90 mortality table and the PA (90) ultimate mortality table was used for post-retirement benefits.

The current longevities underlying the values of the defined medical benefit liability at the reporting date were as follows:

	CONSOLIDATED 2020	CONSOLIDATED 2019	COMPANY 2020	COMPANY 2019
Longevity (years) at age 65				
Males	**11.2**	14.3	**11.2**	14.3
Females	**16.1**	18.8	**16.1**	18.8

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

	-1% medical aid inflation		+1% medical aid inflation	
Defined benefit obligation	**178,600**	237,622	**243,765**	326,478
Service cost	**4,637**	6,616	**6,220**	9,551
Interest cost	**24,647**	Not available	**33,857**	Not available

	-1% discount rate		+1% discount rate	
Defined benefit obligation	**236,308**	325,919	**188,202**	238,700
Service cost	**6,196**	9,532	**4,664**	6,651
Interest cost	**30,452**	Not available	**27,861**	Not available

22. EMPLOYEE BENEFITS (continued)

	CONSOLIDATED		COMPANY	
	2020	**2019**	**2020**	**2019**
	N$'000	**N$'000**	**N$'000**	**N$'000**
22.1.2 Movements in the net liability for defined benefit obligations recognised in the statement of financial position				
Net liability for defined obligations as at 1 July	**278,510**	266,531	**278,510**	266,531
Interest cost	**29,693**	28,681	**29,693**	28,681
Current service costs	**7,956**	8,292	**7,956**	8,292
Past service costs	**-**	-	**-**	-
Settlement cost	**-**	-	**-**	-
Benefits paid				
- Employer	**(3,733)**	(3,477)	**(3,733)**	(3,477)
- Continuation members	**(2,043)**	(1,936)	**(2,043)**	(1,936)
Remeasurements				
- Gain from economic assumptions	**(57,234)**	(24,744)	**(57,234)**	(24,744)
- Gain from demographic assumptions	**(4,327)**	-	**(4,327)**	-
- (Gain)/loss from experience	**(49,741)**	5,163	**(49,741)**	5,163
Net liability for defined obligations as at 30 June	**199,081**	278,510	**199,081**	278,510

Over the past year interest rates, bond yields and inflation figures changed significantly, these changes caused the net effective discount rate to increase. This was particularly as a result of the large increase in discount rate but the consumer price inflation had not increased by as much. The net result was that the net effective discount rate was higher than expected and hence an overall decrease in the liability.

	CONSOLIDATED 2020		COMPANY 2020	
Expected maturity analysis of the post-retirement medical benefits:				
Within one year	**7,220**		**7,220**	
Between 1 - 2 years	**7,601**		**7,601**	
Between 2 - 5 years	**25,309**		**25,309**	
More than 5 years	**158,951**		**158,951**	
Total	**199,081**		**199,081**	

Comparative figures for the expected maturity analysis are not available.

22. EMPLOYEE BENEFITS (continued)

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
22.1.3 Expense recognised in profit or loss				
Current service costs	**7,956**	8,292	**7,956**	8,292
Interest cost	**29,693**	28,681	**29,693**	28,681
	37,649	36,973	**37,649**	36,973

The expense is included in the administrative expenses in profit or loss.

22.2 Severance pay liability

	CONSOLIDATED 2020 N$'000	CONSOLIDATED 2019 N$'000	COMPANY 2020 N$'000	COMPANY 2019 N$'000
Present value of net obligations	**54,702**	49,702	**54,702**	49,702
Present value of unfunded obligations	**54,702**	49,702	**54,702**	49,702
Recognised liability for defined benefit obligations	**54,702**	49,702	**54,702**	49,702

Severance pay liability is recognised for employees retiring on reaching the age of 65 years.

Severance pay is defined as follows in accordance with the Namibian Labour Act:

The employer must pay severance pay to an employee who has completed 12 months of continuous service, if the employee:

- is retrenched;
- dies while employed; or
- resigns or retires on reaching

Severance pay must be an amount equal to at least one week's remuneration for each year of continuous service with the employer.

22. EMPLOYEE BENEFITS (continued)

	CONSOLIDATED		COMPANY	
	2020	**2019**	**2020**	**2019**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Membership data				
The table below provides a summary of details for the members.				
Current employees	**161**	182	**161**	182
Average annual salary (N$)	**684,248**	604,607	**684,248**	604,607
Salary weighted average past service (Years)	**32.57**	32.0	**32.57**	32.0
22.2.1 Liability for severance pay obligations				
The following were the principal actuarial assumptions at the reporting date:				
Discount rate at 30 June (%)	**8.43**	8.41	**8.43**	8.41
Salary inflation rate at 30 June (%)	**5.01**	6.13	**5.01**	6.13
Investment return at 30 June	**8.43**	8.41	**8.43**	8.41
The sensitivity of the severance pay obligation to changes in the weighted principal assumption is:	**-1% normal salary inflation**		**+1% normal salary inflation**	
Severance pay obligation	**51,572**	46,859	**58,090**	52,793
Service cost	**1,557**	1,496	**1,766**	1,690
Interest cost	**4,311**	4,406	**4,869**	4,977
22.2.2 Movements in the net liability for defined benefit obligations recognised in the Group and Company statements of financial position				
Net liability for defined obligations as at 1 July	**49,702**	50,860	**49,702**	50,860
Interest cost	**4,180**	4,679	**4,180**	4,679
Current service costs	**1,519**	1,589	**1,519**	1,589
Benefits paid	**(7,537)**	(4,404)	**(7,537)**	(4,404)
Actuarial loss/(gain) on obligation:				
- Financial assumptions	**(3,975)**	(812)	**(3,975)**	(812)
- Loss/(gain) from experience	**10,813**	(2,210)	**10,813**	(2,210)
Net liability for defined obligations as at 30 June	**54,702**	49,702	**54,702**	49,702

22. EMPLOYEE BENEFITS (continued)

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
22.2.3 Expense recognised in the Group and Company statements of comprehensive income				
Current service costs	**1,519**	1,589	**1,519**	1,589
Interest on obligation	**4,180**	4,679	**4,180**	4,679
	5,699	6,268	**5,699**	6,268

The expense is included in the administrative expenses in profit or loss.

22.3 Expense recognised in other comprehensive income

Remeasurements of post-retirement medical benefits - actuarial gain	**(61,229)**	(19,651)	**(61,561)**	(19,581)
Remeasurements of severance pay liability - actuarial gain	**6,838**	(3,022)	**6,838**	(3,022)
	(54,391)	(22,673)	**(54,723)**	(22,603)

23. CAPITAL COMMITMENTS

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
Projects for capital expenditure				
Approved by Board of Directors	**12,648,206**	11,814,773	**12,648,206**	11,814,773
Less: expenditure to 30 June	**(1,891,644)**	(1,648,054)	**(1,891,644)**	(1,648,054)
Amount still to be expended	**10,756,562**	10,166,719	**10,756,562**	10,166,719
Amounts contracted for year end	**86,941**	58,205	**86,941**	58,205
	86,941	58,205	**86,941**	58,205

The capital expenditure will be financed by internally generated funds and non-refundable capital contributions by customers, the Government of the Republic of Namibia and providers of debt.

24. NET FINANCING INCOME

Recognised in profit or loss				
Interest income on:	**787,815**	879,651	**787,815**	879,651
- Financial assets at amortised cost	**630,550**	730,587	**630,550**	730,587
- Financial assets at fair value through profit or loss	**157,265**	149,064	**157,265**	149,064
Interest costs on:	**(141,438)**	(171,774)	**(141,438)**	(171,774)
- Financial liabilities designated at fair value through profit or loss	**(78,006)**	(92,190)	**(78,006)**	(92,190)
- Financial liabilities mandatorily measured at fair value through profit or loss	**(4,074)**	(6,166)	**(4,074)**	(6,166)
- Financial liabilities at amortised cost	**(59,358)**	(73,418)	**(59,358)**	(73,418)
	646,377	707,877	**646,377**	707,877

25. REVENUE

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
The Group derives its revenue from Power Supply Agreements with customers for the consumption of electricity and other services over time and at a point in time. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (see note 33).				
Disaggregation of revenue				
Per performance obligation				
Revenue Comprises				
Over time				
- Sales of electricity	**4,439,792**	4,558,006	**4,439,792**	4,558,006
- Services	**34,482**	27,198	**34,482**	27,198
- SAPP Energy Markets sales	**478,933**	6,686	**478,933**	6,686
- Transfer of assets from customers - Capital contributions by customers	**102,805**	97,731	**102,805**	97,731
- Maximum demand	**937,699**	974,027	**937,699**	974,027
- Network charges	**803,089**	826,746	**803,089**	826,746
- Other	**95,529**	89,076	**95,529**	89,076
	6,892,329	6,579,470	**6,892,329**	6,579,470
Per customer type				
Revenue Comprises				
Over time				
Transmission				
- Sales of electricity	**4,070,646**	4,162,168	**4,070,646**	4,162,168
- Services	**13,831**	6,819	**13,831**	6,819
- Maximum demand	**749,309**	785,221	**749,309**	785,221
- Network charges	**803,089**	826,746	**803,089**	826,746
- Other charges	**57,853**	52,870	**57,853**	52,870
- Transfer of assets from customers - Capital contributions by customers	**102,805**	97,731	**102,805**	97,731
	5,797,533	5,931,555	**5,797,533**	5,931,555

25. REVENUE (continued)

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
Support services				
- Sales of electricity	**358,412**	388,127	**358,412**	388,127
- Sales of electricity - prepaid	**10,734**	7,712	**10,734**	7,712
- Services	**20,651**	20,379	**20,651**	20,379
- Maximum demand	**188,390**	188,806	**188,390**	188,806
- Network charges	**-**	-	**-**	-
- SAPP Energy Markets sales	**478,933**	6,686	**478,933**	6,686
- Other charges	**37,676**	36,205	**37,676**	36,205
	1,094,797	647,915	**1,094,797**	647,915
	6,892,329	6,579,470	**6,892,329**	6,579,470

* Units sold at cents/kWh and income derived from the monthly basic charge payable by all power users.

Extension charges relates to income derived from recovering the related operational and maintenance costs associated with customers dedicated grid connections.

SAPP Energy Markets sales: Electricity sales on the short-term energy market to other Southern African Power Pool (SAPP) utilities.

Contributions made by customers towards the costs to be incurred to make a power supply available to the customer.

As a practical expedient, the Group will not disclose the information as required by paragraph 120 for a performance obligation since either of the following conditions is met for all revenue streams except for capital contributions by customers:

(a) the performance obligation is part of a contract that has an original expected duration of one year or less; or

(b) the entity recognises revenue from the satisfaction of the performance obligation in accordance with paragraph B16 of IFRS 15.

25. REVENUE (continued)

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000

Judgements

The Group acts as Principal in the arrangement whereby Eskom directly supplies electricity to Orange River customers and Skorpion Mine. The Group is primarily responsible for fulfilling the contract for the supply of electricity to Skorpion Mine and customers on the banks of the Orange River.

The key judgements are as follows:

Orange river and Skorpion Mine are customers of NamPower, therefore the Group can be seen as subcontracting Eskom to supply electricity to these customers on the Group's behalf.

The performance obligation for the supply of electricity lies with the Group.

Other income comprises of:	CONSOLIDATED 2020 N$'000	CONSOLIDATED 2019 N$'000	COMPANY 2020 N$'000	COMPANY 2019 N$'000
- Government grant	**8,864**	8,864	**8,864**	8,864
- Grant funding other	**1,891**	1,174	**1,891**	1,174
- Gain on disposal of subsidiary	**-**	-	**1,386**	-
- Lease revenue - fibre optic cables	**7,198**	6,915	**7,198**	6,915
- Sundry income	**56,208**	61,308	**58,008**	61,308
	74,161	78,261	**77,349**	78,261

Sundry income include rent received, scrap sales and license renewal of electrical contractors.

26. PROFIT BEFORE TAXATION

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
Profit before taxation is stated after charging/(crediting):				
Dividends received from listed equity designated through OCI	**(67)**	(63)	**(67)**	(63)
Dividends received from associate	**(1,800)**	-	**(1,800)**	-
Gain on disposal of property, plant and equipment	**(1,707)**	(5,400)	**(1,707)**	(5,400)
(a) Cost of Electricity	**4,213,577**	3,905,689	**4,213,577**	3,905,689
- Imports	**3,428,804**	2,794,695	**3,428,804**	2,794,695
- Local	**75,930**	83,747	**75,930**	83,747
- REFITs	**708,843**	1,027,247	**708,843**	1,027,247
(b) Impairment on property, plant and equipment	**-**	46,576	**-**	46,576
(c) Depreciation and amortisation	**820,698**	783,330	**820,698**	783,330
(d) Movement in expected credit losses	**85,594**	325,727	**85,594**	325,727
- Loans and receivables	**546**	-	**546**	-
- Investments	**68,907**	-	**68,907**	-
- Trade receivables	**15,043**	325,727	**15,043**	325,727
- Cash and cash equivalents	**1,098**	-	**1,098**	-
(e) Employee cost	**957,643**	810,461	**957,643**	810,461
Salaries and wages	**885,609**	745,237	**885,609**	745,237
Company contribution: Provident Fund	**71,943**	65,224	**71,943**	65,224
Others	**91**	-	**91**	-
Severance Pay	**(1,838)**	1,864	**(1,838)**	1,864
- Current service and interest costs	**5,699**	6,268	**5,699**	6,268
- Benefits paid	**(7,537)**	(4,404)	**(7,537)**	(4,404)
Post-retirement medical benefit	**31,873**	31,560	**31,873**	31,560
- Current service and interest costs	**37,649**	36,973	**37,649**	36,973
- Benefits paid	**(5,776)**	(5,413)	**(5,776)**	(5,413)

26. PROFIT BEFORE TAXATION (continued)

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
(f) Other expenses	**441,317**	468,268	**441,317**	468,268
Directors' emoluments paid by Company				
fees for services as directors	**6,060**	5,793	**6,060**	5,793
- paid to non-executive directors	**1,988**	1,921	**1,988**	1,921
- paid to executive directors	**4,072**	3,872	**4,072**	3,872
Auditors' remuneration				
- audit services	**4,467**	3,328	**4,467**	3,328
- other services	**368**	48	**368**	48
Consultancy fees	**11,728**	8,990	**11,728**	8,990
- managerial services	**1,462**	5,093	**1,462**	5,093
- technical services	**4,663**	1,901	**4,663**	1,901
- other professional services	**5,603**	1,996	**5,603**	1,996
Research and development expenditure	**361**	(4,705)	**361**	(4,705)
Maintenance and repairs	**257,468**	200,212	**257,468**	200,212
Travel and accommodation	**48,682**	57,591	**48,682**	57,591
Municipal levies	**18,128**	15,649	**18,128**	15,649
Social responsibility	**17,082**	31,463	**17,082**	31,463
Insurance cost	**17,355**	17,601	**17,355**	17,601
Sundry expenses	**9,776**	75,410	**9,776**	75,410
Fines and penalties	**19**	28,571	**19**	28,571
Administrative expenses	**6,774**	6,045	**6,774**	6,045
Other expenses	**43,049**	22,272	**43,049**	22,272

26. PROFIT BEFORE TAXATION

	CONSOLIDATED		COMPANY	
	2020 N$'000	2019 N$'000	2020 N$'000	2019 N$'000
Financial income and expenses recognised in profit or loss				
(g) Net fair value and foreign exchange loss/(gain) on financial instruments	**726,147**	(21,184)	**726,147**	(21,184)
Foreign exchange gains on financial assets and liabilities	**(175,612)**	(17,705)	**(175,612)**	(17,705)
IFRS 9 Fair value adjustments	**901,759**	(3,479)	**901,759**	(3,479)
- Net (gain)/loss on derivative contracts	**(4,114)**	8,872	**(4,114)**	8,872
- Valuation on foreign denominated loans	**(65)**	834	**(65)**	834
- Unrealised loss/(gain) on embedded derivative Power Purchase Agreement (PPA)	**756,269**	(71,895)	**756,269**	(71,895)
- Realised loss on embedded derivative Power Purchase Agreement (PPA)	**147,001**	53,116	**147,001**	53,116
- Fair value loss on firm commitments	**2,668**	5,594	**2,668**	5,594
Recognised in other comprehensive income				
Net change in fair value of listed and unlisted equity	**57,199**	(15,036)	**57,199**	(15,036)
* FVTPL - Fair value through profit or loss				
Government grants recognised in profit or loss	**(8,864)**	(8,864)	**(8,864)**	(8,864)
Income generating Investment Property				
- rental income	**(3,746)**	(4,708)	**(3,746)**	(4,708)
- direct operating expenses	**474**	622	**474**	622
Non-income generating Investment Property				
- direct operating expenses	**83**	82	**83**	82
Proceeds from the sale of property, plant and equipment	**(1,707)**	(5,400)	**(1,707)**	(5,400)
Fair value adjustment on investment properties	**1,070**	(2,906)	**1,070**	(2,906)

27. RELATED PARTIES

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
Identity of related parties				
The Group has related party relationships with its subsidiaries (see note 7.1), associates (see note 7.2) and key management personnel. Key management personnel comprise directors and executive management.				
The Government of the Republic of Namibia is the sole shareholder.				
Transactions with key management personnel				
The key management personnel compensations are as follows:				
Short-term employee benefits	**17,726**	18,373	**17,726**	18,373
Post-retirement employment benefits	**241**	315	**241**	315
Other long-term employment benefits	**2,888**	3,198	**2,888**	3,198
	20,855	21,886	**20,855**	21,886

Total remuneration is included in 'staff costs' (see note 26)

Directors' emoluments are disclosed in note 26.

During the year the Company, in the ordinary course of business, entered into various sale and purchase transactions with its Shareholder, associates, fellow government owned entities and subsidiaries.

Shareholder

Transactions with the Shareholder (The Government of the Republic of Namibia) refer note 18.1.

27. RELATED PARTIES (continued)

	CONSOLIDATED		COMPANY	
	2020 N$'000	2019 N$'000	2020 N$'000	2019 N$'000
Sales				
Investments				
Erongo RED (Pty) Ltd	**866,662**	871,335	**866,662**	871,335
- Electricity sales	**821,353**	860,397	**821,353**	860,397
- Service level agreement and technical support	**18**	56	**18**	56
- Capital contribution received	**34,414**	-	**34,414**	-
- Municipal services	**28**	33	**28**	33
- Guarantees received	**10,849**	10,849	**10,849**	10,849
Alten Solar Power (Hardap) Pty Ltd	**102,336**	63,288	**102,335**	63,288
- Electricity sales	**1,806**	5,484	**1,806**	5,484
- Electricity purchases	**100,530**	57,804	**100,530**	57,804
Associates				
CENORED (Pty) Ltd	**194,988**	207,245	**430,631**	460,033
- Electricity sales	**193,152**	207,018	**428,750**	459,529
- Service level agreement and technical support	**36**	227	**81**	504
- Dividend received	**1,800**	-	**1,800**	-
NORED Electricity (Pty) Ltd	**244,745**	247,322	**734,310**	742,037
- Electricity sales	**235,081**	245,901	**705,314**	737,776
- Rental income	**45**	45	**136**	134
- Service level agreement and technical support	**18**	106	**55**	318
- Capital contribution received	**9,601**	1,270	**28,805**	3,809
Municipal services from related parties	**1,197**	1,426	**3,452**	4,127
- NORED Electricity (Pty) Ltd	**1,016**	1,230	**3,050**	3,691
- CENORED (Pty) Ltd	**181**	196	**402**	436
Guarantees received	**4,872**	4,868	**12,230**	12,417
- CENORED (Pty) Ltd	**3,059**	2,805	**6,790**	6,228
- NORED Electricity (Pty) Ltd	**1,813**	2,063	**5,439**	6,189

27. RELATED PARTIES (continued)

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
Fellow government owned entities				
The individually significant sales transactions with fellow government owned entities are listed below:				
Electricity Sales	**1,740,876**	1,861,603	**1,740,876**	1,861,603
- Namibia Water Corporation	**137,028**	151,141	**137,028**	151,141
- City of Windhoek	**1,441,928**	1,545,020	**1,441,928**	1,545,020
- Namdeb Diamond Corporation (Pty) Ltd	**161,920**	165,442	**161,920**	165,442
Related party balances from electricity sales and other purchases				
Due from / (due to)				
Investments	**68,362**	100,100	**68,362**	100,100
- Erongo RED (Pty) Ltd	**68,364**	100,134	**68,364**	100,134
- Erongo RED (Pty) Ltd	**(2)**	(34)	**(2)**	(34)
Associate	**103,648**	93,093	**278,748**	258,659
- CENORED (Pty) Ltd	**41,287**	26,469	**91,647**	58,755
- CENORED (Pty) Ltd	**-**	(16)	**-**	(35)
- NORED Electricity (Pty) Ltd	**62,391**	66,738	**187,191**	200,234
- NORED Electricity (Pty) Ltd	**(30)**	(98)	**(90)**	(295)
Fellow government owned entities	**494,145**	453,885	**494,145**	453,885
- Namdeb Diamond Corporation (Pty) Ltd	**29,854**	18,232	**29,854**	18,232
- City of Windhoek	**435,122**	414,916	**435,122**	414,916
- Namibia Water Corporation (Pty) Ltd	**29,169**	20,737	**29,169**	20,737
Guarantees received	**22,465**	17,574	**22,465**	17,574
- Namdeb Diamond Corporation (Pty) Ltd	**16,446**	16,446	**16,446**	16,446
- Namibia Water Corporation (Pty) Ltd	**6,019**	1,128	**6,019**	1,128

27. RELATED PARTIES (continued)

	CONSOLIDATED		COMPANY	
	2020	2019	2020	2019
	N$'000	N$'000	N$'000	N$'000
For terms and conditions relating to balances from electricity sales and other purchases refer to note 3 (g) and note 3 (h) of the accounting policies.				
Related party balances from loans payable to				
Fellow government owned entities				
- Development Bank of Namibia	**(21,980)**	(26,849)	**(21,980)**	(26,849)
Subsidiary				
- Premier Electric (Pty) Ltd	**-**	(6,388)	**-**	(6,388)

For terms and conditions of the balances payable to fellow government owned entities and to the subsidiary, refer to note 17 and note 7.2 respectively.

The Group does not have any significant commitments with its related parties.

During the year under review there were no write offs against the bad debt provision for the related parties.

28. NAMPOWER PROVIDENT FUND

Retirement benefits

The policy of the Group is to provide retirement benefits for its employees.

The NamPower Provident Fund is a defined contribution fund governed by the Pension Fund Act, and is for all its employees except for those who do not qualify in terms of the rules of the fund. Of the employees, 98% are members of the fund. The fund is administered by Retirement Funds Solutions Namibia (Pty) Ltd and is valued annually. The last valuation of the fund was performed as at 30 June 2019, which indicated that the fund is in a sound financial position.

Contributions to the fund are based on a percentage of salaries and are expensed in the period in which they are paid. The Company's contribution to the Fund amounted to N$ 71.9 million (2019: N$ 65.2 million).

The Company's contribution paid to the Fund for the key management amounted to N$ 2.0 million (2019: N$ 2.3 million).

29. FINANCIAL INSTRUMENTS

29.1 Classes and categories of financial instruments and their fair values

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

29. FINANCIAL INSTRUMENTS (continued)

CONSOLIDATED

2020		Carrying value			
		Financial assets			
in thousands of Namibia Dollar	Reference notes	FVTPL – designated	FVTPL – mandatorily measured	FVTOCI	FVTOCI – designated
Financial assets					
Listed equity	11	-	-	-	1,488
Collective investment schemes **	11	-	2,121,902	-	-
Derivative financial assets	21.1	-	60,953	-	-
Loans and receivables	10	-	-	-	-
Inflation linked bonds	11	-	-	-	124,218
Unlisted equity	11	-	-	-	49,012
Fixed deposits and treasury bills at amortised cost	11	-	-	-	-
Cash and cash equivalents	14	-	-	-	-
Trade and other receivables^	13.1	-	-	-	-
		-	2,182,855	-	174,718
Financial liabilities					
Derivative financial liabilities	21.2	-	-	-	-
Interest bearing loans and borrowings	17	-	-	-	-
Trade and other payables*	20.1	-	-	-	-
Non-current retention creditors	20.4	-	-	-	-
		-	-	-	-

Financial instruments at amortised cost approximate fair value as the terms of the instruments are either short term or market related excluding loans and receivables. As such the related fair values have not been disclosed in accordance with the IFRS 7. 29 (a) exemption. The fair value of the loans and receivables are disclosed in note 10.

* Accrued expenses of N$ 154.6 million (2019: N$ 137.0 million) that are not financial liabilities are not included.
^ Project and other advances and prepayments of N$ 180.8 million (2019: N$ 126.0 million) that are not financial assets are not included.

** There was an error in classification that was corrected in current period and reclassified from designated at FVTPL to FVTPL-Mandatorily measured.

Carrying value Financial liabilities					Fair value Level			
Amortised cost	**FVTPL – designated**	**FVTPL – mandatorily measured**	**Amortised cost**	**Total**	**1**	**2**	**3**	**Total**
-	-	-	-	1,488	1,488	-	-	1,488
-	-	-	-	2,121,902	-	2,121,902	-	2,121,902
-	-	-	-	60,953	-	60,953	-	60,953
17,218	-	-	-	17,218	-	-	-	-
1,644,287	-	-	-	1,768,504	-	124,218	-	124,218
-	-	-	-	49,012			49,012	49,012
3,653,683	-	-	-	3,653,683	-	-	-	-
2,910,025	-	-	-	2,910,025	-	-	-	-
1,382,758	-	-	-	1,382,758	-	-	-	-
9,607,971	-	-	-	11,965,544	1,488	2,307,073	49,012	2,357,573
-	-	(794,312)	-	(794,312)	-	-	(794,312)	(794,312)
-	-	-	(1,378,472)	(1,378,472)	-	-	-	-
-	-	-	(1,055,356)	(1,055,356)	-	-	-	-
-	-	-	(12,397)	(12,397)	-	-	-	-
-	-	(794,312)	(2,446,225)	(3,240,537)	-	-	(794,312)	(794,312)

There have been no transfers between the fair value hierarchy levels (2019: no transfers).

The table above analyses financial instruments carried at fair value as the amounts are a reasonable approximation of fair value.

29. FINANCIAL INSTRUMENTS (continued)

CONSOLIDATED

2019		Carrying value			
		Financial assets			
in thousands of Namibia Dollar	Reference notes	FVTPL – designated	FVTPL – mandatorily measured	FVTOCI	FVTOCI – designated
Financial assets					
Listed equity	11	-	-	-	1,973
Collective investment schemes**	11	-	2,191,045	-	-
Derivative financial assets	21.1	-	13,333	-	-
Loans and receivables	10	-	-	-	-
Inflation linked bonds	11	-	-	-	126,991
Unlisted equity	11	-	-	-	105,726
Fixed deposits and treasury bills at amortised cost	11	-	-	-	-
Cash and cash equivalents	14	-	-	-	-
Trade and other receivables^	13.1	-	-	-	-
		-	**2,204,378**	**-**	**234,691**
Financial liabilities					
Derivative financial liabilities	21.2	-	-	-	-
Interest bearing loans and borrowings	17	-	-	-	-
Trade and other payables*	20.1	-	-	-	-
Non-current retention creditors	20.4	-	-	-	-
		-	**-**	**-**	**-**

Financial instruments at amortised cost approximate fair value as the terms of the instruments are either short term or market related excluding loans and receivables. As such the related fair values have not been disclosed in accordance with the IFRS 7. 29 (a) exemption. The fair value of the loans and receivables are disclosed in note 10.

* Accrued expenses of N$ 137.0 million (2018: N$ 122.2 million) that are not financial liabilities are not included.
^ Project and other advances and prepayments of N$ 126.0 million (2018: N$ 225.2 million) that are not financial assets are not included.
** There was an error in classification that was corrected in current period and reclassified from designated at FVTPL to FVTPL-Mandatorily measured.

Carrying value					Fair value			
Financial liabilities					Level			
Amortised cost	**FVTPL – designated**	**FVTPL – mandatorily measured**	**Amortised cost**	**Total**	**1**	**2**	**3**	**Total**
-	-	-	-	1,973	1,973	-	-	1,973
-	-	-	-	2,191,045	-	2,191,045	-	2,191,045
-	-	-	-	13,333	-	13,333	-	13,333
19,515	-	-	-	19,515	-	-	-	-
856,003	-	-	-	982,993	-	126,991	-	126,991
-	-	-	-	105,726	-	-	105,726	105,726
4,146,574	-	-	-	4,146,574	-	-	-	-
2,542,561	-	-	-	2,542,561	-	-	-	-
1,352,997	-	-	-	1,352,997	-	-	-	-
8,917,650	**-**	**-**	**-**	**11,356,719**	**1,973**	**2,331,369**	**105,726**	**2,439,069**
-	-	(35,592)	-	(35,592)	-	-	(35,592)	(35,592)
-	-	-	(1,823,814)	(1,823,814)	-	-	-	-
-	-	-	(1,266,769)	(1,266,769)	-	-	-	-
-	-	-	(12,419)	(12,419)	-	-	-	-
-	**-**	**(35,592)**	**(3,103,002)**	**(3,138,594)**	**-**	**-**	**(35,592)**	**(35,592)**

There have been no transfers between the fair value hierarchy levels (2018: no transfers).

The table above analyses financial instruments carried at fair value as the amounts are a reasonable approximation of fair value.

29. FINANCIAL INSTRUMENTS (continued)

COMPANY

2020		Carrying value			
		Financial assets			
in thousands of Namibia Dollar	**Reference notes**	**FVTPL – designated**	**FVTPL – mandatorily measured**	**FVTOCI**	**FVTOCI – designated**
Financial assets					
Listed equity	**11**	-	-	-	**1,488**
Collective investment schemes **	**11**	-	**2,121,902**	-	-
Derivative financial assets	**21.1**	-	**60,953**	-	-
Loans and receivables	**10**		-	-	-
Inflation linked bonds	**11**	-	-	-	**124,218**
Unlisted equity	**11**	-	-	-	**49,012**
Fixed deposits and treasury bills at amortised cost	**11**	-	-	-	-
Cash and cash equivalents	**14**	-	-	-	-
Trade and other receivables^	**13.1**	-	-	-	-
Interest in subsidiaries	**7.1**	-	-	-	-
		-	**2,182,855**	-	**174,718**
Financial liabilities					
Derivative financial liabilities	**21.2**	-	-	-	-
Interest bearing loans and borrowings	**17**	-	-	-	-
Trade and other payables*	**20.1**	-	-	-	-
Loans due to subsidiaries	**7.1**	-	-	-	-
Non-current retention creditors	**20.4**	-	-	-	-
		-	-	-	-

Financial instruments at amortised cost approximate fair value as the terms of the instruments are either short term or market related excluding loans and receivables. As such the related fair values have not been disclosed in accordance with the IFRS 7. 29 (a) exemption. The fair value of the loans and receivables are disclosed in note 10.

* Accrued expenses of N$ 154.6 million (2019: N$ 137.0 million) that are not financial liabilities are not included.

^ Project and other advances and prepayments of N$ 180.8 million (2019: N$ 126.0 million) that are not financial assets are not included.
** There was an error in classification that was corrected in current period and reclassified from designated at FVTPL to FVTPL-Mandatorily measured.

Carrying value					Fair value			
Financial liabilities					Level			
Amortised cost	FVTPL – designated	FVTPL – mandatorily measured	Amortised cost	Total	1	2	3	Total
-	-	-	-	1,488	1,488	-	-	1,488
-	-	-	-	2,121,902	-	2,121,902	-	2,121,902
-	-	-	-	60,953	-	60,953	-	60,953
17,218	-	-	-	17,218	-	-	-	-
1,644,287	-	-	-	1,768,504	-	124,218	-	124,218
-	-	-	-	49,012	-	-	49,012	49,012
3,653,683	-	-	-	3,653,683	-	-	-	-
2,910,025	-	-	-	2,910,025	-	-	-	-
1,382,758	-	-	-	1,382,758	-	-	-	-
-	-	-	-	-	-	-	-	-
9,607,971	-	-	-	11,965,544	1,488	2,307,073	49,012	2,357,573
-	-	(794,312)	-	(794,312)	-	-	(794,312)	(794,312)
-	-	-	(1,378,472)	(1,378,472)	-	-	-	-
-	-	-	(1,055,364)	(1,055,364)	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	(12,397)	(12,397)	-	-	-	-
-	-	(794,312)	(2,446,233)	(3,240,545)	-	-	(794,312)	(794,312)

There have been no transfers between the fair value hierarchy levels (2019: no transfers).

The table above analyses financial instruments carried at fair value as the amounts are a reasonable approximation of fair value.

29. Financial Instruments (continued)

COMPANY

2019		Carrying value			
		Financial assets			
in thousands of Namibia Dollar	Reference notes	FVTPL – designated	FVTPL – mandatorily measured	FVTOCI	FVTOCI – designated
Financial assets					
Listed equity	11	-	-	-	1,973
Collective investment schemes**	11	-	2,191,045	-	-
Derivative financial assets	21.1	-	13,333	-	-
Loans and receivables	10		-	-	-
Inflation linked bonds	11	-	-	-	126,991
Unlisted equity	11	-	-	-	105,726
Fixed deposits and treasury bills at amortised cost	11	-	-	-	-
Cash and cash equivalents	14	-	-	-	-
Trade and other receivables^	13.1	-	-	-	-
Interest in subsidiaries	7.1	5,002	-	-	-
		5,002	**2,204,378**	**-**	**234,691**
Financial liabilities					
Derivative financial liabilities	21.2	-	-	-	-
Interest bearing loans and borrowings	17	-	-	-	-
Trade and other payables*	20.1	-	-	-	-
Loans due to subsidiaries	7.1	-	-	-	-
Non-current retention creditors	20.4	-	-	-	-
		-	**-**	**-**	**-**

Financial instruments at amortised cost approximate fair value as the terms of the instruments are either short term or market related. As such the related fair values have not been disclosed in accordance with the IFRS 7. 29 (a) exemption. * Accrued expenses of N$ 137.0 million (2018: N$ 122.2 million) that are not financial liabilities are not included. ^ Project and other advances and prepayments of N$ 126.0 million (2018: N$ 225.2 million) that are not financial assets are not included.

** There was an error in classification that was corrected in current period and reclassified from designated at FVTPL to FVTPL-Mandatorily measured.

Carrying value					Fair value			
		Financial liabilities				Level		
Amortised cost	FVTPL – designated	FVTPL – mandatorily measured	Amortised cost	Total	1	2	3	Total
-	-	-	-	1,973	1,973	-	-	1,973
-	-	-	-	2,191,045	-	2,191,045	-	2,191,045
-	-	-	-	13,333	-	13,333	-	13,333
19,515	-	-	-	19,515	-	-	-	-
856,003	-	-	-	982,993	-	126,991	-	126,991
-	-	-	-	105,726	-	-	105,726	105,726
4,146,574	-	-	-	4,146,574	-	-	-	-
2,542,561	-	-	-	2,542,561	-	-	-	-
1,352,997	-	-	-	1,352,997	-	-	-	-
-	-	-	-	5,002	-	-	-	-
8,917,650	**-**	**-**	**-**	**11,361,721**	**1,973**	**2,331,369**	**105,726**	**2,439,069**
-	-	(35,592)	-	(35,592)	-	-	(35,592)	(35,592)
-	-	-	(1,823,814)	(1,823,814)	-	-	-	-
-	-	-	(1,266,775)	(1,266,775)	-	-	-	-
-	-	-	(6,388)	(6,388)	-	-	-	-
-	-	-	(12,419)	(12,419)	-	-	-	-
-	**-**	**(35,592)**	**(3,109,396)**	**(3,144,988)**	**-**	**-**	**(35,592)**	**(35,592)**

There have been no transfers between the fair value hierarchy levels (2018: no transfers).
The table above analyses financial instruments carried at fair value as the amounts are a reasonable approximation of fair value.

29. FINANCIAL INSTRUMENTS (continued)

	CONSOLIDATED	COMPANY
	2020	2019
	N$'000	N$'000
A reconciliation has been performed for fair value measurements in level 3 of the fair value hierarchy as follows:		
Carrying value at beginning of the year	**(35,592)**	(107,486)
Net fair value unrealised loss on embedded derivatives recognised in profit or loss	**(758,720)**	71,894
Carrying value at end of the year	**(794,312)**	(35,592)
Non-current investments		
Carrying value at beginning of the year	**105,726**	35,415
Effect of change in initial application of IFRS 9	**-**	59,810
Net fair value gain on unlisted investments through OCI	**(56,714)**	10,501
Carrying value at end of the year	**49,011**	105,726

Refer to note 29.6.3 for a sensitivity analysis disclosing the effect of fair value changes that would result if one or more of the inputs were to change.

The following table gives information about how the fair values of the financial assets and financial liabilities categorised into Level 2 and Level 3 of the fair value hierarchy were determined:

Financial assets/ financial liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Relationship of unobservable inputs to fair value
Collective investment schemes	Level 2	The valuation model is based on the Net Asset Values (NAV) of the individual funds as quoted in the active markets. i.e. quoted prices	Not applicable
Derivative financial assets and Derivative financial liabilities	Level 2 & Level 3	Discounted cash flow: The valuation model considers the present value of expected future cash flows discounted using a risk adjusted discount rate for both ZAR and USD. The expected cash flows is determined by considering the possible scenario of forecast revenue. i.e. interest rates, inflation rates and exchange rates.	The estimated fair value of the purchase agreements will increase/ (decrease) with an indirect correlation of the above-mentioned sensitivities, while there is a direct correlation in the fair value of the sales agreement with an increase/(decrease) of the sensitivities.
Inflation link bonds	Level 2	The valuation model considers the rate of inflation to adjust the fixed income security.	Not applicable

The fair values are based on current market movements at year end.

29. FINANCIAL INSTRUMENTS (continued)

29.2 Financial risk management

Overview
The Group and Company have exposure to the following risks from its use of financial instruments:
- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group and Company's management of capital. Further quantitative disclosures are included throughout the Group and Company financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit and Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's Risk Management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit and Risk Management Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Management Committee.

29.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Counterparty risk is the risk that a counterparty is unable to meet its financial and/or contractual obligations during the period of a transaction. Delivery or settlement risk is the risk that a counterparty does not deliver on its contractual commitment on maturity date (including the settlement of money and delivery of securities).

The recoverability of a financial asset which is neither past due nor impaired is assessed, taking into account its financial position, past experience and other factors. The Group believes that the amounts of instruments held at 30 June 2020 are still recoverable.

The carrying amount of financial assets represents the maximum credit exposure. The potential concentration of credit risk consists mainly of loans and receivables, trade and other receivables and the investment portfolio. .

29.3.1 Management of credit risk

Financial instruments are managed by the treasury function. Processes are in place to identify, measure, monitor, control and report credit risk. The objective of NamPower's credit risk management framework is firstly to protect cash and investments and, secondly to protect and maximise the rate of return of financial market instruments.

Responsibility and governance

The Asset and Liability Committee (ALCO), manages counterparty credit risk which arises from the treasury activities in the financial markets. This committee is chaired by the Managing Director and reports on a quarterly basis to the Investment Committee. The activities of the ALCO committee are guided by the terms of reference that are updated and approved by the Investment Committee.

The terms of reference set out the minimum acceptable standards to be adhered to by those responsible for credit-related transactions within the treasury section. The terms of reference are aligned to the Exco credit risk governance standards and are supplemented by appropriate policies and procedures.

The ALCO committee:
- assesses the credit quality of counterparties and types of instruments used;
- recommends credit limits to the Investment Committee;
- ensures that transactions with counterparties are supported by trading agreements, where applicable; and
- approves methodologies used for the management of counterparty exposure.

The management of credit risk is governed by the following policies:
Trading in financial instruments is conducted and entered into with selected counterparties after credit limits have been authorised. Individual risk limits are set based on internal and external ratings in line with limits set by the Board. All credit limits are approved by the Investment Committee. The use of credit limits is regularly monitored.

Minimum credit-rating requirements for financial institutions are maintained to assess the risk categories by rating class and to ascertain the probability of default inherent in each rating class. Approved concentration risk parameters are in place.

Concentration of credit risk is managed by setting credit risk limits at a counterparty-specific level. Concentration credit risk limits are used as second tier limits in relation to counterparty credit limits.

29.4 Exposure to credit risk

The Group limits its counterparty exposures from its loans and receivables, trade and other receivables and investment portfolio by only dealing with individuals and corporate entities of a high-quality credit standing. Therefore, management does not expect any counterparty to fail to meet its obligations.

		CONSOLIDATED		COMPANY	
	Notes	2020 N$'000	2019 N$'000	2020 N$'000	2019 N$'000
Fixed deposits and treasury bills at amortised cost		**3,653,683**	4,146,574	**3,653,683**	4,146,574
Debt instruments at amortised cost		**1,644,287**	856,003	**1,644,287**	856,003
Loans receivables		**17,218**	19,515	**17,218**	19,515
Trade and other receivables		**1,382,758**	1,352,997	**1,382,758**	1,352,997
Cash and cash equivalents		**2,910,025**	2,542,561	**2,910,025**	2,542,561
Forward exchange contract assets and interest rate and cross currency swaps		**60,953**	13,333	**60,953**	13,333
Interest in subsidiaries		**-**	-	**-**	5,002
		9,668,924	8,930,983	**9,668,924**	8,935,985

29.4.1 Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. As at 30 June 2020 no guarantee was outstanding.

NamPower employee home loans

Suretyship for N$ 56.9 million (2019: N$ 47.8 million) to four local banks (Bank Windhoek Limited, First National Bank Namibia, Standard Bank Namibia and Nedbank Namibia) for all employees who are on the Company's housing scheme and have attained financing from the aforementioned financial institutions. Such suretyship is limited to the original loan amount attained by each employee and excludes any additional financing for improvements or upgrades.

The financial guarantee is insignificant.

29.4.2 Trade and other receivables

(a) Trade receivables

Credit risk with respect to trade and other receivables is high due to the large number of customers comprising the Group's customer base and their spread across different industries and geographical areas. The main classes of electricity receivables are cross border, large power users and small power users. Key large power users comprise mainly Namibian municipalities, town councils, village councils, regional councils, mining customers and regional electricity distributors (REDs).

The Audit and Risk Management Committee has established a credit policy under which each electricity customer's payment terms and conditions are offered.

The Group requires a security deposit equivalent to three (3) months estimated consumption in respect of all new customers before they are energised and the electricity is supplied with an exception to the Regional Distributors and Namibia Water Corporation transmission supply points whereby they have to provide security deposit that is equal to one (1) month estimated consumption.

Electricity supply agreements are entered into with cross border customers who comprise utility companies of neighbouring countries. These customers are required to provide security deposit equivalent to the value of three month's estimated consumption. Refer note 29.4.3.

The level of security is reviewed when a customer defaults on their payment obligation or requires additional electricity supply capacity in which case they are required to either provide security or increase their existing security to an amount equivalent to three months' of estimated future consumption before supply will commence.

Payment terms vary between customer classes as per the Group's credit policy. Interest is charged at a market related rate on balances in arrears.

The Group has well-established credit control procedures that monitor activity on customer accounts and allow for remedial action should the customer not comply with payment terms. These procedures include an internal collection process, follow up with the customer either telephonically or in person, negotiations of mutually acceptable payment arrangements and the issue of letters of demand and notice of disconnection of supply.

The Group writes off a trade receivable when there is no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. Progress on the collection process is reviewed on a regular basis and if it is evident that the amount will not be recovered, it is recommended for write-off in terms of the Group's policy and delegation of authority. The process of recovery continues unless it is confirmed that there is no prospect of recovery or the costs of such action will exceed the benefits to be derived. Amounts written off are determined after taking into account the value of the security held. No trade receivables were written off at 30 June 2020 and 30 June 2019.

The total cumulative expected credit losses for electricity receivables at 30 June 2020 was N$ 737.6 million (2019: N$ 722.6 million) (refer note 29.4.3). The enhancement of credit control strategies and monitoring of payment levels of all trade receivables continue to receive management attention.

29. FINANCIAL INSTRUMENTS (continued)

		CONSOLIDATED		COMPANY	
	Notes	2020	2019	2020	2019
		N$'000	N$'000	N$'000	N$'000
		Carrying amount	Carrying amount	Carrying amount	Carrying amount
The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic area:					
Domestic- Namibia		**1,209,203**	1,336,871	**1,209,203**	1,336,871
Regional Exports/ Cross border customers		**173,555**	16,126	**173,555**	16,126
		1,382,758	1,352,997	**1,382,758**	1,352,997
The maximum exposure to credit risk for trade and other receivables at the reporting date by type of customer was:					
Distributors		**840,975**	1,126,021	**840,975**	1,126,021
Mining		**237,688**	106,370	**237,688**	106,370
End-user customers		**98,269**	56,891	**98,269**	56,891
Other trade receivables		**205,826**	63,715	**205,826**	63,715
		1,382,758	1,352,997	**1,382,758**	1,352,997
Concentration of credit risk that arises from the Group's receivables in relation to categories of the customers by percentage of total receivables from customers is:					
		%	%	**%**	%
Distributors		**61**	75	**61**	75
Mining		**17**	7	**17**	7
End-user customers		**7**	4	**7**	4
Other trade receivables		**15**	14	**15**	14
		100	100	**100**	100

29. FINANCIAL INSTRUMENTS (continued)

	Notes	CONSOLIDATED 2020 N$'000 Gross	CONSOLIDATED 2019 N$'000 Expected credit losses	COMPANY 2020 N$'000 Gross	COMPANY 2019 N$'000 Expected credit losses
29.4.3 Expected credit losses					
Not past due		**1,118,719**	66,142	**708,534**	64,156
30 days past due		**153,125**	19,357	**285,664**	28,101
60 days past due		**17,116**	12,998	**205,299**	28,446
90 days past due		**831,446**	639,151	**876,106**	601,903
		2,120,407	737,649	**2,075,603**	722,606

Refer to note 13 for a reconciliation of the expected credit losses for the trade receivables.

The Group uses a combination of two approaches, namely the Provision Matrix approach and the loss rate approach.

Expected credit losses of N$ 250.6 million (2019: N$ 492.9 million) relates to Rede Nacional De Electricidade (RNT), the Angolan electricity distributor. Rede Nacional De Transporte De Electricidade (RNT), the Angolan electricity transmitter, Category B customer did not make any payment in the 2019 financial year as a result of the adverse market conditions in Angola which affected the Angolan market heavily, the situation has changed and the customer started making payments in the 2020 financial year thus the provision matrix was applied in 2020 (2019: 100% coverage rate).

Expected credit losses of N$ 287.9 million (2019: N$ 109.7 million) relates to the Municipality of Windhoek, Municipality of Rehoboth and Municipality of Mariental. These municipalities continue to fall into arrears during the financial year under review. These municipalities accounts are monitored on an ongoing basis and remain a high priority focus area. The Group has entered into payment arrangements with the municipalities and work closely with the stakeholders to resolve the challenges that have given rise to these municipalities' debt.

Expected credit losses of N$ 46.6 million (2019: N$ 23.1 million) relates to the Northern Regional Electricity Distribution (Pty) Ltd (NORED). NORED continues to fall into arrears during the financial year under review and the accounts is monitored on an ongoing basis and remain a high priority focus area. The Group has entered into a payment arrangement with NORED.

The remainder of the expected credit losses at 30 June 2020 is attributable to several customers.

Valuation assumptions

The Group assesses its trade and other receivables' probability of default and loss given default at each balance sheet date, based on historical data using a provision matrix for Category A and B customers and loss rate approach for Category C, D and E customers.

The Group applies the simplified approach in measuring the loss allowance which uses a lifetime expected loss allowance. The Group recognises an impairment gain or loss in profit or loss for its trade and other receivable with a corresponding adjustment to other comprehensive income.

		CONSOLIDATED		COMPANY	
	Notes	2020	2019	2020	2019
		N$'000	N$'000	N$'000	N$'000
29.4.3 Expected credit losses (continued)					
The security held against trade receivables for the Group and Company comprises bank guarantees and cash deposits. The estimate of the fair value of the security is:					
(a) Cash deposits					
Electricity receivables security deposit -Cash					
Domestic Namibia		**31,580**	28,990		
Regional Exports/Cross Border customers		**316**	368		
		31,896	29,358		
(b) Bank Guarantees					
Domestic- Namibia		**379,122**	371,118		
Cross Border customers		**35**	35		
Guarantees - Eskom		**908**	908		
		380,065	372,061		

Impairment of financial assets

For the purposes of impairment assessment:

- The deposits at notice are considered to have low probability of default as the counterparties to these investments have an Investment grade rating.

- Loans receivables are considered to have low probability of default. The City of Windhoek loan will be fully paid by October 2020. Alten is considered low risk as NamPower signed a power purchase agreement with the company.

- The bonds, fixed deposits, and treasury bills are considered to have low probability of default as the counterparties to these investments have an Investment grade rating.

Accordingly, for the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12 month ECL.

In determining the expected credit losses for these assets, the directors of the Group assessed the exposure at default for each Individual asset and made use of publicly available data from Bloomberg Financial Services software in obtaining the probability of default and the loss given default. On the loans receivable, the probability of default and loss given default of the Republic of Namibia was used. The Directors found the use of publicly available data to be fair and accurate as this is objective and easily verifiable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

The following table shows the movement in expected credit losses that has been recognised for the respective financial assets:

	12-month expected credit losses						
	Stage 1	Stage 1		Stage 1			
	Deposits at notice	City of Windhoek	Alten Solar Power (Hardap) Pty Ltd	Bonds	Fixed deposits	Treasury bills	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Balance as at 1 July 2018	1,725	-	-	9,089	2,835	2,080	15,729
Adjustment upon application of IFRS 9	-	121	140	-	-	-	261
Increase/(decrease) in loss allowance	(1,524)	24	184	9,107	18,158	9,755	35,704
Balance as at 30 June 2019	**201**	**144**	**324**	**18,196**	**20,993**	**11,835**	**51,694**
Increase/(decrease) in loss allowance	897	(86)	164	11,130	15,230	(8,478)	18,857
Balance as at 30 June 2020	**1,098**	**58**	**488**	**29,326**	**36,223**	**3,357**	**70,550**

	CONSOLIDATED	COMPANY
Investments and cash and cash equivalents	**2020**	**2019**
	N$'000	**N$'000**
Investments		
BBB- - AAA	**5,240,816**	5,267,255
BB+ - B-	**2,260,397**	2,055,332
	7,501,213	7,322,587
Cash and cash equivalents		
BBB- - AAA	**78,447**	66,117
BB+ - B-	**1,181,527**	732,045
	1,259,974	798,162

29.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The management of liquidity and funding risk is vested with the treasury section in accordance with practices and limits set by EXCO and the board. The Group's liquidity and funding management process includes:

- projected cash flows and considering the cash required by the Group and optimising the short-term liquidity;
- monitoring financial liquidity ratios;
- maintaining a diverse range of funding sources with adequate back-up facilities, managing the concentration and profile of debt maturities; and
- maintaining liquidity and funding contingency plans.

29.5.1 Contractual Cash Flows

The tables below indicate the contractual undiscounted cash flows of the Group and Company's financial liabilities on the basis of their earliest possible contractual maturity. The cash flows of the Group's and Company's financial liabilities are indicated on a gross undiscounted basis. The cash flows for derivatives are presented as net cash flows.

29. FINANCIAL INSTRUMENTS (continued)

2020

Consolidated	Carrying amount	Total contractual cash flows	Less than 6 months	6 - 12 months	Contractual cash flows 1- 5 years	Contractual cash flows 5 years and more
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000
Non-derivative financial liabilities						
Secured long term loans						
- GBP fixed rate loan	**(67,088)**	**(65,463)**	**-**	**(32,680)**	**(32,783)**	**-**
- ZAR denominated loans	**(1,339,526)**	**(994,438)**	**(618,618)**	**(95,243)**	**(602,902)**	**(296,293)**
- NAD denominated loans	**(21,980)**	**(24,344)**	**-**	**(6,086)**	**(18,258)**	**-**
Non-current retention creditors	**(12,397)**	**(12,397)**	**-**	**-**	**(12,397)**	**-**
Trade and other payables	**(1,055,356)**	**(1,055,356)**	**-**	**(1,055,356)**	**-**	**-**
Derivative financial liabilities						
- Interest rate swaps and cross currency interest rate swaps used for hedging	**-**	**14,216**	**-**	**6,523**	**7,693**	**-**
2019						
Non-derivative financial liabilities						
Secured long term loans						
- GBP fixed rate loan	(81,948)	(82,876)	-	(27,617)	(55,260)	-
- EUR floating rate loan	(3,122)	(3,163)	(1,581)	(1,581)	-	-
- ZAR denominated loans	(1,461,894)	(1,911,278)	(149,110)	(149,110)	(1,204,977)	(408,080)
- NAD denominated loans	(276,849)	(292,930)	(262,500)	(6,086)	(24,344)	-
Non-current retention creditors	(12,419)	(12,419)	-	-	(12,419)	-
Trade and other payables	(1,276,061)	(1,276,061)	-	(1,276,071)	-	-
Derivative financial liabilities						
- Interest rate swaps and cross currency interest rate swaps used for hedging	-	6,129	-	2,117	4,012	-

29. FINANCIAL INSTRUMENTS (continued)

2020

Company	Carrying amount N$ '000	Total contractual cash flows N$ '000	Less than 6 months N$ '000	6 - 12 months N$ '000	Contractual cash flows 1- 5 years N$ '000	Contractual cash flows 5 years and more N$ '000
Non-derivative financial liabilities						
Secured long term loans						
- GBP fixed rate loan	**(67,088)**	**(65,463)**	**-**	**(32,680)**	**(32,783)**	**-**
- ZAR denominated loans	**(1,339,526)**	**(1,613,057)**	**(618,618)**	**(95,243)**	**(602,902)**	**(296,293)**
- NAD denominated loans	**(21,980)**	**(24,344)**	**-**	**(6,086)**	**(18,258)**	**-**
Non-current retention creditors	**(12,397)**	**(12,397)**	**-**	**-**	**(12,397)**	**-**
Trade and other payables	**(1,055,364)**	**(1,055,364)**	**-**	**(1,055,364)**	**-**	**-**
Loans due to subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**
Derivative financial liabilities						
- Interest rate swaps and cross currency interest rate swaps used for hedging	**-**	**14,216**	**-**	**6,523**	**7,693**	**-**

2019

Company	Carrying amount N$ '000	Total contractual cash flows N$ '000	Less than 6 months N$ '000	6 - 12 months N$ '000	Contractual cash flows 1- 5 years N$ '000	Contractual cash flows 5 years and more N$ '000
Non-derivative financial liabilities						
Secured long term loans						
- GBP fixed rate loan	(81,948)	(82,876)	-	(27,617)	(55,260)	-
- EUR floating rate loan	(3,122)	(3,163)	(1,581)	(1,581)	-	-
- ZAR denominated loans	(1,461,894)	(1,911,278)	(149,110)	(149,110)	(1,204,977)	(408,080)
- NAD denominated loans	(276,849)	(292,930)	(262,500)	(6,086)	(24,344)	-
Non-current retention creditors	(12,419)	(12,419)	-	-	(12,419)	-
Trade and other payables	(1,276,071)	(1,276,071)	-	(1,276,071)	-	-
Loans due to subsidiaries	(6,388)	(6,388)	-	(6,388)	-	-
Derivative financial liabilities						
- Interest rate swaps and cross currency interest rate swaps used for hedging	-	6,129	-	2,117	4,012	-

29. FINANCIAL INSTRUMENTS (continued)

29.5.2 Derivative financial instruments

Derivative financial instruments are used as a means of reducing exposure to fluctuations in foreign exchange rates and interest rates. Whilst these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged.

Valuation assumptions

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Fair values of interest rate swaps reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

The principal or contract amount of derivative financial instruments were:

		CONSOLIDATED AND COMPANY	
	Notes	2020	2019
		N$'000	N$'000
Net interest rate and cross currency swaps		**15,500**	11,386
Forward exchange contracts		**432,921**	294,464
		448,421	305,849

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

29.5.3 Primary sources of funding and unused facilities

The primary sources to meet the Group's liquidity requirements are revenue, cash inflows from maturing financial assets purchased, funds committed by government, local debt issued in the market as well as foreign debt. To supplement these liquidity sources under stress conditions, overdraft facilities with commercial banks are in place as indicated below:

General banking facilities	**192,500**	192,500
	192,500	192,500

The overdraft facilities, if utilised are repayable strictly on demand and will be charged at the prevailing bank's prime lending rate from time to time. The prime lending rate of the commercial banks at 30 June 2020 was 7.75%.

The Group holds the following pre-approved facilities at various financial institutions to facilitate the operations:

SB VAF fleet cards	**1,100**	1,100
FEC	**100,000**	100,000
Derivative	**350,000**	350,000
	451,100	451,100

29. FINANCIAL INSTRUMENTS (continued)

29.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

A significant part of the market risk encountered arises from financial instruments and equity that are managed within the treasury function of the Company or from contracts containing embedded derivatives.

Financial instruments managed by the treasury function

The treasury section is responsible for managing market risk within the risk management framework approved by Exco and the board. The overall authority for the management of market risks within the treasury section is vested in the Asset and Liability Committee (ALCO) which reports quarterly to the Investment committee and the Audit and Risk Management Committee.

Embedded derivatives

The Company entered into a number of agreements for the purchase and supply of electricity, where the revenue or expenditure from these contracts is based on foreign currency rates (mainly USD) or foreign production price indices. This gives rise to embedded derivatives that require separation as a result of the different characteristics of the embedded derivative and the host contract. The contractual periods vary from 3 years up to a maximum of 10 years. Certain of these contracts are currently being renegotiated.

The net impact on profit or loss of changes in the fair value of the embedded derivatives for the Group and Company is a fair value loss of N$ 756.3million (2019: N$ 71.9 million gain). At 30 June 2020 the embedded derivative asset amounted to Nil (2019: Nil) for the Group and Company. The embedded derivative liability at 30 June 2020 was N$ 791 million (2019: N$ 35.6 million) for the Group and Company.

The valuation methods and inputs are discussed in note 29.6. Risks arising from these contracts are discussed under the relevant risk areas as follows:

- interest rate risk (refer to note 29.6.1);
- currency risk (refer to note 29.6.2);
- other price risk (refer to note 29.6.3).

Electricity purchases and sales contracts that contain embedded derivatives are considered for economic hedging. Economic hedging in respect of foreign currency exposure resulting from these embedded derivatives takes place on a short-term basis.

29.6.1 Interest rate risk

The Group hedges its risk to interest rate risks in terms of the foreign loans by entering into interest rate swaps. Changes in the fair value of the swaps that are designated and qualify as fair value hedges are recorded in the profit or loss component of the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Interest rate risk is the risk that the Group's financial position may be adversely affected as a result of changes in interest rate levels, yield curves and spreads.

The Group's interest rate risk arises mainly from long-term borrowings and other financial assets. Long-term borrowings and debt securities are issued at both fixed rates and floating rates and expose the Group to fair value interest rate risk.

The Group generally adopts a policy that its exposure to interest rates is on a fixed rate basis. Swaps have been used to convert the interest on floating rates to a fixed rate basis.

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is hedged economically. This is achieved by entering into interest rate swaps.

29. FINANCIAL INSTRUMENTS (continued)

			CONSOLIDATED		COMPANY	
			2020	2019	2020	2019
	Reference note	Variable and fixed rate	Carrying amount N$ '000	Carrying amount N$ '000	Carrying amount N$ '000	Carrying amount N$ '000
At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:						
Variable rate financial instruments						
Financial assets						
Collective investment schemes	11		**2,142,115**	2,191,045	**2,121,902**	2,191,045
Financial liabilities						
Development Bank of Namibia	17.1.5	Prime less 4.5%	**(21,980)**	(26,849)	**(21,980)**	(26,849)
			2,120,135	2,164,196	**2,099,922**	2,164,196
Fixed rate financial instruments						
Financial assets						
Loans and receivables	10		**17,218**	19,515	**17,218**	19,515
Non-current investments	11		**1,773,153**	1,088,720	**1,773,153**	1,088,720
Fixed deposits and Treasury bills at amortised cost	11		**3,653,683**	4,146,574	**3,653,683**	4,146,574
Cash and cash equivalents	14		**2,910,025**	2,542,561	**2,910,025**	2,542,561
Trade and other receivables	13		**1,565,506**	1,480,904	**1,565,506**	1,480,904
Financial liabilities	17		**(1,406,614)**	(1,796,965)	**(1,406,614)**	(1,854,586)
			8,512,971	7,481,309	**8,512,971**	7,423,688

Cash flow sensitivity analysis

The Group analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined interest rate shifts. For each simulation, the same interest rate shift is used for all currencies.

The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The calculation excludes borrowing costs capitalised in terms of the Group's accounting policy. The analysis is performed on the same basis as for 2019.

29. FINANCIAL INSTRUMENTS (continued)

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown below:

Consolidated and Company	Equity 100 bp increase	Equity 100 bp decrease	Profit or (loss) 100 bp increase	Profit or (loss) 100 bp decrease
30 June 2020				
Variable rate instruments				
Interest rate swap				
- DBN				
NAD Curve	**(149)**	**149**	**(220)**	**220**
Fixed deposits	-	-	**1,289**	**(1,289)**
Variable rate notes	-	-	**308**	**(308)**
30 June 2019				
Variable rate instruments				
Interest rate swap				
- DBN				
NAD Curve	(183)	183	(268)	268
Fixed deposits	-	-	361	(361)
Variable rate notes	-	-	1,763	(1,763)

A change of 500 basis points in unit prices at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown below:

Consolidated and Company	Equity 500 bp increase	Equity 500 bp decrease	Profit or (loss) 500 bp increase	Profit or (loss) 500 bp decrease
30 June 2020				
Collective Investment Schemes	**-**	**-**	**106,096**	**(106,096)**
30 June 2019				
Collective Investment Schemes	-	-	109,600	(109,600)

29. FINANCIAL INSTRUMENTS (continued)

	CONSOLIDATED AND COMPANY	
	2020	2019
	N$'000	N$'000
The effects of the cross-currency interest rate swaps on the Group's financial position and performance are as follows:		
Cross Currency Interest Rate Swaps		
Carrying Amount (Current & Non-Current)	**15,500**	11,386
Notional Amount (N$'000)	**48,514**	71,669
Maturity	**15/09/2021**	15/09/2021
Hedge Ratio	**1:1**	1:1
Change in fair value of Outstanding hedging Instruments since 1st July	**4,114**	(8,872)
Change in fair value of Hedged item used to determine the Hedge Effectiveness	**(4,114)**	8,872
Weighted Average Hedged Rate for the Year	**7.2%**	7.2%

29.6.2 Currency risk

The Group is exposed to currency risk as a result of the following transactions which are denominated in a currency other than Namibia Dollar as a result of: purchases of equipment, consulting fees and borrowings. The currencies which primarily give rise to currency risk are GBP, USD and EURO.

The loans denominated in foreign currency have been fully hedged using currency swaps that mature on the same date as the loans are due for repayment.

With respect to all other transactions denominated in currencies other than the Namibia Dollar and/or the South African Rand, the Group generally adopts a policy to hedge its foreign currency commitments where possible. The Group is also exposed to foreign currency movements with regards to certain regional Power Purchase Agreements (PPAs) and Power Sales Agreements (PSA) which are hedged for the duration of the agreement and reviewed on a continuous basis.

Recognised assets and liabilities

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting can be applied are recognised in profit or loss.

Due to the fact that no hedge effectiveness test is performed all fair value movements on the currency and interest rate swaps are recognised in profit or loss as part of net financing costs.

29. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

Consolidated

The currency position at 30 June 2020 is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR
Assets			
Other financial assets	21.1	**15,500**	**-**
Loans receivable	10	**17,764**	**-**
Trade and other receivables	13.1	**935,903**	**-**
Investments	11	**6,721,729**	**999,674**
Cash and cash equivalents	14	**721,523**	**1,761,038**
		8,412,419	**2,760,712**
Liabilities			
Interest bearing loans and borrowings	17	**(21,980)**	**(1,339,526)**
Other financial liabilities	21.2	**-**	**-**
Trade and other payables	20.1	**(542,818)**	**(365,956)**
Non-current retention creditors	20.4	**(12,397)**	**-**
		(577,195)	**(1,705,482)**
Gross statement of financial position exposure		**7,835,224**	**1,055,230**
Next year's forecast sales		**5,597,108**	**-**
Next year's forecast purchases		**(576,704)**	**(1,446,057)**
Gross exposure		**12,855,628**	**(390,827)**
Foreign exchange contracts [1]		**-**	**-**
Net exposure		**12,855,628**	**(390,827)**

The estimated sales and purchases include transactions for the next 12 months.

[1] The Group had forward exchange contracts outstanding at 30 June 2020 to the value of USD 24.7 million at an average rate of USD/NAD 15.66.

US$	Euro	GBP	BWP	Total
45,453	-	-	-	60,953
-	-	-	-	17,764
446,855	-	-	-	1,382,758
-	-	-	-	7,721,403
428,498	50	14	-	2,911,123
920,806	50	14	-	12,094,001
-	-	(67,088)	-	(1,428,594)
(791,915)	(2,397)	-	-	(794,312)
(144,567)	(2,015)	-	-	(1,055,356)
-	-	-	-	(12,397)
(936,482)	(4,412)	(67,088)	-	(3,290,659)
(15,676)	(4,362)	(67,074)	-	8,803,342
70,282	-	-	-	5,667,390
(2,041,664)	-	-	-	(4,064,425)
(1,987,058)	(4,362)	(67,074)	-	10,406,307
45,454	-	-	-	45,454
(1,941,604)	(4,362)	(67,074)	-	10,451,761

Currency translation rates :	30 June 2020
1 SA Rand	N$1.0
1 US Dollar	N$17.3
1 Euro	N$19.4
1 GBP	N$21.2
1 BWP	N$1.5

29. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

Consolidated

The currency position at 30 June 2019 is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR
Assets			
Other financial assets	21.1	11,603	-
Loans receivable	10	19,515	-
Trade and other receivables	13.1	858,902	-
Investments	11	7,406,103	163,236
Cash and cash equivalents	14	566,853	1,858,982
		8,862,977	2,022,218
Liabilities			
Interest bearing loans and borrowings	17	(334,468)	(1,461,895)
Other financial liabilities	21.2	-	-
Trade and other payables	20.1	(628,241)	(557,412)
Non-current retention creditors	20.4	(12,419)	-
		(975,127)	(2,019,307)
Gross statement of financial position exposure		7,887,850	2,911
Next year's forecast sales		6,972,560	-
Next year's forecast purchases		(440,722)	(3,072,545)
Gross exposure		14,419,687	(3,069,635)
Foreign exchange contracts [1]		-	-
Net exposure		14,419,687	(3,069,635)

The estimated sales and purchases include transactions for the next 12 months.

[1] The Group had forward exchange contracts outstanding at 30 June 2019 to the value of USD 24.2 million at an average rate of USD/NAD 14.16.

US$	Euro	GBP	BWP	Total
1,730	-	-	-	13,333
-	-	-	-	19,515
494,095	-	-	-	1,352,997
-	-	-	-	7,569,339
116,636	44	46	-	2,542,561
612,461	44	46	-	11,497,745
-	(3,122)	(81,948)	-	(1,881,433)
(35,592)	-	-	-	(35,592)
(75,179)	(25)	(35)	(5,878)	(1,266,769)
-	-	-	-	(12,419)
(110,770)	(3,147)	(81,983)	(5,878)	(3,196,212)
501,691	(3,103)	(81,937)	(5,878)	8,301,533
-	-	-	-	6,972,560
(992,524)	-	-	-	(4,505,791)
(490,833)	(3,103)	(81,937)	(5,878)	10,768,302
1,730	-	-	-	1,730
(489,103)	(3,103)	(81,937)	(5,878)	10,770,031

Currency translation rates :	30 June 2019
1 SA Rand	N$1.0
1 US Dollar	N$14.1
1 Euro	N$16.1
1 GBP	N$17.9
1 BWP	N$1.3

29. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

Company

The currency position at 30 June 2020 is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR
Assets			
Other financial assets	21.1	**15,500**	-
Loans receivable	10	**17,764**	-
Trade and other receivables	13.1	**935,903**	-
Investments	11	**6,721,729**	**999,674**
Cash and cash equivalents	14	**721,523**	**1,761,038**
Interest in subsidiaries	7.1	-	-
		8,412,419	**2,760,712**
Liabilities			
Interest bearing loans and borrowings	17	**(21,980)**	**(1,339,526)**
Other financial liabilities	21.2	-	-
Trade and other payables	20.1	**(542,826)**	**(365,956)**
Non-current retention creditors	20.4	**(12,397)**	-
Loans due to subsidiaries	7.1	-	-
		(577,203)	**(1,705,482)**
Gross statement of financial position exposure		**7,835,216**	**1,055,230**
Next year's forecast sales		**5,597,108**	-
Next year's forecast purchases		**(576,704)**	**(1,446,057)**
Gross exposure		**12,855,620**	**(390,827)**
Foreign exchange contracts [1]		-	-
Net exposure		**12,855,620**	**(390,827)**

The estimated sales and purchases include transactions for the next 12 months.

[1] The Group had forward exchange contracts outstanding at 30 June 2020 to the value of USD 24.7 million at an average rate of USD/NAD 15.66.

US$	Euro	GBP	BWP	Total
45,453	-	-	-	60,953
-	-	-	-	17,764
446,855	-	-	-	1,382,758
-	-	-	-	7,721,403
428,498	50	14	-	2,911,123
-	-	-	-	-
920,806	50	14	-	12,094,001
-	-	(67,088)	-	(1,428,594)
(791,915)	(2,397)	-	-	(794,312)
(144,567)	(2,015)	-	-	(1,055,364)
-	-	-	-	(12,397)
-	-	-	-	-
(936,482)	(4,412)	(67,088)	-	(3,290,667)
(15,676)	(4,362)	(67,074)	-	8,803,334
70,282	-	-	-	5,667,390
(2,041,664)	-	-	-	(4,064,425)
(1,987,058)	(4,362)	(67,074)	-	10,406,299
45,454	-	-	-	45,454
(1,941,604)	(4,362)	(67,074)	-	10,451,753

Currency translation rates :	30 June 2020
1 SA Rand	N$1.0
1 US Dollar	N$17.3
1 Euro	N$19.4
1 GBP	N$21.2
1 BWP	N$1.5

29. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

Company

The currency position at 30 June 2019 is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR
Assets			
Other financial assets	21.1	11,603	-
Loans receivable	10	19,515	-
Trade and other receivables	13.1	858,902	-
Investments	11	7,406,103	163,236
Cash and cash equivalents	14	566,853	1,858,982
Interest in subsidiaries	7.1	5,002	-
		8,867,978	2,022,218
Liabilities			
Interest bearing loans and borrowings	17	(276,848)	(1,461,895)
Other financial liabilities	21.2	-	-
Trade and other payables	20.1	(628,247)	(557,412)
Non-current retention creditors	20.4	(12,419)	-
Loans due to subsidiaries	7.1	(6,388)	-
		(923,902)	(2,019,307)
Gross statement of financial position exposure		7,944,077	2,911
Next year's forecast sales		6,972,560	-
Next year's forecast purchases		(440,722)	(3,072,545)
Gross exposure		14,475,914	(3,069,635)
Foreign exchange contracts [1]		-	-
Net exposure		14,475,914	(3,069,635)

The estimated sales and purchases include transactions for the next 12 months.

[1] The Group had forward exchange contracts outstanding at 30 June 2019 to the value of USD 24.2 million at an average rate of USD/NAD 14.16.

US$	Euro	GBP	BWP	Total
1,730	-	-	-	13,333
-	-	-	-	19,515
494,095	-	-	-	1,352,997
-	-	-	-	7,569,339
116,636	44	46	-	2,542,561
-	-	-	-	5,002
612,461	44	46	-	11,502,747
-	(3,122)	(81,948)	-	(1,823,813)
(35,592)	-	-	-	(35,592)
(75,179)	(25)	(35)	(5,878)	(1,266,775)
-	-	-	-	(12,419)
-	-	-	-	(6,388)
(110,770)	(3,147)	(81,983)	(5,878)	(3,144,987)
501,691	(3,103)	(81,937)	(5,878)	8,357,760
-	-	-	-	6,972,560
(992,524)	-	-	-	(4,505,791)
(490,833)	(3,103)	(81,937)	(5,878)	10,824,529
1,730	-	-	-	1,730
(489,103)	(3,103)	(81,937)	(5,878)	10,826,259

Currency translation rates :	30 June 2019
1 SA Rand	N$1.0
1 US Dollar	N$14.1
1 Euro	N$16.1
1 GBP	N$17.9
1 BWP	N$1.3

29. FINANCIAL INSTRUMENTS (continued)

	CONSOLIDATED		COMPANY	
	2020 N$'000	2019 N$'000	2020 N$'000	2019 N$'000

Sensitivity analysis

A strengthening of the N$ against the following currencies at 30 June 2020 would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2019.

	Consolidated 2020 N$'000	Consolidated 2019 N$'000	Company 2020 N$'000	Company 2019 N$'000
US Dollar (10 percent strengthening)	**952,536**	35,607	**952,536**	35,607
Euro (10 percent strengthening)	**(260)**	(310)	**(260)**	(310)
GBP (10 percent strengthening)	**(6,374)**	(8,194)	**(6,374)**	(8,194)
BWP (10 percent strengthening)	**-**	(588)	**-**	(588)

A weakening of the N$ against the following currencies at 30 June 2020 would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

	Consolidated 2020 N$'000	Consolidated 2019 N$'000	Company 2020 N$'000	Company 2019 N$'000
US Dollar (10 percent weakening)	**(952,536)**	(35,607)	**(952,536)**	(35,607)
Euro (10 percent weakening)	**260**	310	**260**	310
GBP (10 percent weakening)	**6,374**	8,194	**6,374**	8,194
BWP (10 percent strengthening)	**-**	588	**-**	588

29.6.3 Other price risk

Inflation price risk arises from embedded derivatives as discussed under note 21.2. The risk arises from movements in the United States Producer Price Index (USPPI). The Group's exposure to equity securities price risk arises from the equity investment held by the Group and classified in the statement of financial position as at fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL designated). The Group's equity investment consists of Sanlam shares. The collective investment scheme at FVTPL is also exposed to price risk. The risk arises from movements in the share price of the equity investment and income fund.

The following is the sensitivity analysis of the change in the value of the embedded derivatives (relating to customised pricing agreements) as a result of changes in the United States PPI. This analysis has been performed on the same basis as the prior year. The analysis assumes that all other variables remain constant and the possible impact on profit or loss is:

	CONSOLIDATED AND COMPANY			
	2020	2019	2020	2019
	Profit or (Loss) N$'000	Profit or (Loss) N$'000	Profit or (Loss) N$'000	Profit or (Loss) N$'000
United States PPI				
1% increase	**(384,628)**	(260)	**(384,628)**	(260)
1% decrease	**23,780**	260	**23,780**	260

The following is the sensitivity analysis of the change in the value of the collective investment schemes as a result of changes in the unit prices. This analysis has been performed on the same basis as the prior year. The analysis assumes that all other variables remain constant and the possible impact on profit or loss is:

Unit price				
5% increase	**106,096**	109,600	**106,096**	109,600
5% decrease	**(106,096)**	(109,600)	**(106,096)**	(109,600)

The following is the sensitivity analysis of the change in the value of the Sanlam shares as a result of changes in share price. This analysis has been performed on the same basis as the prior year. The analysis assumes that all other variables remain constant and the possible impact on equity and on profit or loss is:

	CONSOLIDATED AND COMPANY			
	2020	2019	2020	2019
	Equity N$'000	Equity N$'000	Profit or (Loss) N$'000	Profit or (Loss) N$'000
Share price	**51**	67	**74**	99
5% increase	**(51)**	(67)	**(74)**	(99)
5% decrease				

29.7 Capital management

The Group manages the total shareholders' equity and debt as capital. Capital consists of ordinary share capital, development fund, reserve fund and debt. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividends to ordinary shareholders.

The Group manages the following as capital:				
Ordinary share capital	**1,065,000**	1,065,000	**1,065,000**	1,065,000
Reserve fund	**1,818,220**	1,755,589	**1,818,221**	1,755,589
Development fund	**6,827,742**	6,582,235	**6,696,503**	6,434,480
Debt	**5,557,956**	5,316,939	**5,557,964**	5,323,334
	15,268,918	15,092,611	**15,137,688**	14,951,255

The major items that impact the capital include:

- the revenue received from electricity sales which is a function of price and sales volumes and the cost of funding the business;
- the cost of operating the electricity business;

- the cost of expanding the business to ensure that capacity growth is in line with electricity sales demand (funding and additional depreciation);
- interest paid;
- taxation; and
- dividends.

The Board has the responsibility to ensure that the Group is adequately capitalised through debt and equity management.

The NamPower treasury section, within the Finance business unit is tasked with the duties of managing the Group's short-term and long-term capital requirements. The treasury section fulfils these functions within the framework that has been approved by the NamPower Board of Directors consisting of and not limited to an overall treasury policy, a hedging policy and investment policy.

Under NamPower's current debt portfolio consisting of local and foreign denominated loans, certain covenants are imposed on NamPower's capital requirements. These covenants being a minimum debt service cover ratio of 1.4, debt to EBITDA of a maximum of 4 and a maximum debt equity ratio of 65:35. The Company maintained the required covenants for the year under review as follows: debt service cover ratio of 2.45 (2019: 4.97), debt to EBITDA of -16.97 (2019: -7.04) and a debt equity ratio of 6:94 (2019: 8:92). These covenants are used for forecasted financial planning to ensure and manage the loan conditions set. The Group also maintains a credit rating as affirmed by Fitch for foreign currency long-term as BB and national long-term rating AAA(zaf).

The tariff increases for the electricity business is subject to the process laid down by the Electricity Control Board (ECB). The current regulatory framework applicable to the Group is based on historical cost and depreciated replacement cost for Generation and Transmission assets respectively.

The electricity business is currently in a major expansion phase. There is national consensus that the capital expansion programme continues. The funding related to new generating, transmitting and other capacity is envisaged to be obtained from cash generated by the business, shareholder support and funds borrowed on the local and overseas markets. The adequacy of price increases allowed by the regulator and the level and timing of shareholder support are key factors in the sustainability of the Group.

There were no changes to the Group's approach to capital management during the financial year.

29.8 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where the group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements. The column 'net amount' shows the impact on the Group's statement of financial position if the set-off rights were exercised.

	Effects of offsetting on the statement of financial position		
	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet
Consolidated and Company	N$'000	N$'000	N$'000
2020			
Financial liabilities			
Interest bearing loans and borrowings	**1,446,594**	**(18,000)**	**1,428,594**
Total	**1,446,594**	**(18,000)**	**1,428,594**
2019			
Financial liabilities			
Interest bearing loans and borrowings	1,899,434	(18,000)	1,881,434
Total	1,899,434	(18,000)	1,881,434

30. Notes to the Statements of Cash Flows

	Notes	CONSOLIDATED 2020 N$'000	CONSOLIDATED 2019 N$'000 Restated *	COMPANY 2020 N$'000	COMPANY 2019 N$'000 Restated *
30 (a) CASH GENERATED FROM OPERATIONS					
(Loss)/profit before net finance income		**(278,486)**	338,862	**(275,298)**	338,862
Adjustments for:					
- Dividend received from listed investments and associate	**7.2 & 26**	**(67)**	(63)	**(1,867)**	(63)
- Interest capitalised on loan		**1,371**	1,805	**1,371**	1,805
- Net movement in currency swap valuations on interest bearing loans and borrowings		**4,481**	(8,693)	**4,481**	(8,693)
- Effect of exchange rate fluctuations on cash held		**47,586**	1,604	**47,586**	1,604
- Fair value gain on interest bearing loans and borrowings		**(65)**	834	**(65)**	834
- Movement in interest rate and cross currency swaps	**21.1**	**(4,114)**	8,872	**(4,114)**	8,872
- Fair value movements on firm commitments	**21.1**	**2,668**	5,594	**2,668**	5,594
- Fair value movements on embedded derivative - Power Purchase Agreement (PPA)	**26**	**756,269**	(71,895)	**756,269**	(71,895)
- Coal valuation		**(4,904)**	-	**(4,904)**	-
- Fair value movements on investment properties	**26**	**1,070**	(2,906)	**1,070**	(2,906)
- Expected credit loss on trade and other receivables	**13**	**15,043**	325,727	**15,043**	325,727
- Expected credit loss on investments	**11**	**68,907**	-	**68,907**	-
- Expected credit loss on loans receivable	**10**	**546**	-	**546**	-
- Depreciation on property, plant and equipment	**6**	**812,988**	775,533	**812,988**	775,532
- Fair value movements on investments		**(8,630)**	(49,484)	**(8,630)**	(49,484)
- Amortisation on intangible assets	**9**	**7,710**	7,797	**7,710**	7,797
- Government grant recognised in income	**26**	**(8,864)**	(8,864)	**(8,864)**	(8,864)
- Gain on disposal of subsidiary	**7.1**	**-**	-	**(1,387)**	-
- Gain on disposal of property, plant and equipment	**26**	**(1,707)**	(5,400)	**(1,707)**	(5,400)
- Transfer to transmission system	**6**	**(35,191)**	-	**(35,191)**	-
- Impairment losses on property revaluation	**6**	**-**	46,576	**-**	46,576
Cash flows generated from operations		**1,376,611**	1,365,899	**1,376,612**	1,365,898

30. Notes to the Statements of Cash Flows (continued)

		CONSOLIDATED		COMPANY	
	Notes	2020 N$'000	2019 N$'000 Restated *	2020 N$'000	2019 N$'000 Restated *
Changes in working capital:					
Movement in accrued interest		**(32,052)**	20,636	**(32,052)**	20,636
Fair value movements on forward exchange contracts	**21.1**	**(43,723)**	15,260	**(43,723)**	15,260
Movement in non-current retention creditors	**20.4**	**(22)**	(14,325)	**(22)**	(14,325)
Movement in deferred revenue liability	**30 (f)**	**188,616**	236,283	**188,616**	236,283
Movement in employee benefit obligations	**22**	**104,464**	22,603	**104,464**	22,603
- Employee benefits paid - defined benefit obligation	**22.1.2 & 22.2.2**	**7,537**	9,817	**7,537**	9,817
- Movement in employee benefits	**22.1.2 & 22.2.2**	**(81,966)**	1,004	**(81,966)**	1,004
Movement in inventories	**12**	**(38,513)**	(1,294)	**(38,513)**	(1,294)
Movement in trade and other receivables	**30 (e)**	**(99,646)**	(294,810)	**(99,646)**	(294,810)
Movement in trade payables	**30 (g)**	**(193,741)**	308,030	**(193,741)**	308,031
		1,187,566	1,669,103	**1,187,566**	1,669,103

* The current year's presentation has been changed to better reflect the Group's operations.

* Certain amounts shown here do not correspond to the 2019 financial statements due to errors and reclassifications and reflect adjustments made, refer to note 31.

30 (b) TAXATION PAID

Amount from/(due) to the Receiver of Revenue at beginning of year		**39,505**	(43,034)	**39,505**	(43,034)
Current taxation		**(397,923)**	(468,298)	**(397,923)**	(468,298)
Taxation paid		**334,340**	550,838	**334,340**	550,838
Amount (from)/due to the Receiver of Revenue at end of year		**(24,078)**	39,505	**(24,078)**	39,505

30 (c) INTEREST RECEIVED FROM OPERATING AND INVESTING ACTIVITIES

Interest received from operating activities		**93,917**	171,915	**93,917**	171,915
Interest received from investing activities		**522,720**	566,710	**522,720**	566,710
Accrued interest		**171,178**	141,026	**171,178**	141,026
Finance income	**24**	**787,815**	879,651	**787,815**	879,651

30. Notes to the Statements of Cash Flows (continued)

		CONSOLIDATED		COMPANY	
	Notes	2020 N$'000	2019 N$'000 Restated *	2020 N$'000	2019 N$'000 Restated *
30 (d) INTEREST PAID					
Interest paid		**(91,316)**	(114,154)	**(91,316)**	(114,154)
Accrued interest		**(50,122)**	(57,620)	**(50,122)**	(57,620)
Finance cost	**24**	**(141,438)**	(171,774)	**(141,438)**	(171,774)
30 (e) TRADE AND OTHER RECEIVABLES					
Movement in trade and other receivables		**84,602**	(109,663)	**84,602**	(109,663)
Impact of the adoption - IFRS 9		**-**	58,110	**-**	58,110
Impairment loss on trade and other receivables		**15,044**	325,727	**15,044**	325,727
		99,646	274,174	**99,646**	274,174
30 (f) DEFERRED REVENUE LIABILITY					
Movement in deferred revenue liability		**179,752**	547,973	**179,752**	547,973
Government grant recognised in income		**8,864**	8,864	**8,864**	8,864
Impact of the adoption - IFRS 15		**-**	(320,554)	**-**	(320,554)
		188,616	236,283	**188,616**	236,283
30 (g) TRADE AND OTHER PAYABLES					
Movement in trade and other payables		**(193,741)**	308,030	**(193,741)**	308,031
		(193,741)	308,030	**(193,741)**	308,031
30 (h) CASH RECEIPTS FROM CUSTOMERS					
Electricity sales		**6,892,330**	6,579,468	**6,892,330**	6,579,468
Movement in gross trade receivables		**(84,602)**	(380,449)	**(44,803)**	(380,449)
		6,807,729	6,199,020	**6,847,528**	6,199,020
30 (i) REPAYMENT OF INTEREST BEARING LOANS AND BORROWINGS					
Movement of interest bearing loans and borrowings		**(202,840)**	(208,058)	**(202,840)**	(208,058)
Bond redemption		**(250,000)**	-	**(250,000)**	-
Net swap valuations		**(4,481)**	8,693	**(4,481)**	8,693
Interest capitalised on loan		**(1,371)**	(1,805)	**(1,371)**	(1,805)
Accrued interest		**(50,122)**	(57,620)	**(50,122)**	(57,620)
Fair value gain on interest bearing loans and borrowings		**65**	(834)	**65**	(834)
		(508,748)	(259,624)	**(508,748)**	(259,624)

30. Notes to the Statements of Cash Flows (continued)

		CONSOLIDATED		COMPANY	
	Notes	2020 N$'000	2019 N$'000 Restated *	2020 N$'000	2019 N$'000 Restated *
30 (j) LOANS RECEIVABLE					
Repayment of loans receivable		**1,751**	1,427	**1,751**	1,427
		1,751	1,427	**1,751**	1,427
30 (k) NET DEBT RECONCILIATION					
Cash and cash equivalents		**2,910,025**	2,542,561	**2,910,025**	2,542,561
Liquid investments		**(202,840)**	(208,058)	**(202,840)**	(208,058)
Net debt		**2,707,185**	2,334,503	**2,707,185**	2,334,503
Cash and liquid investments		**2,910,025**	2,542,561	**2,910,025**	2,542,561
Gross debt – fixed interest rates		**(202,840)**	(208,058)	**(202,840)**	(208,058)
Net debt		**2,707,185**	2,334,503	**2,707,185**	2,334,503

30 (l) CASH AND CASH EQUIVALENTS

The Group held cash and cash equivalents of N$ 2.9 billion at 30 June 2020 (2019: N$ 2.5 billion). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated for foreign currency long-term as BB and national long-term rating AAA (zaf), based on Fitch ratings.

31. PRIOR PERIOD ERRORS AND RECLASSIFICATIONS

(i) Reclassification of assets under construction from property, plant and equipment to deferred revenue

Capital contributions where the construction of assets is funded by external parties on behalf of the customer are initially recognised in 'deferred revenue - capital contributions received' account while the construction of the asset is in progress. Once the asset is complete, it is transferred to the beneficiary i.e. the respective Regional Electricity Distributors (RED's) and a refund received is debited to the deferred revenue account such that the transaction has a nil impact on the financial statement line item. The Group is guaranteed a refund as these projects are pre-approved. The costs incurred on the projects are transferred to trade receivables if not refunded yet at year-end. Balances relates to external funded projects e.g. European Investment Bank funded projects (EIB) which will not be recognised as part of the Group's assets. In 2018, N$ 116 million of the assets under construction was incorrectly transferred to PPE (assets under construction) from the deferred revenue - capital contributions received. The refund relating to these assets had already been received and offset within the deferred revenue account when the error occurred.

(ii) Cost of electricity

Understatement of cost of electricity - ZPC contract

The Group entered into a power purchase agreement (PPA) with the parastatal company Zimbabwe Power Company (ZPC). The agreements provide for tariff escalations based on the US CPI and South African CPI.

However, since 2017, ZPC did not incorporate the effect of the CPI escalations in their invoices for the years 2017 to 2020. This was later identified, and the supplier claimed the cost for the missed escalations, this has resulted in the understatement of the cost of electricity and trade payables by N$ 20.0 million (2017 & 2018) and N$ 28.3 million (2019).

Reclassification of fair value movements on embedded derivatives from cost of electricity - ZESCO Limited

The Group has a Power Purchase Agreement (PPA) with ZESCO Limited to buy electricity. The contract is usually renewed on similar terms and conditions. The energy tariff escalates with the annual United States Producer Price Index (USPPI).

Valuation techniques are used to determine the fair value as there is no active market for embedded derivatives. The fair value is determined by fair valuing the whole agreement and deducting from it the fair value of the host agreement. The valuation methods include the use of foreign currency forward rates, producer prices indices and/ or interest rates.

The Group's policy is to account for fair value movements in derivatives in the income statement within the line - Net fair value and foreign exchange (loss)/gains. It was noted that the embedded derivative liability (SOFP) has been correctly accounted for in prior periods but the income statement allocation between the cost of electricity and the fair value movement on the derivative was not done correctly. The 2019 impact of this error is N$ 53.1 million.

(iii) Incorrect calculation of deferred income tax and current income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. In prior years, management incorrectly calculated the deferred tax. During the year management performed a tax review for 2018 and 2019 financial years and noted that incorrect tax bases had been used to recognise deferred taxes.

This also necessitated the review of the current income tax calculations for the 2018 and 2019 financial period and errors were noted as well.

31. PRIOR PERIOD ERRORS AND RECLASSIFICATIONS (continued)

(iv) Reclassification of accrued interest

- Accrued interest payable amounting to N$ 57.5 million (2018: N$ 61.9 million) that related to interest bearing loans and borrowings was included in the trade and other payables balance in prior years. The carrying amount of the interest bearing loans and borrowings at amortised costs includes accrued interest, thus the accrued interest was reclassified from trade and other payables to interest bearing loans and borrowings.

- Accrued interest receivable amounting to N$ 139 million (2018: N$ 161 million) that related to investments was included in the Trade and other receivables balance in prior years. The carrying amount of a financial asset measured at amortised cost includes the accrued interest. Thus, this accrued interest was reclassified from trade and other receivables to investments.

(v) Statements of cash flows restatements

The Group disclosed cash flows from investment activities on a net basis however IAS 7 requires that disclosure be shown on a gross basis. This has been corrected by restating the comparatives.

The long-run marginal cost (LRMC) has been erroneously disclosed as financing activities, this has been reclassified to operating activities which better reflects the nature of the deferred revenue liability.

31. PRIOR PERIOD ERRORS AND RECLASSIFICATIONS (continued)

		CONSOLIDATED			COMPANY		
	Ref	Previously reported N$'000	Adjustments N$'000	Restated N$'000	Previously reported N$'000	Adjustments N$'000	Restated N$'000
The 2018 and 2019 statements of financial position and the 2019 statements of profit or loss and other comprehensive income and the 2019 statements of cash flows have been restated as a result of the above errors and reclassifications as follows:							
Statement of financial position at 30 June 2018							
Assets							
Total non-current assets							
Property, plant and equipment	(i)	21,010,330	(116,264)	20,894,066	21,010,330	(116,264)	20,894,066
Total current assets							
Trade and other receivables	(iv)	1,729,693	(159,168)	1,570,525	1,729,693	(159,168)	1,570,525
Investments	(iv)	5,455,551	159,168	5,614,719	5,455,551	159,168	5,614,719
Equity							
Total equity attributable to equity holders							
Development fund	(ii), (iii)	6,290,174	(1,286)	6,288,888	6,125,092	(1,286)	6,123,806
Liabilities							
Total non-current liabilities							
Deferred revenue liabilities	(i)	1,085,585	(116,264)	969,321	1,085,585	(116,264)	969,321
Deferred tax liabilities	(iii)	6,293,711	(10,292)	6,283,419	6,293,707	(10,292)	6,283,415
Total current liabilities							
Trade and other payables	(ii), (iv)	1,133,296	(41,706)	1,091,590	1,133,303	(41,704)	1,091,599
Current tax payable	(iii)	51,491	(8,457)	43,034	51,491	(8,457)	43,034
Interest bearing loans and borrowings	(iv)	207,433	61,740	269,173	207,433	61,740	269,173

31. PRIOR PERIOD ERRORS AND RECLASSIFICATIONS (continued)

		CONSOLIDATED			COMPANY		
	Ref	Previously reported N$'000	Adjustments N$'000	Restated N$'000	Previously reported N$'000	Adjustments N$'000	Restated N$'000
Statement of financial position at 30 June 2019							
Assets							
Total non-current assets							
Property, plant and equipment	(i)	21,383,719	(116,264)	21,267,455	21,383,719	(116,264)	21,267,455
Total current assets							
Trade and other receivables	(iv)	1,620,030	(139,126)	1,480,904	1,620,030	(139,126)	1,480,904
Current tax receivable	(iii)	35,411	4,596	40,007	35,411	4,596	40,007
Investments	(iv)	6,339,594	139,126	6,478,720	6,339,594	139,126	6,478,720
Equity							
Total equity attributable to equity holders							
Development fund	(ii), (iii)	6,887,145	(304,911)	6,582,235	6,739,391	(304,911)	6,434,480
Liabilities							
Total non-current liabilities							
Deferred revenue liabilities	(i)	1,168,652	(116,264)	1,052,388	1,168,652	(116,264)	1,052,388
Deferred tax liabilities	(iii)	6,106,167	261,183	6,367,350	6,102,396	261,184	6,363,580
Total current liabilities							
Trade and other payables	(ii), (iv)	1,413,031	(9,293)	1,403,738	1,413,041	(9,296)	1,403,745
Interest bearing loans and borrowings	(iv)	455,115	57,620	512,735	455,115	57,620	512,735

31. PRIOR PERIOD ERRORS AND RECLASSIFICATIONS (continued)

		CONSOLIDATED			COMPANY		
	Ref	Previously reported N$'000	Adjustments N$'000	Restated N$'000	Previously reported N$'000	Adjustments N$'000	Restated N$'000
Statements of profit or loss and other comprehensive income for the year ended 30 June 2019							
Cost of Electricity	(ii)	(3,930,515)	24,826	(3,905,689)	(3,930,515)	24,826	(3,905,689)
Net fair value and foreign exchange (loss)/gain on financial instruments	(ii)	74,299	(53,115)	21,184	74,299	(53,115)	21,184
Profit before net finance income		367,152	(28,290)	338,862	367,152	(28,290)	338,862
Profit before taxation		1,049,696	(28,290)	1,021,406	1,075,029	(28,290)	1,046,739
Taxation	(iii)	(298,706)	30,078	(268,628)	(298,706)	30,078	(268,628)
Profit for the year		750,990	1,789	752,779	776,323	1,789	778,112
Other comprehensive income							
Other comprehensive income for the year, net of taxation		667,561	-	667,561	659,556	-	659,556
Total comprehensive income for the year		1,418,551	1,789	1,420,340	1,435,879	1,789	1,437,668
Statements of cash flows for the year ended 30 June 2019							
Cash flows from operating activities							
Cash receipts from customers	(v)	6,631,022	(432,001)	6,199,020	6,631,022	(432,001)	6,199,020
Cash paid to suppliers and employees		(5,202,217)	672,300	(4,529,917)	(5,202,217)	672,300	(4,529,917)
Cash generated from operations	(ii), (iv)	1,428,805	240,298	1,669,103	1,428,805	240,298	1,669,103
Interest received		171,915	-	171,915	171,915	-	171,915
Taxation paid		(550,838)	-	(550,838)	(550,838)	-	(550,838)
Dividend paid		(60,799)	-	(60,799)	(60,799)	-	(60,799)
Net cash from operating activities		989,083	240,298	1,229,381	989,083	240,298	1,229,381

31. PRIOR PERIOD ERRORS AND RECLASSIFICATIONS (continued)

		CONSOLIDATED			COMPANY		
	Ref	Previously reported N$'000	Adjustments N$'000	Restated N$'000	Previously reported N$'000	Adjustments N$'000	Restated N$'000
Cash flows from investing activities							
Proceeds from the sale of property, plant and equipment		5,400	-	5,400	5,400	-	5,400
Acquisitions of intangible assets		(735)	-	(735)	(735)	-	(735)
Extension and replacement of property, plant and equipment to maintain operations		(275,292)	140	(275,152)	(275,292)	140	(275,152)
Interest received		566,710	-	566,710	566,710	-	566,710
Dividend received		63	-	63	63	-	63
(Increase)/decrease in non-current investments	(iv), (v)	(225,738)	225,738	-	(225,738)	225,738	-
Increase in current investments	(iv), (v)	(884,043)	884,043	-	(884,043)	884,043	-
Proceeds from collective investment schemes	(iv), (v)	-	22,072	22,072	-	22,072	22,072
Proceeds from fixed deposits and treasury bills	(iv), (v)	-	2,905,890	2,905,890	-	2,905,890	2,905,890
Payments for collective investment schemes	(iv), (v)	-	(455,000)	(455,000)	-	(455,000)	(455,000)
Payments for fixed deposits and treasury bills	(iv), (v)	-	(3,392,233)	(3,392,233)	-	(3,392,233)	(3,392,233)
Decrease/(increase) in loans receivable		1,427	-	1,427	1,427	-	1,427
Net cash used in investing activities		(812,208)	190,650	(621,558)	(812,208)	190,650	(621,558)
Cash flows from financing activities							
Interest paid		(114,154)	-	(114,154)	(114,154)	-	(114,154)
LRMC raised	(v)	373,328	(373,328)	-	373,328	(373,328)	-
Repayment of interest bearing loans and borrowings	(iv), (v)	(202,004)	(57,620)	(259,624)	(202,004)	(57,620)	(259,624)
Net cash generated/used in financing activities		57,170	(430,948)	(373,778)	57,170	(430,948)	(373,778)
Net increase in cash and cash equivalents		234,045	-	234,045	234,045	-	234,045
Cash and cash equivalents at 1 July		2,310,120	-	2,310,120	2,310,120	-	2,310,120
Effect of exchange rate fluctuations on cash held		(1,604)	-	(1,604)	(1,604)	-	(1,604)
Cash and cash equivalents at 30 June		2,542,561	-	2,542,561	2,542,561	-	2,542,561

32. CHANGE IN THE PRESENTATION OF THE STATEMENTS OF COMPREHENSIVE INCOME

	CONSOLIDATED	COMPANY
	2019	2019
	N$'000	N$'000
In prior years management presented the statement of comprehensive income (SOCI) mixing 'by function' and 'by nature' classifications of expenses. During the current year, management has reassessed how to present the analysis of expenses. Based on the nature of the operations of the entity, management has changed from a mixed presentation to a by nature classification of expenses. This change in presentation provides the most relevant and reliable information about Group's financial performance as it is more appropriate for the nature of the business. The comparatives have been restated to ensure comparability.		
Statements of profit or loss and other comprehensive income - as previously reported		
Revenue	6,579,468	6,579,468
Cost of Electricity	(3,905,689)	(3,905,689)
Gross profit	2,673,779	2,673,779
Foreign exchange gains	172,921	172,921
Foreign exchange losses	(155,216)	(155,216)
Amortisation	(7,797)	(7,797)
Depreciation	(775,532)	(775,532)
Impairment: Losses on property revaluation	(46,577)	(46,577)
Reversal of impairment in associate	-	-
Reversal of impairment in investment	-	-
Other operating expenditure	(1,604,457)	(1,604,457)
Other income	78,262	78,262
Profit before net fair value adjustments and net finance income	335,383	335,383
Fair value (gain)/loss on derivatives and foreign loans through profit or loss	(8,872)	(8,872)
Fair value (loss)/gain on swaps	(834)	(834)
Fair value loss on embedded derivatives - Power Sales Agreement (PSA)	(53,116)	(53,116)
Fair value (loss)/gain on embedded derivatives - Power Purchase Agreement (PPA)	71,895	71,895
Fair value (loss)/gain on firm commitments	(5,594)	(5,594)
Profit before net finance income	338,862	338,862
Net finance income	707,877	707,877
Finance income	879,651	879,651
Finance costs	(171,774)	(171,774)
Share of loss of associates, net of taxation	(25,333)	-
Profit before taxation	1,021,406	1,046,739

32. CHANGE IN THE PRESENTATION OF THE STATEMENTS OF COMPREHENSIVE INCOME (continued)

	CONSOLIDATED	COMPANY
	2019	2019
	N$'000	N$'000
Statements of profit or loss and other comprehensive income - restated		
Revenue	6,579,468	6,579,468
Other income	78,262	78,262
Cost of Electricity	(3,905,689)	(3,905,689)
Employee costs	(810,461)	(810,461)
Depreciation and amortisation	(783,330)	(783,330)
Impairment: Losses on property revaluation	(46,577)	(46,577)
Other expenses	(468,269)	(468,269)
Net impairment losses on financial assets	(325,727)	(325,727)
Net fair value and foreign exchange (loss)/gain on financial instruments	21,184	21,184
(Loss)/profit before net finance income	338,862	338,862
Finance income – net	707,877	707,877
Finance income	879,651	879,651
Finance costs	(171,774)	(171,774)
Share of loss of associates, net of taxation	(25,333)	-
Profit before taxation	1,021,406	1,046,739

32. CHANGE IN THE PRESENTATION OF THE STATEMENTS OF COMPREHENSIVE INCOME (continued)

Business unit segments

Reportable segments are determined based on the internal management reports provided quarterly to the Executive Committee (EXCO). The Group has three reportable segments, as described below, which are the Group's core business units. The core business units offer different services, and are managed separately because they require different expertise and marketing strategies.

The measure of profit/(loss) used by EXCO is profit/(loss) before tax.

The following summary describes the operations in each of the Group's reportable segments:

Generation: Supply of energy
Transmission: Transmission of energy
Support Services, including Energy Trading and Power Systems Development:
Energy Trading is responsible for the short-, medium- and long-term planning and management of energy.

Power Systems Development is responsible for the development of supply sources of energy.
Other support services include Distribution of energy, Corporate Services, Finance and the Office of the Managing Director.

33. SEGMENT REPORTING

33.1 Information about reportable business units

Amounts in N$'000	Generation 2020	Generation 2019	Transmission 2020	Transmission 2019
Total revenues	**1,064,822**	820,952	**7,842,273**	7,611,650
Intersegment revenue	**(1,064,822)**	(820,952)	**(2,044,740)**	(1,680,096)
Revenue from external customers	**-**	-	**5,797,532**	5,931,554
Cost of electricity	**-**	-	**-**	-
Interest Income	**-**	-	**75,624**	148,907
Interest expense	**(6,506)**	(33,639)	**(25,408)**	(128,905)
Depreciation & amortisation	**(319,299)**	(308,948)	**(435,674)**	(415,078)
Impairment	**-**	-	**-**	(43,236)
Staff costs	**(197,763)**	(172,412)	**(360,679)**	(296,774)
Post retirement medical benefit	**(7,043)**	(6,916)	**(14,780)**	(14,515)
Foreign exchange gains on trade payables/receivables, bank balances and loans payable	**-**	-	**-**	-
Foreign exchange losses on trade payables/receivables, bank balances and loans payable	**-**	-	**-**	-
Share of loss of associates, net of taxation	**-**	-	**-**	-
Segment result (before tax)	**675,123**	616,911	**(4,781,570)**	(5,005,979)
Taxation	**-**	-	**-**	-

33. SEGMENT REPORTING (continued)

Support Services		Total	
2020	**2019**	**2020**	**2019**
5,805,978	4,203,634	**14,713,073**	12,636,235
(4,711,180)	(3,555,719)	**(7,820,743)**	(6,056,767)
1,094,797	647,915	**6,892,330**	6,579,468
(4,213,577)	(3,905,689)	**(4,213,577)**	(3,905,689)
712,191	730,744	**787,815**	879,651
(109,524)	(9,230)	**(141,438)**	(171,774)
(65,726)	(59,304)	**(820,698)**	(783,330)
-	(3,340)	**-**	(46,577)
(399,201)	(341,275)	**(957,643)**	(810,461)
(15,826)	(15,542)	**(37,649)**	(36,973)
344,177	172,922	**344,177**	172,922
(168,565)	(155,217)	**(168,565)**	(155,217)
(13,102)	(25,333)	**(13,102)**	(25,333)
4,364,041	5,438,764	**354,789**	1,049,696
-	-	**(34,816)**	(268,628)

33.2 Geographical information on the Group's revenue from customers by geographical area are:

	2020 N$'000	2019 N$'000
Domestic- Namibia	**6,887,278**	6,294,893
Regional Exports/ Cross border customers		
Angola	**185,037**	178,347
Botswana	**87,065**	87,843
South Africa	**11,017**	11,700
SAPP Market	**478,933**	6,686
	5,051	-
	7,654,381	6,579,468

33.3 Information about major customers

Included in total segment revenue arising from the sale of electricity, extension charges, SAPP sales and contribution by customers of N$ 6.9 billion (2019: N$ 6.6 billion) (see note 33.1 above) are revenues of approximately N$ 3.0 billion (2019: N$ 3.1 billion) which arose from electricity sales to the Group's three largest customers. No other single customers contributed 10% or more to the Group's revenue for both 2020 and 2019 financial years.

Notes

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Notes

ADMINISTRATION

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